LGC Capital announces planting of first cannabis crop in Italy and important updates on its Evolution Bnk transaction

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Symbol: TSX-V: LG

MONTREAL, Aug. 21, 2018 /CNW Telbec/ - Ramping up production in Italy, LGC Capital Ltd. (TSXV: LG) ("LGC") is pleased to announce that its Italian partner, Evolution Bnk has now started planting mother cannabis plants at its 20,000 square foot mother plant, cloning, and research facility in Pavia, Italy, 40 km south of Milan. The first harvest from these plants is expected in October.

In addition to the Pavia research facility, the construction of Evolution Bnk's Sanremo Phase 1 facility, the first 20,000 square feet of its 70,000 square feet of greenhouse in Sanremo, Italy, is nearing completion. This will be the growing location for the clones from the mother plants at Pavia. The remaining 50,000 square feet of the 70,000 square feet will be completed in Phase 2 by the end of 2018.

Upon completion of Phase 2 construction at Sanremo, Evolution Bnk will have capacity of 7,000 kg of dry cannabis flowers per year. This estimate is based on actual industry observed yields of 25 grams per square foot per cycle when using the same production methods as Evolution Bnk. All production will comply with strict Italian government regulations. LGC will advise on a new Phase 3 expansion plan in Pavia for 2019-20, later this year.

To fund this additional capacity, LGC had signed a letter of intent (LOI) with Evolution Bnk ATM S.p.A ("Evolution Bnk") for a secured loan as previously announced, on March 12th, 2018, convertible under certain circumstances into a 49% equity interest in Evolution Bnk. The LOI also provided that LGC would acquire a 5% royalty on Evolution Bnk's net sales. However, due to technical difficulties under Italian laws with regard to debenture convertibility as well as with regard to the royalty agreement, the transaction has been modified such that LGC will conclude the transactions described above with a newly created Canadian parent company which will in turn own all of the shares in Evolution Bnk. Debenture conversion will therefore be for shares in Evolution Bnk's Canadian parent and the royalty from Evolution's Italian subsidiary will remain in place. In this regard, definitive documentation has been finalized and will be submitted to the TSXV Venture Exchange for review and eventual approval subject however to all other closing conditions having been fully satisfied.

Mazen Haddad, Co-Chairman of LGC Capital stated: "Progress in Italy is accelerating at pace. We see Italy as a key European market for legal cannabis growth."

John McMullen, CEO of LGC Capital stated: "LGC's portfolio companies are now cultivating in Italy through Evolution Bnk, Australia through Little Green Pharma, Jamaica though Global Canna Labs, Switzerland through Viridi-Unit, and plan to be growing their first trial crops in Quebec later this year through Tricho-Med. We see long term strength and stability in a globalized investment approach and we continue to investigate new investment opportunities that will expand LGC's global footprint of actual square footage under cultivation."

About LGC (www.lgc-capital.com)

LGC Capital is a leading investment firm with a focus on the Legal Global Cannabis market. Through its portfolio investment companies, LGC is building a world-leading, vertically integrated system of interconnected legal cannabis companies with cultivation, processing and distribution in Australia, Jamaica, Switzerland, Italy, and Canada serving domestic and export markets. LGC Capital Ltd. is a Canadian incorporated public company listed on the TSX Venture Exchange (TSXV: LG).

Notice Regarding Forward Looking Statements

This press release may contain forward-looking statements with respect to LGC Capital Ltd. ("LGC") and their respective operations, strategy, investments, financial performance and condition. These statements can generally be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of LGC and Evolution Bnk could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, government regulation and the factors described under "Risk Factors and Risk Management" in LGC's Management's Discussion and Analysis for the fiscal year ended September 30, 2017, as filed on SEDAR (www.sedar.com). The cautionary statements qualify all forward-looking statements attributable to LGC and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and neither LGC nor Evolution Bnk has any obligation to update such statements, except to the extent required by applicable securities laws. Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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