LGC Capital Provides 2018 Year in Review and Goals for 2019

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MONTRÉAL, Dec. 27, 2018 /CNW Telbec/ - **LGC Capital Ltd. (TSXV: LG)** is pleased to announce that this year has seen a lot of positive developments in the cannabis industry and LGC has been at the forefront of some very important milestones for the industry, particularly overseas. We, the management team at LGC have prepared this letter to you, our valued shareholders, to give an update on the milestones that we have achieved in 2018 as well as operational updates of our investments and what is planned for 2019. LGC has grown rapidly in the global arena, and we will continue to seek investments in new and exciting frontiers from growing, processing and through to sales and distribution of a broad range of legal cannabis products.

Overview of 2018

At the outset of 2018, the goal for LGC was to lay the groundwork for a system of interconnected cannabis companies in the legal global cannabis market in a diverse country spread. To achieve this, LGC secured and announced a number of investments into various cannabis operators which span the supply chain from production, processing, distribution, and retail. In addition to the new investments announced, a major goal of LGC was to continue to strengthen its cannabis investments which had been announced in 2017.

Over the course of this year LGC officially closed three investments into cannabis operations with full regulatory approval from the TSX Venture Exchange, these being Tricho-Med in Quebec, Canada, Global Canna Labs in Jamaica, and Viridi Unit in Switzerland. In 2018 we also announced two new strategic investments with fast growing cannabis operations on Italy, Evolution Bnk and EasyJoint. Closing of these transactions are still subject to regulatory approval from the TSX-V and we are working closely with the TSX-V to close these transactions. This year we have also seen major operational updates from our investment from 2017, Little Green Pharma in Australia.

Where LGC stands today through our partners (assuming pending transactions under review by the TSXV are approved), LGC has now interests in over 450,000 square feet of planted cannabis in Jamaica, Switzerland, Italy, and Australia, with that number expected to increase to over 2,100,000 square feet by 2021, as our portfolio companies execute their expansion plans, in addition to the anticipated licensing of Tricho-Med's operations in Quebec, Canada.

Our partners currently sell cannabis products in over 1,000 points of sale across Switzerland and Italy under the ONE Premium Cannabis and EasyJoint brands as well as medical cannabis oils in Australia under the Little Green Pharma brand. LGC's partners' branded products are available in a variety of formats including dry cannabis flower, tinctures, oils, cosmetics, seeds, and beverages.

Here is a summary of our investment and operational updates that we have achieved in 2018:

Investment Updates

- **January 2018:** Finalized investment into Quebec based, premium-indoor cannabis producer, Tricho-Med, $4,000,000 debt at 10% interest for 4 years, convertible into 49% equity plus 5%

royalty on sales, once Tricho-Med receives cultivation license.

- **January 2018:** announced investment into largest Jamaican tier-3 licensed producer, Global Canna Labs, $2,500,000 secured debt at 7% for 4 years convertible into 30% equity. LGC also invested $2,000,000 in stock in exchange for 5% royalty on GCL's sales.
- **February 2018:** Increased stake in Australian cannabis producer Little Green Pharma from 11.91% to 14.99%
- **March 2018:** Announced investment in Italian cannabis light producer Evolution Bnk of €3,000,000 in secured debt at 10% for 4 years convertible into 49% equity of Evolution Bnk. Transaction still pending regulatory approval from the TSX Venture Exchange.
- **June 2018:** Received conditional approval from the TSX Venture Exchange for the investment into Global Canna Labs.
- **August 2018:** formally closed the transaction with Global Canna Labs
- **August 2018:** announced investment into vertically integrated Swiss cannabis producer Viridi Unit of CHF 3,000,000 in LGC stock for 30% equity in Viridi plus 5% royalty
- **October 2018:** Submitted definitive documentation to the TSX Venture Exchange regarding the investment in Viridi.
- **November 2018:** LGC announced investment in the largest cannabis light distributor and retail brand in Italy, EasyJoint SRL where LGC would acquire 47% of EasyJoint in a combination of cash and stock for €4,788,000. Transaction still pending regulatory approval from the TSX Venture Exchange.
- **December 2018:** received final approval from the TSX Venture Exchange for the investment in Viridi and officially closed the transaction.

Operational Updates

- **April 2018:** Little Green Pharma achieved the significant milestone of its first harvest of medical cannabis as a result of its first planting in December 2017.
- **April 2018:** Construction began at Tricho-Med in Brownsburg, Quebec for its initial 34,000 square foot state of the art multi-level indoor cannabis production facility. The strategic location has some of the lowest of electricity in Canada at just under $0.04 per kilowatt hour giving Tricho-Med a natural cost advantage of over indoor production facilities in Canada. Tricho-Med also secured 20 acres of adjacent land for further expansion of a second building that will add another 475,000 square feet of canopy space to Tricho-Med's growing.
- **May 2018**: Little Green Pharma receives a two year extension on their Medical Cannabis Licence from the Office of Drug Control.
- **July 2018:** Global Canna Labs formally receives Tier-3 licence from the Jamaican Cannabis Licensing Agency. The license allows the company to cultivate up to 200,000 organic medical cannabis plants at its 270,000 square feet facility within its 6.23 acres site in Montego Bay, Jamaica.
- **August 2018**: Little Green Pharma harvests its second crop and processes it in its Perth manufacturing facility.
- **August 2018**: Little Green Pharma becomes the first company permitted by Australia's Therapeutic Goods Administration to sell Australian grown medical cannabis products. This represented a great achievement for Little Green Pharma as all of their Australian competitors are only permitted to sell imported products or to do research and development only with their medical cannabis.
- **August 2018:** Evolution Bnk plants its first mother cannabis plants at its 20,000 square foot indoor production facility in Pavia, Italy, 40 km South of Milan, utilizing specific combinations of lighting and nutrients for each EU compliant strain that it produces in order to maximize yield and reduce growing time.
- **August 2018:** Evolution Bnk nears completion of the construction of its 70,000 square foot greenhouse for cannabis production in Sanremo, Italy.
- **October 2018:** Little Green Pharma's products were accepted into the New South Wales state-wide clinical trial for advanced cancer while simultaneously LGP had commenced negotiations

with German parties for exporting Australian products.
- **October 2018:** Viridi harvested 20,000 of its high-CBD, low-THC cannabis plants to be used as input products in Viridi's lines of dry-bud, pre-rolls, oils, and cosmetics. This harvest yielded approximately 2,700 kg of cannabis with approximately 14.70% CBD and 0.58% THC, keeping it compliant with Swiss federal regulations.
- **December 2018:** Viridi's ONE Premium cannabis dry buds, ONE 5 pre-rolls, and ONE Premium oils are available in over 500 points of sale across Switzerland. Viridi uses a proprietary breeding system for its high quality, high-CBD strains and seeds that comply with the Swiss regulations of <1% THC and European Union regulations of <0.2% THC.
- **December 2018:** Global Canna Labs has since planted over 16,000 cannabis plants in both its greenhouse and outdoor components and is expected to yield approximately 14,000 kg of dry cannabis in 2019.
- **December 2018:** Construction of Tricho-Med is nearing completion with the exterior and much of the interior completed along with installation of electrical, and heating and cooling systems being complete. Final touches to the security systems are being installed this month making submission for the final evidence package to Health Canada ready in Q1 2019. All production materials and operation flow designs are built to be in full compliance with EU-GMP standards which will give Tricho-Med access to the lucrative global medical cannabis market.
- **December 2018:** EasyJoint had opened eleven flagship stores across Italy in Rome, Milan, Piacenza, Rovato (BS), Viadana, Bassano del Grappa, Crotone, Pantelleria, and Parma with an additional two stores under discussion. In addition to the 11 flagship stores, EasyJoint's branded CBD products are available in 450 retail points of sale across Italy. EasyJoint is in late stage negotiations with 12 additional franchisees for expansion in 2019.
- **December 2018:** Global Canna Labs has successfully completed its first harvest of two of its strains Wedding Cake with over 24% THC and Jack Hammer with 5% THC and 6% CBD) with independent lab tested results.
- **December 2018:** negotiations to cross-pollinate LGC brands are underway as selling EasyJoint products in Viridi's channels as well as Viridi's products in EasyJoint's channels are underway. EasyJoint is also evaluating exporting its store concept to other jurisdictions which allow cannabis retail.

"During 2018, LGC strengthened its team with industry professionals from the cannabis and international tobacco sectors. These individuals are advancing our corporate goal of creating a solid footprint for our global operations," stated John McMullen, CEO of LGC Capital. "The aggressive investment strategy adopted by LGC in 2018 has positioned LGC as a recognized global leader and as such we are now being approached by numerous potential strategic partners wanting to align with us. We believe that this coming year will see our investee companies announce many supply agreements, expand their growing operations and ultimately accelerate revenue and profits. We also envisage a number of investee companies getting listed on various stock exchanges. I wish all of you a safe and enjoyable holiday."

Summary of LGC's investment portfolio

Company	Location	Description	LGC Ownership
Global Canna Labs	Montego Bay, Jamaica	Over 270,000 square feet of cultivation in Montego Bay. Global Canna Labs' license allows for unlimited expansion through multiple site locations in Jamaica.	30% equity through convertible debt + 5% royalty on net sales
Tricho-Med	Montreal, Quebec	Premium low-cost producer of medical cannabis products. Trico-Med's facility will be one of the first enclosed, multi-level GMP cannabis producers in Quebec with the lowest input costs in Canada.	49% equity through convertible debt + 5% royalty on net sales
Evolution Bnk	Sanremo, Italy	Evolution BNK is high-tech cannabis producer with indoor production facilities in Pavia, Italy as well as greenhouse production in Sanremo, Italy.	49% equity through convertible debt + 5% royalty on net sales
Viridi Unit	Geneva, Switzerland	Viridi Unit is a vertically integrated cannabis company with over 100,000 sq st of cultivation and selling in over 80 shops in the fast-growing legal cannabis market in Switzerland and the EU.	30% equity + 5% royalty on net sales
EasyJoint	Parma, Italy	Easyjoint is the undisputed Italian market leader with approximately 85% of the distribution of the "legal weed" industry and has established itself as a well-known brand	47% of common equity

Little Green Pharma	Perth, Australia	Little Green Pharma is the first and only Australian licensed cannabis producer that is permitted to grow and sell Australian grown medical cannabis products	15% common equity

Notice Regarding Forward Looking Statements

This press release may contain forward-looking statements with respect to 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 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 three and nine months ended June 30, 2018, 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 LGC has no obligation to update such statements, except to the extent required by applicable securities laws.

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Viridi’s ØNΞ 5 Pre-rolled Cannabis CBD sticks (CNW Group/LGC Capital Ltd)

Viridi’s Geneva cannabis crop being hang dried (CNW Group/LGC Capital Ltd)

EasyJoint’s Store in Milan, Italy (CNW Group/LGC Capital Ltd)

Cannabis planted at Global Canna Labs in Montego Bay, Jamaica (CNW Group/LGC Capital Ltd)

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