






8 FEBRUARY 2022

INTENTION TO DEMERGE PSYCHEDELICS BUSINESS

LGP TO DEMERGE PSYCHEDELICS BUSINESS VIA IN-SPECIE DISTRIBUTION AND ENTITLEMENT OFFER TO SHAREHOLDERS

DEMERGER TO COMPLETE IN JUNE QUARTER 2022

Highlights

-  Intention to demerge psychedelics business into separate unlisted entity, Reset Mind Sciences Ltd
-  Demerger to be undertaken via pro-rata, in-specie distribution of 100% of Reset securities to eligible LGP shareholders who afterwards will hold separate shareholdings in LGP and Reset
-  Intention to also offer eligible Reset shareholders the opportunity to participate in entitlement offer to fund Reset operations
-  LGP Board believes Demerger will unlock strategic value of psychedelics business for benefit of all shareholders
-  Demerger completion targeted for June quarter 2022



Little Green Pharma Ltd (ASX: LGP, “**LGP**” or the “**Company**”) is pleased to announce its intention, subject to shareholder and other required approvals, to demerge the ownership of its psychedelics business, Reset Mind Sciences Limited (“**Reset**”), from the LGP Group (“**Demerger**”). In conjunction with the Demerger, Reset also intends to undertake an entitlement offer to LGP shareholders to fund its operations.



Demerger overview and rationale

There is an increasing body of research globally into the use of psychedelic medicines, most notably psilocybin and MDMA, to treat various chronic mental health conditions. To date, this global research has produced highly encouraging results and has catalysed the development of a significant global medicinal psychedelics industry, particularly in North America and the United Kingdom. The psychedelics industry is now gaining significant momentum in Australia which includes support from the Australian Government for medicinal psychedelics research through a \$15m grant program awarded in January 2022.

In late 2020, the Company entered the psychedelics space given its logical fit with LGP’s long term stated goals of solving real patient problems and transforming lives, as well as LGP’s existing regulatory platform and expertise in cultivating and manufacturing Schedule 9 herbal drugs. The strategy also aligned with LGP’s record of being a pioneer in emerging Australian pharmaceutical industries.

Since its formation, Reset has made significant progress in the field of psychedelics and LGP believes its shareholders’

best interests are now served by demerging the subsidiary to allow it to pursue its strategy as a standalone company. This will give new and existing shareholders the freedom to dictate their preferred investment appetite across the two industries.

Post-Demerger, LGP will provide Reset with ongoing operational support and product supply, including exclusive access to the Company’s Schedule 9 licensed West Australian cultivation and production facilities. Reset is currently investing in the expansion of LGP’s facilities to include specialist mushroom cultivation capability.

As part of the Demerger, LGP shareholders are expected to receive a pro rata allocation of 100% of the shares in Reset and a pro-rata offer to participate in a Reset entitlement offer, with further details to be provided in due course.

Post-Demerger, Reset will focus solely on developing its psychedelics business with the aim of being at the forefront of the psychedelics industry in Australia.

Leadership

A highly experienced and respected team has been assembled to run Reset, including:

Shaun Duffy as Chief Executive Officer and Executive Director.



Mr Duffy is a Chartered Accountant and former Senior Managing Director of FTI Consulting as well as head of that firm’s Australian Strategic Communications practice and member of its Australian Leadership Group. Mr Duffy has also provided strategy consultancy and corporate advisory services to LGP since 2020.

Angus Caithness as Executive Director.



Mr Caithness is an executive director of LGP and an experienced corporate finance executive and consultant in Australia and international markets. Mr Caithness was previously an Executive Director at EY in London and Australia specialising in initial public offerings of large cap mining companies. Mr Caithness is a Harvard Business School alumnus, a Chartered Accountant, holds a Master of Science and is a fellow of the Financial Services Institute of Australasia.

Honourable Cheryl Edwardes AM



as Non-Executive Director and Chairperson. Ms Edwardes is a member of the Foreign Investment Review Board and a company director on a number of ASX Boards, private companies and not-for-profit associations. A solicitor by profession, Ms Edwardes is a former Minister in the Court Government with extensive experience and knowledge of WA’s legal and regulatory framework. During her political career, Ms Edwardes held positions as the first female Attorney General for Western Australia, Minister for Environment and Labour Relations, and was the Member for Kingsley for nearly 17 years.

Reset has also engaged a highly credentialed Clinical Advisory Board with an emphasis on expertise in the delivery of psychedelic assisted psychotherapy.

The Clinical Advisory Board comprises clinical psychologist and Senior Lecturer of Addiction at Edith Cowan University in Western Australia, Dr Stephen Bright; clinical psychologist and previous member of a psilocybin based clinical trial team at Imperial College London, Renee Harvey; and Chief Executive Officer and co-founder of Enlighten Mental Health, Eternity Hausen.



Benefits of the Demerger

- ✔ Demerging LGP's cannabis and psychedelics businesses anticipated to unlock greater value for LGP shareholders and allow differentiated investments across medicinal cannabis and psychedelics
- ✔ Permits each entity to appropriately fund, resource and focus on their individual businesses
- ✔ Establishes two separate management teams to pursue independent strategies and growth opportunities
- ✔ Capitalises on strong momentum in the global psychedelics sector and allows shareholders to better share in any sector uplift
- ✔ Attracts stronger investor attention and valuation as a standalone entity
- ✔ Allows LGP to maintain its focus on the domestic and global cannabis markets
- ✔ Provides a timely, clean separation of businesses

Update on psychedelics business

The Company has commenced construction of its stand-alone psilocybin mushroom cultivation facility which is expected to be completed in the June 2022 quarter.

Planning is well underway for a West Australian based clinical trial into psilocybin assisted psychotherapy. Reset is currently finalising the psychotherapy protocols for use in the clinical trial and has received an Federal import permit for the synthetic psilocybin to be used in the trial.

Next steps

LGP will shortly convene a general meeting of shareholders to seek approval for the Demerger. The notice of meeting will summarise Reset's business strategy, the advantages and disadvantages of the Demerger, terms of the entitlement offer, key risk factors, and key dates for the proposed Demerger.

Subject to LGP shareholder approval, as well as satisfactory ASX and other regulatory approvals, LGP will then distribute 100% of the Reset shares on issue via an in-specie distribution to eligible LGP shareholders pro-rata to their shareholding held in LGP as at a record date within the June quarter. LGP reserves the right to amend the proposed terms of, or not proceed with, the Demerger in its absolute discretion.

The Company has also engaged with the Australian Tax Office ("ATO") to confirm the expected CGT rollover relief tax treatment arising from the Demerger, however, LGP and Reset may elect to complete the proposed Demerger prior to receiving definitive advice from the ATO.

Canaccord Genuity (Australia) Limited has been appointed as capital markets adviser to the Demerger.



LGP's Chief Executive Officer, Fleta Solomon, commented:

"We have invested significant effort investigating and advancing Reset's psychedelics operations throughout 2021 and believe it is now at a point where it is best placed to grow as a standalone business. We are confident the Demerger will allow for both Reset to drive its psychedelics strategy and LGP to focus solely on its medicinal cannabis business. We believe the Demerger rewards LGP shareholders for Reset's progress to date and allow them to participate in its exciting future."



Reset's Chief Executive Officer, Shaun Duffy, commented:

"We believe Reset is ideally placed to play a leading role in the evolution of the psychedelics industry in Australia. We've been able to make significant progress drawing on the expertise, experience and facility investment that exists in LGP, and our first mover status has allowed us to attract the attention of many experienced organisations and individuals as potential partners. While we plan to continue to maintain a close operational relationship with LGP, operating as a standalone company with our own board, management and strategy will allow us to better prioritise and focus on advancing our psychedelics business."

ENDS

BY ORDER OF THE BOARD

Alistair Warren
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About Little Green Pharma

Little Green Pharma is a global, vertically integrated and geographically diverse medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution.

The Company has two global production sites for the manufacture of its own-branded and white-label ranges of GMP-grade medicinal cannabis products, being a 21,500m² cultivation and 4,000m² GMP manufacturing facility capable of producing over 20 tonnes of medicinal cannabis biomass per annum located in Denmark (EU) and an indoor cultivation and manufacturing facility located in Western Australia capable of producing ~3 tonnes of medicinal cannabis biomass per annum.

Little Green Pharma products comply with all required Danish Medicines Agency and Therapeutic Goods Administration regulations and testing requirements. With a growing range of products containing differing ratios of active ingredients, Little Green Pharma supplies medical-grade cannabis products to Australian, European and overseas markets.

The Company has a strong focus on patient access in the emerging global medicinal cannabis market and is actively engaged in promoting education and outreach programs, as well as participating in clinical investigations and research projects to develop innovative new delivery systems.

For more information about Little Green Pharma go to: www.littlegreenpharma.com

Help us be Green

LGP investors are encouraged to go paperless and receive Company communications, notices and reports by email. This will ensure efficient communication during COVID-19 while also helping to reduce our costs and environmental footprint.

To easily update your communication preferences, visit: www.computershare.com.au/easyupdate/lgp