



LABAT AFRICA LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1986/001616/06)

("Labat Africa" or "the Company")

ISIN Code: ZAE000018354 Share code: LAB

DETAILED CAUTIONARY ANNOUNCEMENT RELATING TO A FUNDING AGREEMENT BETWEEN LABAT AFRICA AND USA BASED GR GLOBAL VENTURES LLC, LOAN SHARES FROM AN ASSOCIATE OF DIRECTORS AND CIRCULAR TO SHAREHOLDERS

Labat Africa is pleased to announce that it has signed a put option agreement ("**Agreement**") with GR Global Ventures LLC ("**GRGV**"), a United States of America ("USA") based investment group, to provide the Company with up to R300 million in committed equity capital in cash over the next 36 months. The access to capital comes at an opportune time for Labat Africa in line with its strategy on developing its Cannabis focussed health care business.

The funding will support the growth of the Labat Healthcare business, with a particular focus on the cannabis business.

GRGV has agreed to commit an amount of up to R300 million (the "Capital Commitment") in cash within a maximum of three years in exchange for new ordinary shares in Labat Africa. In addition, the agreement provides for the issue of 30 million warrants to GRGV at a price of R0.50 (Fifty) cents (more than a 100% premium on the current share price of Labat Africa).

This Capital Commitment will be released based on drawdowns by Labat Africa in the form of put options that Labat Africa has the right to exercise against GRGV at its sole discretion. The amount of the drawdowns will also be decided by the Company and be dependent upon certain parameters such as the Company's trading volume during the previous 15-day period and the price per share during the forward-looking 30-day pricing period.

The strike price of the put option is determined by the volume weighted average price (VWAP) of Labat Africa's shares during such 30-day pricing period on each put option exercise.

This funding commitment will allow Labat to deploy cash on an as-needed basis. The funding commitment will strengthen the Company's balance sheet and is intended to support the commercialisation of the Company's various initiatives, including:

- Research project to replace Opioids with Cannabis for pain management through its subsidiary BioData;
- The ramping up of the distribution of CBD infused "Ace and Axle" smokables;
- The establishment of a Hemp Processing facility; and
- The roll out of additional CannAfrica retail stores in South Africa.

Both Labat Africa and GTGV view this capital allocation not only as an investment into the Company but also as a starting point for a long-term strategic partnership to advance Labat Africa's promising projects in the field of Cannabis related healthcare and lifestyle as well as the development of the latest treatments for complex diseases. GRVG's investment will accelerate Labat Healthcare projects in all aspects. The Company's business plan until 2025 allows for the introduction of several highly profitable original drugs and other finished dosage forms to the domestic market, an entry into the production of active pharmaceutical ingredients, and the launch of the new drugs.

The legal agreement remains subject to Board and other regulatory approvals. The agreement also provides for loan shares, from the largest shareholder in the group, which is controlled by two executive directors of Labat. This is in the process of being put into place. A further announcement will be made in this regard.

Circular to shareholders

A circular to shareholders will be prepared to approve a Specific Authority to issue shares for cash as well as the issue of 30 million warrants to GRGV at a price of R0.50 (Fifty) cents per share. A further announcement will be made in due course.

Cautionary Announcement

Shareholders are advised to exercise caution until a further announcement is made.

Johannesburg

2 December 2021

Sponsor

AcaciaCap Advisors Proprietary Limited

