



**LABAT AFRICA LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 1986/001616/06)  
("Labat Africa" or "the Company")  
ISIN Code: ZAE 000018354 Share code: LAB

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**DETAILED CAUTIONARY ANNOUNCEMENT RELATING TO THE 75% ACQUISITION OF LEAF BOTANICALS (PTY) LTD ("LEAF BOTANICALS") & EXCLUSIVE DISTRIBUTION AGREEMENT FOR CBD SMOKEABLES**

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Shareholders are advised that Labat has concluded an agreement with The Gog van der Colff Trust, the vendors of **Leaf Botanicals** ("Acquisition") in terms of which Labat will acquire 75% of the shares in the Northern Cape-based cannabis cultivation company for a purchase consideration of R11 250 000, to be settled by an issue of 11 250 000 Labat shares. ("Acquisition"). Labat has completed a satisfactory due diligence. In addition, should the Labat share price trade below R1.00 per share on a 30-day Volume Weighted Average Price basis for a period of 30 (thirty) days immediately preceding the first annual anniversary of the Effective Date being 6 June 2021, Labat will issue additional shares equivalent to the shortfall up to a maximum of 7 500 000 Labat shares. The vendors are not related parties to Labat as defined in the JSE Listings Requirements.

**Rationale for the Acquisition**

**Leaf Botanicals** is duly licensed by the South African Health Products Regulatory Authority, known as SAHPRA, to cultivate harvest and export medical cannabis. The facility is both EU(GACP) and USA(GACP) accredited. It is in production, with the second harvest expected in May 2021. **Leaf Botanicals** fits well into the Labat Healthcare segment whose aim is to provide high quality medical cannabis products to a sophisticated and knowledgeable customer base.

The Acquisition brings to Labat an accredited, reliable and credible producer of high-quality medicinal cannabis, resulting in Labat being active in the most significant parts of the cannabis value chain, from flower to customer, thereby ensuring that quality is priority in every part of that chain. Labat is pleased to take this next step in ensuring that South Africa takes its place on the world stage in the field of medical cannabis.

**Exclusive Distribution Agreement**

Through Africa Cannabis Enterprises (ACE) Genetics (A 100% Labat-owned subsidiary), Labat has concluded an exclusive distribution agreement with Ace and Axle, a US based company, securing distribution rights in Africa for the next decade.

Ace and Axle produces a premium grade hemp CBD smokable that will soon be launched in South Africa. In comparison with tinctures, inhaling has been found to increase the bioavailability of CBD, helping users to better reap the powerful healing benefits of this compound.

Labat has agreed to supply Ace and Axle with its worldwide requirements for hemp CBD smokables. Labat will be utilising its newly acquired Leaf Botanicals facility to cultivate the raw materials.

**Categorisation and Circular**

The Acquisition is categorised as a Category 2 transaction and does not require shareholder approval.

**Cautionary Announcement**

Shareholders are advised that the additional information required in terms of JSE Listings Requirements will be published once obtained. Accordingly, shareholders are advised to exercise caution when dealing in their shares until a further announcement is made.

**Johannesburg**

19 May 2021

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**Sponsor**

**AcaciaCap Advisors Proprietary Limited**

