



LGC Capital to Expand Global Footprint in Medical Cannabis Market Through Investment in Jamaica's Global Canna Labs Limited

LGC Capital Ltd.
Symbol: TSX-V: LG

- LGC to subscribe for a \$2.5 million secured debenture of Jamaican cannabis company Global Canna Labs Limited, convertible into an initial 30% interest, and to acquire a 5% royalty on net sales.
- The Jamaican Cannabis Licensing Authority granted Global Canna Labs conditional approval for a Cultivator's Licence (Tier 3) (over 5 acres) on December 20, 2017.
- Global Canna Labs plans to start cultivation of its first commercial cannabis crop by Q2 2018.
- Construction of Global Canna Labs' first dispensary is expected to start in Q1 2018 in Montego Bay's Hip Strip.
- Plans are also in place for Global Canna Labs to open an on-site farm store and a dispensary in Kingston, Jamaica by the end of 2018.

MONTREAL, Jan. 26, 2018 /CNW Telbec/ - **LGC Capital Ltd. (TSXV: LG) ("LGC")** is pleased to announce that it has signed a Letter of Intent with rapidly-developing Jamaican cannabis company Global Canna Labs Limited ("**Global Canna Labs**") for a strategic investment in the Jamaican cannabis market as part of LGC's ongoing international expansion.

The Letter of Intent with Global Canna Labs and one of its major shareholders provides that LGC will subscribe for a \$2.5 million secured debenture, convertible into an initial 30% strategic interest in Global Canna Labs, and will also acquire a 5% royalty on Global Canna Labs' net sales for \$2 million, payable in shares of LGC.

John McMullen, CEO of LGC commented, *"This exciting transaction with Global Canna Labs will not only extend our global reach within the legalized cannabis industry, it will increase LGC's investment footprint into the lucrative Caribbean Region. We believe that our investment will assist Global Canna Labs in achieving almost immediate production. The potential square footage, scale and expandability of this operation is significant and we look forward to working closely with Global Canna Labs and its highly-experienced team to build something quite special in Jamaica."*

Global Canna Labs Limited CEO Paul Glavine states; *"Today is a very significant day for the medical cannabis industry in Jamaica, with LGC today showing its strong financial commitment to jointly building a strong Jamaican brand in-country and on the world stage. Jamaica has for a long time been very well positioned to become a leader in the medical cannabis industry. It has a long, rich and varied culture and a highly motivated population. Global Canna Labs has secured a strong board, highly specialized in security, medicine and business expertise in the country. We have developed deeply rooted ties with the leaders in the local economy, which will allow us to maximize our expected production capacity of 40,000 kg annually through our current Montego Bay facilities as quickly as possible. We are glad to announce this partnership with LGC and we share its Jamaican vision. With 20 years of combined industrial experience in cultivating medical cannabis, we are now focused on rapidly building-out our operations and becoming the largest Caribbean producer of high grade medical cannabis."*

Transaction Details: (all amounts in Canadian dollars)

The transaction is comprised of two parts:

- LGC will, by way of a secured convertible debenture (the "Debenture"), invest \$2.5 million which will be disbursed in tranches in accordance with the achievement of milestones in Global Canna Labs' business plan; and
- LGC will purchase a 5% royalty ("Royalty") on Global Canna Labs' net sales for \$2 million, payable in shares of LGC.

The Debenture will have a four-year term, carry interest at an annual rate of 7%, and be secured by the assets of Global Canna Labs. The Debenture will be convertible into common shares of Global Canna Labs and to be formed Canadian affiliate so as to comply with Jamaican foreign ownership rules, corresponding to a 30% ownership interest in Global Canna Labs. The Debenture will be converted immediately prior to any liquidity event.

The Royalty will also be secured by the assets of Global Canna Labs, which will have the right to repurchase the Royalty for \$6 million.

The Letter of Intent provides that LGC will carry out an accelerated due diligence review, to be completed by February 15, 2018, and that upon successful completion of due diligence, the parties will enter into definitive agreements by February 25, 2018.

Closing of the transaction with Global Canna Labs is also subject to the parties entering into definitive agreements and to standard closing conditions. The transaction is subject to regulatory approval, including that of the TSX Venture Exchange.

About Global Canna Labs (<http://globalcannalabs.com>)

Global Canna Labs is a Jamaican entity with its head office located in Kingston, Jamaica, with operations based in Montego Bay, with plans to become one of the leading cultivators and processors in Jamaica of cannabis for medical and recreational purposes. Target production is expected to total 1,876 kg in 2018 and rising quickly to 7,741 kg annually by 2021. These production targets can be rapidly expanded from current targets should demand exceed supply.

The Montego Bay site comprises a 22-acre plot with an additional 80-acre expansion opportunity on the same plot. The location is only 10 minutes from the Montego Bay airport and sea port providing logistics access for facilitating global exports.

Global Canna Labs is in the final stages of acquiring a full commercial cannabis license in Jamaica enabling clinical trials, dispensaries, recreational sale, and medical export. On December 20, 2017, the Cannabis Licencing Authority of Jamaica granted conditional approval for a Cultivator's Licence (Tier 3) (over 5 acres).

Construction of its first 58,000 sq. feet of greenhouses is in progress and is nearing completion, with 4 additional acres of outdoor growth and state-of-the-art processing facility meeting GMP and ISO standards in the current site plan. Security fencing around the initial cultivation site covering 6 acres in total has already been installed.

Construction of Global Canna Labs' first dispensary is expected to start in Q1 2018 in Montego Bay's Hip Strip. Plans are also in place for Global Canna Labs to open an on-site farm store and its first dispensary in Kingston by the end of 2018.

About LGC (<http://www.lgc-capital.com>)

LGC Capital Ltd. is a Canadian incorporated public company listed on the TSX Venture Exchange (TSXV: LG). LGC's objective is to become a diversified business group with core business divisions that provide shareholders with exposure to a diverse range of businesses, products and services.

Information Relating to Global Canna Labs Limited

All information contained in this press release relating to Global Canna Labs Limited has been provided to LGC by Global Canna Labs Limited. LGC has relied upon this information without having made independent inquiries as to its accuracy or completeness and assumes no responsibility for any inaccuracy or incompleteness of such information.

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements with respect to LGC Capital Ltd. ("LGC") and Global Canna Labs Limited, and their respective operations, strategy, investments, financial performance and condition. These statements generally can 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 Global Canna Labs Limited 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, 2016, 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 Global Canna Labs Limited has any obligation to update such statements, except to the extent required by applicable securities laws.

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