JUNE 2021

QUARTERLY ACTIVITIES REPORT AND APPENDIX 4C

TRANSFORMATIONAL QUARTER FOR LGP

ACQUISITION OF WORLD CLASS GMP FACILITY IN DENMARK

$27.2M PLACEMENT FROM INSTITUTIONAL INVESTORS INCLUDING HANCOCK PROSPECTING

Highlights

- Transformational Quarter positioning LGP as a leading global pure-play medicinal cannabis producer
- Acquisition of world-class GACP/GMP medicinal cannabis facility in Denmark (EU)
- Completion of $27.2 million Placement with strong support from existing institutional and sophisticated investors, including Hancock Prospecting
- Record growth in underlying patient demand in Australia with a 37% increase in new patients to 3,300 and a 25% increase in products dispensed to 11,200 units
- International sales momentum resumed with deliveries recommenced to Demecan post quarter end (2,000 units shipped in July 2021) following Demecan's receipt of necessary regulatory approvals
- Execution of acquisition agreement for purchase of land underlying LGP's Australian facilities and adjoining properties for ~$6 million, payable in cash (70%) and scrip (30%)
- Strong cash receipts up 20% to $1.82 million in 4QFY21 compared to $1.51 million in the 3QFY21
- Strong balance sheet with cash of $40.2 million at end of Quarter

Little Green Pharma Ltd (**ASX: LGP**, "**LGP**" or the "**Company**") is pleased to provide its Quarterly Activities Report and Appendix 4C for the period ending 30 June 2021.

ACQUISITION OF WORLD CLASS GACP/GMP FACILITY IN DENMARK AND SUCCESSFUL $27.2M PLACEMENT

In late June 2021, the Company acquired a world-class GACP/GMP licensed medicinal cannabis cultivation and manufacturing facility in Denmark (EU) ("**Denmark Facility**") with over 20 tonnes biomass per annum capacity, including 12.5 tonnes per annum of dried cannabis flower, for C$20 million. With a 21,500 m^2 cultivation site and 4,000 m^2 post-harvest GMP manufacturing facility, the formerly Canopy Growth Corporation-owned Denmark Facility is one of the largest production assets in Europe. Under the terms of the acquisition, LGP paid C$10 million at Completion with the remaining C$10 million payable in 12 months' time at an imputed interest rate of 12.5%.

The Denmark Facility provides LGP with a key strategic platform and production capacity to capitalise on its early mover status and brand recognition in Europe and Australia.

In conjunction with the acquisition, LGP completed a successful $27.2 million Placement which received strong support from existing institutional and sophisticated investors, including Hancock Prospecting, who committed $15 million to hold over 11% of the Company post-settlement.

The acquisition represents a step-change for LGP and positions the Company as a leading global pure-play medicinal cannabis producer (see ASX announcement dated 22 June 2021 for further acquisition, Facility and Placement details).

UPDATE ON DENMARK FACILITY

Since the acquisition, LGP has been progressing offtake agreements, integrating the Group's operations, planning the scale-up of its EU sales and commercial teams, preparing for its first shipment of LGP Denmark products to Australia as well as continuing to progress LGP Denmark's marketing authorisation for sale of products into Denmark.

It is expected that the transfer of genetics to Denmark, licensing, vendor qualification and GMP auditing processes required to sell to third parties in Europe will take up to 6 months however the first shipments of LGP Denmark cannabis flower will arrive in Australia in the coming weeks with subsequent monthly shipments based on demand.

CONTINUED STRONG PATIENT GROWTH AND CHANGE TO DISTRIBUTION AGREEMENTS IN AUSTRALIA

During the Quarter, the Company experienced record growth in underlying demand in Australia with a 37% increase in new patients (3,300 new patients compared to 2,400 in the previous quarter) and over 11,200 units dispensed to patients (representing a 25% increase from 3QFY21).

Following TGA clarifications regarding wholesaling rules for unregistered medicines, LGP successfully implemented revised distribution agreements with all its Australian distribution partners in compliance with the clarified rules, resulting in the Company recognising revenue when product is sold to the pharmacy rather than when product is sold to the wholesaler (see ASX announcement dated 15 June 2021).

This change has resulted in the run-down of distributor inventory and a reduction in Australian revenue this Quarter (from a revenue accounting perspective only) to ~$0.4 million (unaudited) for the Quarter compared to $2.3 million (unaudited) in 3QFY21. At 30 June 2021, Australian distributors still held approximately one month's inventory meaning that revenue will normalise in 1QFY22 with Australian revenue and cost of sales reflecting patient supply for the Quarter. This is expected to result in total revenue (domestic and international) being recognised in excess of $3 million for Q1FY22.

Despite the accounting adjustment, total cash receipts were significantly stronger (reflecting the strong sales and units dispensed) up 20% to $1.82m compared to $1.51m in the 3QFY21.

AUSTRALIAN FACILITIES LAND ACQUISITION

The Company executed a purchase agreement for the acquisition of the 16,000 m^2 of land underlying its WA cultivation and manufacturing facilities as well as the two adjoining properties. Following shareholder approval of the scrip issue, settlement of the $6 million purchase price ($4.2 million cash and the remainder in scrip) is expected to occur later this week (see ASX announcement dated 15 March 2021 for the terms of the acquisition).

The transaction will ensure LGP can protect its significant capital expenditure to date (~$8 million), eliminates LGP's rental expenses of $170,000 per annum, and provides rental income from the currently tenanted premises on the adjoining properties.

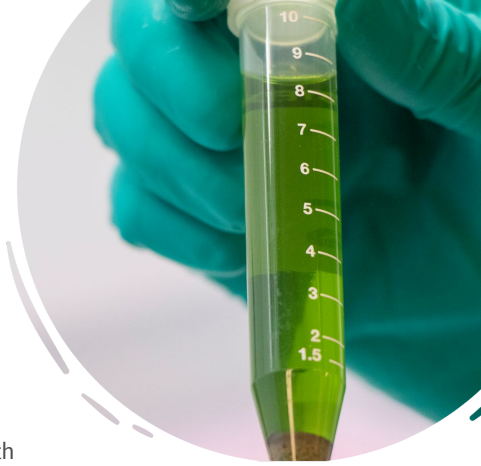
Following the acquisition of the Denmark Facility, all expansion plans have been indefinitely deferred at the Company's WA site other than work to expand the manufacturing capacity to align with the previously announced increase in cultivation capacity. This expansion is expected to be completed by the end of the calendar year with expected costs to complete of $1.5-2.0 million.

INTERNATIONAL DISTRIBUTION UPDATE

LGP's German wholesaler Demecan have now received their final outstanding regulatory approval for the next around of shipments of product (see ASX announcement dated 15 June 2021) with the first shipment occurring in late July 2021. The binding purchase orders received from Demecan through to the end of the calendar year effectively utilise LGP's entire WA flower capacity and will be fulfilled subject to Australian patient demand.

The Company also submitted its dossier for its "Desert Flame" medicinal cannabis flower product for Poland. The dossier was submitted in support of a marketing authorisation pursuant to LGP's exclusive distribution agreement with Medezin Sp. z.o.o, a subsidiary of Pelion SA, the largest operator in the Polish and Lithuanian health sectors (see ASX announcement dated 17 June 2021).

The Company also further progressed its marketing authorisation application for Denmark and delivered an additional ~6,000 units (15ml & 50ml) to the French trial (see ASX announcement dated 27 January 2021).



RESEARCH AND DEVELOPMENT UPDATE

LGP's hallmark quality of life QUEST study continues its successful recruitment of patients by ~70 doctors in centres across six Australian states and territories. The Company currently anticipates sufficient baseline recruitment to conduct 3-month results analysis by the end of 3QFY22, with analysis findings expected to be peer-reviewed and published later in 2022.

Since successful completion of the clinical investigation into the use of LGP Classic 10:10 for the treatment of chronic refractory pain, the Company has also commenced sponsorship of a clinical trial investigating the efficacy of medicinal cannabis to treat symptoms associated with fibromyalgia.

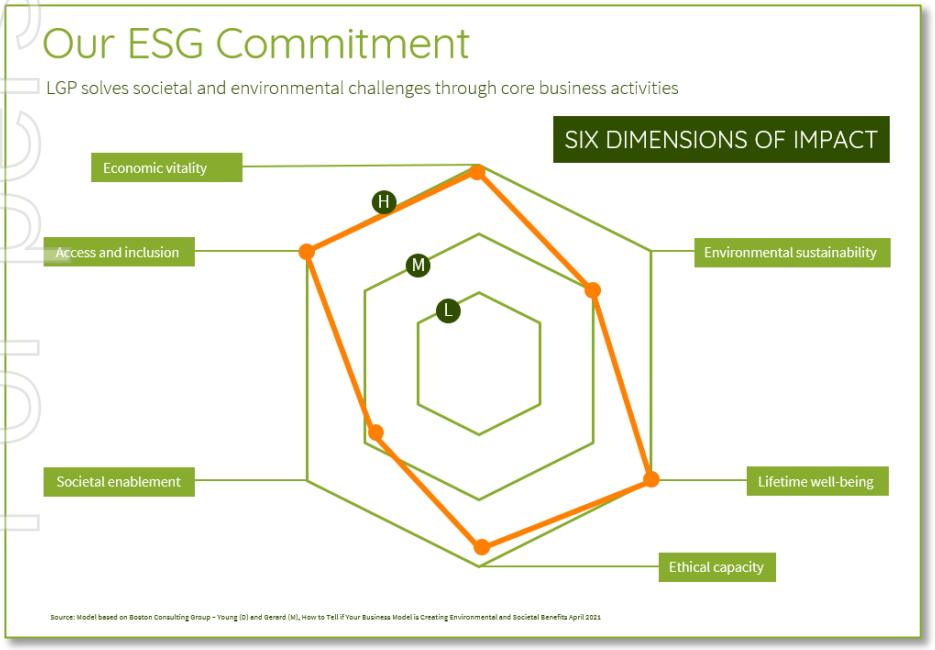
Meanwhile, the ARISE project has progressed through Phase I – a 6-month phase – and the first of 3 three phases totalling 18 months in total. ARISE is a supercritical fluid anti-solvent extraction technology which generates micron and sub-micron size particles of active pharmaceutical agents.

Phase 1 involves identifying the ideal excipients for each of the targeted anatomical sites of drug delivery. The Company has successfully applied cannabis to the ARISE process and is now optimising the process to improve overall yield and confirm the best carrier excipients. It is expected that the ARISE technology will form the basis of LGP's prescription medication registration pipeline.

Optimisation of the Company's liposomal delivery technology continues and is expected to be finalised in 2QFY22.

ENVIRONMENT, SOCIAL, GOVERNANCE (ESG)

The LGP Group recognises the benefits to both shareholders and wider stakeholders of a strong ESG position: the snapshot below identifies LGP's current ESG profile and gaps.



LGP's current areas of focus are to grow its strength and capability in the environmental sustainability and societal enablement fields and is currently investigating various options in these areas.

QUARTERLY FINANCIAL HIGHLIGHTS

During the Quarter, the Company generated revenue of ~$0.6 million (unaudited) with cash receipts of $1.82 million. Cash receipts significantly exceeded revenue in 4QFY21 due to the change in wholesaling arrangements discussed above.

The key cash flows during the Quarter include:

- capital raised of $26.0 million net of costs;
- acquisition of the Denmark Facility for $10.9 million inclusive of due diligence costs;
- increased production and staff costs associated with the Denmark Facility combined with reaching full production capacity in Australia;
- increased staffing costs and administration costs associated with expanding the marketing, MSL and business development teams in Australia and EU; and
- increased R&D spend on drug development, costs associated with the Quest study and the provision of product to the French trial.

Related party transactions during the Quarter comprised $0.27 million in remuneration and allowances paid to directors of the Company.

The Company expects to maintain a strong cash position through to the 1QFY22 driven by:

- continued increases in domestic sales; and
- further medicine sales into the EU.

The Company finished the Quarter with an increased cash position of $40.2 million.

The Company completed its IPO in February 2020 and in accordance with the ASX Guidance Note 23, Appendix One to this report sets out the use of funds since admission to the ASX.

ENDS

BY ORDER OF THE BOARD

Alistair Warren
Company Secretary

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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 21,500m^2 cultivation and 4,000m^2 GMP manufacturing facility capable of producing 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 other 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

Little Green Pharma Ltd

Appendix One to the Quarterly Activities Report

30 June 2021

Reconciliation of the Use of Funds Statement from the Prospectus

	Prospectus Use of Funds	Total Funds used to 30 June 2021^	Fund used in the June 2021 Quarter^
	$A'000	**$A'000**	**$A'000**
Sales and Marketing	1,650	2,766	574
Research and Development	1,500	2,376*	1,138*
Systems implementation	1,500	686	102
Manufacturing site expansion	1,500	1,543	-
Education activities	1,000	802	177
Regulatory compliance	500	1,317	339
International office costs	500	455	98
Inventory build up	850	844	-
Costs of the Offer	1,000	1,223	-
Total Use of Funds	**10,000**	12,012	2,428

*R&D is shown on a gross basis and excludes the R&D tax incentive

^ Note that funds received from income have also been attributed to these expense categories.

Pursuant to ASX Guidance Note 23, this quarterly activity report sets out a comparison of the actual expenditure on the individual line items in the "use of funds" statement since the date of admission to the ASX against the prospectus lodged with ASIC in December 2019.

The variance in relation to the costs of the offer relates to higher than anticipated costs in relation to the preparation and drafting of the prospectus with a portion of the variance in relation to the regulatory compliance relating to costs associated with insurance, licencing and permitting. The other variances relate to the Prospectus Use of Funds being expected expenditure for the 12 months post IPO compared to the Total Funds Used to 30 June 2021 being for a period of 16 months.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Little Green Pharma Ltd	
ABN	**Quarter ended ("current quarter")**
44 615 586 215	30 June 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,829	6,643
1.2	Payments for		
	(a) research and development	(1,006)	(1,712)
	(b) product manufacturing and operating costs	(1,208)	(4,241)
	(c) advertising and marketing	(434)	(908)
	(d) leased assets	(4)	(19)
	(e) staff costs	(1,758)	(4,275)
	(f) administration and corporate costs	(546)	(1,681)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11	28
1.5	Interest and other costs of finance paid	(18)	(60)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	137	2,071
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,997)**	**(4,154)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	(10,882)	(10,882)
	(b) businesses	-	-
	(c) property, plant and equipment	(226)	(1,873)
	(d) investments	-	-
	(e) intellectual property	(71)	(227)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	(600)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(11,179)**	**(13,582)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	27,200	54,300
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	2,055
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,227)	(2,370)
3.5	Proceeds from borrowings	-	1,016
3.6	Repayment of borrowings	-	(1,016)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(75)	(282)
3.10	**Net cash from / (used in) financing activities**	**25,898**	**53,703**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	28,511	4,274
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,997)	(4,154)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,179)	(13,582)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	25,898	53,703
4.5	Effect of movement in exchange rates on cash held	(7)	(15)
4.6	**Cash and cash equivalents at end of period**	**40,226**	**40,226**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	38,226	10,511
5.2	Call deposits	2,000	18,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**40,226**	**28,511**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	270
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments to related parties solely represents remuneration and allowances paid to Directors of the Company.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	60	43
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	60	43

7.5	**Unused financing facilities available at quarter end**	17

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The credit standby arrangements relate to the Company's credit card facility with the National Australia Bank ("NAB") at a variable interest rate and an unspecified term. As part of this facility, the NAB holds a $60,000 term deposit as security.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,997)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	40,226
8.3	Unused finance facilities available at quarter end (Item 7.5)	17
8.4	Total available funding (Item 8.2 + Item 8.3)	40,243
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**13**

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2021

Sign here: .....

Alistair Warren

(Company Secretary)

Authorised by: The Board