

6 September 2019

## **ANANDA DEVELOPMENTS PLC**

("Ananda" or the "Company")

### **CORPORATE UPDATE - CANNABIS CULTIVATION AND EXTRACTION**

The directors of Ananda are pleased to provide the following update to shareholders.

#### **Application for Home Office licence to grow >0.2% THC cannabis**

On 11 September 2019, the Drugs Licensing and Compliance Unit of the Home Office confirmed that DJT Plants Limited is duly registered with it. This registration is the preliminary step in the Company's application to grow >0.2% THC cannabis under a Home Office licence and the next stage is a more detailed submission. Further updates will be provided to shareholders in due course.

DJT Plants Limited is a wholly owned subsidiary of DJT Group Limited ("DJT"), a joint venture company owned as to 50% by Ananda (through its subsidiary Tiamat Agriculture Limited) and 50% by Anglia Salads Limited ("Anglia").

#### **Cannabis extraction and processing capability**

As part of its plans to participate in the nascent medicinal and wellness cannabis sectors, Ananda believes that cannabis extraction and processing will emerge as a valuable business, as it has in other countries with more developed cannabis sectors.

To that end, DJT has acquired Aristaeus Elements Ltd ("Aristaeus"). Aristaeus has paid a deposit to buy a Vitalis Technology Super Critical CO2 Q90 Extraction Plant and has since secured the services of a highly experienced pharmaceutical engineering company to design an extraction and processing facility in accordance with Good Manufacturing Practice (GMP).

DJT wants to ensure that it has flexibility in targeting various metabolites from cannabis and believes that the Vitalis CO2 extraction plant gives it that flexibility. This will enable it to provide feedstock for a wider array of products, potentially from its own cultivation as well as from third parties, as the medicinal and wellness cannabis sectors grow. The Directors believe that Vitalis is a global leader in industrial scale supercritical CO2 extraction systems for the production of high-quality CO2 extracts from cannabis plants.

As the medicinal cannabis markets grow and the CBD wellness market becomes increasingly regulated, Ananda believes that the ability to make high quality GMP compliant cannabinoid products, whether oil, distillates or isolates, will be increasingly important and as such, GMP compliant refining capacity will be increasingly valuable. As was experienced in the early days of the oil and gas industry, the Directors believe that refining capacity will be very valuable well into the maturing of the market. They also believe that the ability to be flexible in terms of end products will also be important as the market develops.

Ananda sees a number of options for the integration of the processing facilities into its medicinal and wellness cannabis growth plans. They include:

1. The production of GMP compliant cannabinoid oil, distillates and isolates to meet future medicinal and wellness cannabis demand in the UK and elsewhere. Under this scenario, the plant would most likely be located at a site owned by JE Piccaver & Co (Gedney Marsh) Limited ("JEPCO") or Anglia. JEPCO and Anglia are Ananda's partners in the UK Government Home Office application to grow >0.2% THC cannabis. As the second largest provider of salad leaves to the sandwich market in the UK, JEPCO and Anglia have current operations which comply with strict food safety standards. The establishment of a GMP compliant facility is well within the companies' current

capability. It is anticipated that dry cannabis flower from DJT's growing operations as well as from third party operations would be processed through the plant.

2. The production of GMP compliant cannabinoid oil, distillates and isolates to meet future medicinal and wellness cannabis demand globally in the event the regulatory and economic environment is advantageous in international markets. Under this scenario the plant would be located at an international location chosen for its position relative to supply and demand.

Over the coming months the retained pharmaceutical engineers will be working on developing plans to deliver on Ananda and DJT's objectives. It is envisaged that the full funding of the acquisition of the plant, associated engineering and establishment costs and the employment of a skilled team to execute the plan, may be funded via debt secured against feedstock and offtake contracts for final product.

Aristaeus has been acquired by DJT for a consideration of £1 and the assumption of approximately £51,000 of debt, payable when DJT has sufficient funds. Aristaeus was established in March 2019 by Charles Morgan and Melissa Sturgess, Chairman and Chief Executive Officer of Ananda, respectively, as a business to explore options relating to the extraction of oils from cannabis. The debt assumed by DJT is owed to Charles Morgan and represents the deposit paid by Mr Morgan for the Extraction Plant and initial third-party engineering consulting fees, also paid by Mr Morgan.

-Ends-

The Directors of the Company accept responsibility for the contents of this announcement.

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**Market Abuse Regulation (MAR) Disclosure**

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.