

28 January 2020

ANANDA DEVELOPMENTS PLC

("Ananda" or the "Company")

CORPORATE UPDATE

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

HAPAC

New hapac® sachet making machine

In its negotiations with companies interested in acquiring the rights to the hapac® technology, Liberty Herbal Technologies Limited ("LHT") became aware that its large capacity hapac® sachet making machine, with an output of 4,000 sachets per hour at a capital cost of approximately USD70,000, was overly productive for relatively small scale trials.

Therefore, in order to run more efficient trials with potential customers, LHT has developed a machine which is capable of lower volume, lower cost, sachet production, with an output of 250 hapac® sachets per hour. It is a tabletop system and works in a similar way to the rolling machine used to mechanise the creation of pre-rolled cannabis products.

Second generation vaping device

LHT has developed a second-generation vaping device to make it easier and simpler to load the hapac® sachet. This second-generation vaping device has a simple semi-automatic filling mechanism which allows the hapac® sachet to be inserted simply and easily, an especially important feature for sufferers of peripheral neuropathic pain who have limited dexterity.

Please visit <http://www.anandadevelopments.com/hapac-liberty-herbal-technologies/> for an image and video of the second generation vaping device in action.

Ananda is a 15% shareholder in LHT and Melissa Sturgess, Chief Executive Officer of Ananda, is a Director of LHT.

Italy Update

LHT advises that sales of hap devices and hapac® sachets recommenced in November 2019, following the removal of CBD products from shelves in Italy in July 2019. CBD products were removed to ensure they complied with all relevant laws and pending a hearing in the Parma Court. LHT maintained that its products complied with all relevant laws and hence sales have recommenced following this hearing. In November 2019, 41 hap inhalers and 668 hapac® sachets were sold and in December 2019, 29 inhalers and 432 sachets were sold. LHT continues to monitor feedback from customers to improve the hap and hapac® offering. It is usual when launching a new product to continue to adapt the offering to meet market requirements and this process will continue.

LICENCE APPLICATION TO GROW >0.2% THC CANNABIS

Liaison with Home Office

DJT Plants Limited ("DJT Plants") is in communication with the Home Office in relation to its application to grow >0.2% THC cannabis. DJT Plants has responded to a series of follow up questions regarding its proposed research plans and expects further engagement once these have been reviewed.

Signing of agreements

The Directors are pleased to announce that Ananda has signed the formal agreements detailing the economic and management relationship between the Company, JE Piccaver & Co (Gedney Marsh) Limited (“JEPCO”) and Anglia Salads Limited, its partners who previously cultivated cannabis under a >0.2% THC licence. These arrangements were referenced in the circular to shareholders dated 24 May 2019.

DJT Plants is a wholly owned subsidiary of DJT Group Limited, a joint venture company owned as to 50% by Ananda (through its subsidiary Tiamat Agriculture Limited) and 50% by Anglia Salads Limited. On 14 October 2019, DJT Plants formally submitted its licence application, and supporting documents, to grow >0.2% THC cannabis to the Drugs and Firearms Licencing Unit (DFLU) of the Home Office.

COMPANY FINANCING

A loan of £30,000, bearing interest at a rate of 10% per annum, has been agreed between the Company and Charles W. Morgan, Executive Chairman of the Company, to fund Ananda’s expenses. This arrangement is reviewed by the Board on a monthly basis.

-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.