



ASX Announcement
24 April 2019

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ASX Market Announcements
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Independent Valuation Report

Elixinol Global Limited (ASX Code: EXL) hereby provides the following independent valuation report in conjunction with the non-cash consideration 7.1A placement shares on 24 April 2019.

The valuation report is provided due to shares being issued for non-cash consideration in order to demonstrate that the issue price of the shares complies with Listing Rule 7.1A 3.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ron Dufficy', is written over a faint, illegible background.

Ron Dufficy
Chief Financial Officer and Company Secretary
Elixinol Global Limited



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24 April 2019

The Directors
Elixinol Global Limited
Level 6, Pitt Street
Sydney New South Wales 2000

Dear Sirs,

Independent Valuation Report for the purposes of ASX Listing Rule 7.1A.3.

1. Overview and background

On 24 April 2019 (“**Transaction Date**”), Elixinol Global Limited (“**EXL**” or “**the Company**”) announced that it has entered into an agreement to acquire 25.43% of Altmed Pets LLC (“**Pet Releaf**”) for a purchase consideration of US\$6.25 million, comprising of approximately US\$4.35 million in cash and US\$1.90 million in scrip¹ that translates to 523,437² newly issued EXL shares (“**the Proposed Transaction**”).

Under Australian Securities Exchange (“**ASX**”) Listing Rule 7.1A.3 where equity securities are issued for non-cash consideration (i.e. the acquisition of an asset), the eligible entity must provide for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with the Listing Rule 7.1A.3. The rule requires that the eligible entity must demonstrate that the deemed issue price of the securities issued in consideration for the acquisition of the asset is no lower than 75% of the volume weighted average share price (“**VWAP**”) of the securities over the 15 days during which trades in the securities were recorded immediately before the securities are issued.

SLM Corporate Pty Ltd (“**SLM**”) has been engaged by the Company to confirm that the deemed issue price for the 523,437 newly issued EXL shares, which represent the non-cash consideration of the Proposed Transaction, complies with the Listing Rule 7.1A.3.

2. Valuation

We have confirmed that there is no distinction between the relative contributions of cash and scrip considerations with the cash consideration of US\$4.35 million accounting for 17.7% interest and the scrip consideration of US\$1.90 million accounting for 7.7% interest in Pet Releaf. That is, 523,437 newly issued EXL shares with an implied worth US\$1.90 million are to be issued in addition to the US\$4.35 million in cash, as an alternative to EXL paying the total purchase consideration of US\$6.25 million wholly in cash.

Based on the US\$1.90 million valuation for the 523,437 EXL shares issued as scrip payment component of the Proposed Transaction, we have calculated the deemed issue price of the newly issued EXL shares to be US\$3.6266 per share or A\$5.0934 per share. We have also

¹ Newly issued EXL shares that rank pari passu with existing shares.

² Newly issued EXL shares have been priced at 15-day VWAP immediately prior to the Transaction Date and based on exchange rate of 1 A\$ = US\$0.7120 as on 23 April 2019. Source: IRESS for 15-day VWAP and Thomson Reuters Eikon for exchange rate.



determined that cumulative trading volume over the 15-day period represented approximately 6.3% of the outstanding shares in EXL, indicating that the market for EXL shares is reasonably liquid³.

The future ultimate value of EXL shares will depend upon, inter alia:

- Demand and pricing for its key consumer products;
- General economic conditions and regulatory regime in its key markets;
- Strength of the Board and management and/or who makes up the Board and management;
- Investor sentiment both domestic and abroad;
- Foreign exchange prices; and
- Liquidity of shares in EXL.

As per the ASX listing requirements under the Listing Rule 7.1A.3, the issue price of the equity securities must be no less than 75% of the VWAP of the securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- a) the date on which the price at which the securities are to be issued is agreed; or
- b) if the securities are not issued within 5 trading days on the date in paragraph (a), the date on which the securities are issued".

The 15-day VWAP immediately prior to the Transaction Date is \$5.0934 and 75% of the VWAP equates to \$3.8201. The deemed issue price of the newly issued EXL shares which is equal to the 15-day VWAP per share is approximately 33% higher than the lower bound price of \$3.8201 per share. Furthermore, we note that deemed issue price of \$5.0934 per share is slightly higher than the last traded price of \$5.06 per share prior to the Transaction Date and represents a premium of approximately 175% to the \$1.85 per share issue price at which EXL completed a capital raising for \$40 million in September 2018. Taking the above into consideration, in our opinion, the issue price of \$5.0934 per share for the 523,437 EXL shares issued as scrip payment component of the Proposed Transaction, satisfies the ASX listing requirements under the Listing Rule 7.1A.3.

The accounting cost of the issue of 523,437 EXL shares to Pet Releaf will thus be A\$2,666,125 and is in line with AASB 2 *Share Based Payment* Para 10.

3. Conclusion and consents

It is our view that EXL has complied with the conditions noted in ASX Listing Rule 7.1A.3 in relation to the shares issued as scrip payment component of the Proposed Transaction.

Our Report is in accordance with all applicable Regulatory Guidelines in relation to expert reports.

SLM consents to the release by EXL of this Report to the ASX for the purposes of meeting the requirements of ASX Listing Rule 7.1A.3 and the note to the Listing Rule. Neither the whole nor any part of this Report nor any references thereto may be included in any other document without the prior written consent of SLM as to the form and context in which it appears.

Yours faithfully,

SLM CORPORATE PTY LTD

³ Trading in shares is considered to be liquid if 25%-50% of the total number of outstanding shares are traded over the course of the year or about 0.5% -1.0% per week.