LiveVerdure

Live Verdure Ltd
ACN 614 347 269

PROSPECTUS

For an initial public offer of 25,000,000 Shares at an issue price of $0.20 each to raise $5,000,000 (before costs).

This Prospectus has been issued to provide information on the Company's initial public offer of 25,000,000 Shares to be issued at a price of $0.20 per Share to raise $5 million (before costs) (**Public Offer**).

This Prospectus also incorporates offers of:

1. up to 4,048,961 Shares to be issued on conversion of the Convertible Notes (**Convertible Note Offer**);

2. up to 5,000,000 Performance Rights and 8,000,000 Options to be issued to Directors (or their nominees) (**Director Offer**) to incentivise performance; and

3. up to 4,000,000 Options to be issued to the Lead Manager (or its nominees) in part consideration for capital raising services provided to the Company (**Lead Manager Offer**),

(together, the **Secondary Offers**).

It is proposed that the Public Offer and the Secondary Offers (together, **Offers**) will close at 5.00pm (AEDT) on 20 November 2020. The Directors reserve the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

An investment in the Company under this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

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Important Information

Prospectus

This Prospectus is dated, and was lodged with ASIC on, 26 October 2020. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm (AEDT) on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within seven days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offers.

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. You should be aware that this examination may result in the identification of deficiencies in this Prospectus. In such circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

Electronic Prospectus and Application Forms

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.liveverdure.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office during the Offer Period by contacting the Company as detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and the relevant Application Form within Australia.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.liveverdure.com.au. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Public Offer should complete the IPO Application Form. If you do not provide the information required on the IPO Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Offers outside Australia

No action has been taken to register or qualify the Securities the subject of this Prospectus, or the Offers, or otherwise to permit the public offering of the Securities, in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus outside of Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Speculative investment

The Securities offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

Cooling off rights

Cooling off rights do not apply to an investment in Securities pursuant to the Offers. This means that in most circumstances you cannot withdraw your Application once it has been accepted.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Third party publications

The Company Overview in Section 2 and the Industry Overview in Section 3 of this Prospectus include attributed statements from books, journals and comparable publications that are not specific to, and have no connection with the Company. The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon *ASIC Corporations (Consents to Statements) Instrument 2016/72* for the inclusion of these statements in this Prospectus without such consent having been obtained.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to '$' or 'A$' are references to Australian dollars.

All references to time in this Prospectus are references to AEDT, being the time in Melbourne, Victoria unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10.

Corporate Directory

Directors

Gernot Abl	Non-Executive Chairman
Ran Vaingold	Managing Director
Corey Montry	Non-Executive Director

Chief Financial Officer and Company Secretary

Justin Mouchacca

Registered Office

C/- JM Corporate Services
Level 21, 459 Collins Street
Melbourne, Victoria, 3000

Phone: (03) 8630 3321
Email: justin@liveverdure.com.au
Website: www.liveverdure.com.au

Principal Place of Business

Level 21, 459 Collins Street
Melbourne, Victoria, 3000

Proposed Stock Exchange Listing

Australian Securities Exchange (**ASX**)
Proposed ASX Code: LV1

Share Registry*

Computershare Investor Services Pty Limited
Yarra Falls,
452 Johnston Street Abbotsford,
Victoria 3067
Phone (within Australia): 1300 850 505
Phone (outside Australia): +61 3 9415 4000

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Auditor *

JTP Assurance
Level 10, 446 Collins Street,
Melbourne, Victoria 3000

Legal Advisors

HWL Ebsworth
Level 20, 240 St Georges Terrace,
Perth WA 6000

Legal Report

HWL Ebsworth
Level 20, 240 St Georges Terrace,
Perth WA 6000

Investigating Accountant

JT&P Corporate Advisers Pty Ltd
Level 10, 446 Collins Street,
Melbourne, Victoria 3000

Lead Manager

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000
Level 10, 330 Collins Street,
Melbourne, Victoria 3000
Australian Financial Services Licence (AFSL No. 294 848)

Letter from the Chairman

Dear Investor

On behalf of the Board of Live Verdure Ltd (**Company** or **Live Verdure**) (formerly 13 Seeds Ltd), I am pleased to present this Prospectus and to invite you to become a shareholder in the Company.

As a result of the legalisation of hemp food products under Australian law in November 2017, and subject to the Company successfully completing the Public Offer, the Board is enthusiastic about its future.

Live Verdure is an Australian plant based food, nutraceutical and skin care company which owns fast growing hemp consumer brand "13 Seeds", with Tasmanian hemp as its hero protein. The Company was established in 2016 and is now based in Melbourne. The Company sources high-quality Tasmanian hemp seeds for processing by third parties and then distributes its products online (through its own website and other affiliate websites) and via its nationwide distribution partners.

With over 22 existing products across its gourmet food and nutraceutical ranges, the Company has one of the widest ranges of hemp food and nutraceutical products in the Australian hemp market and is able to leverage its access to a number of non-major supermarkets, independent grocers, and health food stores across Australia.

Live Verdure has the regulatory approvals it requires to conduct all aspects of its current hemp food business in Australia. The Company currently relies on fully accredited third parties to grow and process its hemp supplies and undertake its manufacturing.

The Company will continue to source and secure a sustainable supply of high-quality hemp seeds direct from Tasmanian farms and seed companies.

Live Verdure has built a strong online sales channel coupled with distribution to retail stores across Australia, including independent grocers, health food stores and pharmacies. The Company currently sells its products within Australia.

All of the above leaves the Company exceptionally well positioned to capitalise on rising consumer awareness about the benefits of plant-based protein.

The Directors are of the view that an investment in the Company provides the following non-exhaustive list of advantages to investors, being exposure to:

(a) a product ready and revenue generating Company with existing online and in-store distribution channels (please see Section 6 for further information of the Company's financial position);

(b) an emerging and fast growing industry (please see Section 3 for further detail); and

(c) an experienced e-commerce and online growth team to drive future sales growth (please see Section 5 for further detail).

The purpose of the Public Offer is to raise $5,000,000 (before associated costs) by the issue of up to 25,000,000 Shares at an issue price of $0.20 each. The Lead Manager of the Public Offer is CPS Capital Group (see Section 7.1 for further details).

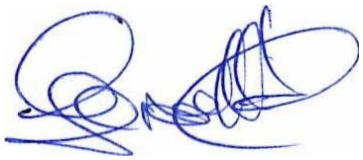
The proceeds of the Public Offer will be utilised to enable the Company to continue to manufacture and sell a suite of innovative retail plant based food products and wholesale plant based food products

to continue to grow its existing revenues. Proceeds will also provide general working capital and pay for the costs of the Offers. Investors should note that the Company is currently operating at a loss, is at an early stage of development and that accordingly, an investment in the Company should be considered highly speculative.

This Prospectus contains detailed information about the Offers and the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks (detailed in Section 4).

We look forward to welcoming you as a Shareholder should you decide to take up Securities pursuant to the Offers.

Yours faithfully



Gernot Abl
Non-Executive Chairman

Key Details of the Offers

Key Details of the Offers	Subscription
Offer Price per Share under the Public Offer	$0.20
Shares offered under the Public Offer	25,000,000
Cash raised under the Public Offer (before expenses)	$5,000,000
Shares offered under the Convertible Note Offer[1]	4,048,961
Existing Shares on issue[2]	26,198,339
Total Shares on issue on completion of the Offers[3]	**55,247,300**
Options offered under the Lead Manager Offer[4]	4,000,000
Director Options[5]	8,000,000
Existing Options on issue	Nil
Total Options on issue on completion of the Offers	**12,000,000**
Performance Rights[6]	**5,000,000**

Notes:

1. See Sections 1.2 and 7.2 for further details of the Convertible Notes and the Convertible Note Offer.
2. See Section 2.6 for further details of the current capital structure of the Company.
3. Please refer to Section 1.7 for further details relating to the proposed capital structure of the Company. Figures shown above assume no Options are exercised and no further Securities are issued.
4. Unquoted Options exercisable at $0.25 each and expiring 3 years from Admission to be issued to the Lead Manager (or its nominees). See Section 8.2 for the terms and conditions of the Lead Manager Options.
5. Unquoted Options exercisable at $0.20 each and expiring 5 years from Admission to be issued to the Directors (or their respective nominees). See Section 8.2 for the terms and conditions of the Director Options.
6. Unquoted Performance Rights to be issued to Mr Ran Vaingold and Mr Gernot Abl. See Section 8.3 for the terms and conditions of the Performance Rights.

Indicative Timetable

Event	Date *
Lodgement of this Prospectus with ASIC	26 October 2020
Opening Date for the Offers	3 November 2020
Closing Date for the Offers	23 November 2020
Issue Date	3 December 2020
Despatch of holding statements	4 December 2020
Expected date for quotation on ASX	8 December 2020

Note:

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the Opening Date if they wish to invest in the Company.

Investment Overview

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Securities offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Securities.

Topic	Summary	More Information
Introduction		
Who is the Company and what does it do?	Live Verdure Ltd (ACN 614 347 269) (**Company** or **Live Verdure**) is an Australian plant based food and nutraceutical company established in 2016 and based in Victoria. The Company currently focuses on Hemp as a source of protein. The Company sources high-quality hemp seeds for processing by third parties and then distributes its products online (through its own website and other affiliate websites) and via its nationwide distribution partners. The Company currently has 22 products across its gourmet food and nutraceuticals ranges. Live Verdure current focus is on its plant based food products and it has no immediate plans to acquire, label and market further skin care products, although it may choose to do so at a later point in time.	Section 2
What is the Company's business model?	Live Verdure aims to be a leader in the provision of plant based foods using hemp-derived products as consumers seek healthier alternatives as part of their diet and daily routine. Live Verdure's business model is focussed on building leading brands in the value chain with an initial focus on the Australian market. To execute the Company's growth plan, Live Verdure will rely on the strategic initiatives set out in Section 2.3(b).	Section 2.3(b)
What is the Company's sales and marketing strategy?	Live Verdure intends to focus its resources in the hemp value chain as a quality provider of great tasting, healthy plant based protein under the 13 Seeds brand name. Working with farmers, processors and distributors, Live Verdure intends to use a partner network to support the growth of the 13 Seeds brand of foods and other consumables. Live Verdure also intends to develop its “Live Verdure” brand to include similar products. As a brand focussed business, Live Verdure's success is reliant on its ability to successfully promote Live Verdure's products for sale. The Company’s sales and marketing strategy incorporates the following initiatives to promote the Live Verdure's brands: (a) Continue to drive on-line sales; (b) Build promotional online programs with consumers that aim to drive repeat purchases and stimulate broader market awareness; (c) expand retail distribution through the presentation of	Section 2.3(e)

Topic	Summary	More Information
	the brand to key retailers in the Australian retail sector, focussing on supermarkets, independent retailers and health food retailers; and (d) use events and exhibitions to advance the Live Verdure name and product range.	
What is the Company's growth strategy?	Live Verdure intends to grow sales of its plant-based products via a multi-faceted growth strategy: (a) **Online** – Live Verdure intends to actively promote the Company's products through its existing online channels, principally its website. In conjunction with its online presence the Company will actively promote the benefits of hemp-based products through social media and online marketing. (b) **Domestic Distribution** - Live Verdure plans to expand distribution by entering into additional distributor arrangements with various distributors and large retailers and pharmacy chains. It is intended that these additional distribution arrangements will allow for the distribution of hemp products in a wider number and variety of stores throughout Australia. (c) **New Product Development** – Live Verdure will respond to demand for new hemp-based products as it identifies consumer opportunities. The Company is confident that it will be able to leverage its grower network and distribution capabilities to efficiently market new products as, and when, they seek to bring them to market.	Section 2.3(f)
What are the key dependencies of the Company's business model?	The key milestones to Live Verdure achieving profitability and factors it will depend on to meet this objective are as follows: (a) the successful completion of the Public Offer; (b) an increase in retail sales through the building of improved online channels and affiliations with other online stores; (c) the successful expansion of wholesale distribution; (d) the successful launch of new product categories; (e) the successful entry into joint ventures and partnerships with other food manufacturers; (f) retention of key personnel and consultants; and (g) the ability to protect the Company's intellectual property.	Section 2.4(a)

Topic	Summary	More Information
What is the Company's financial position?	Investors should be aware that Live Verdure has a limited operating history and is currently making a loss, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. For further information, please see Section 2.9 and the risks set out in Sections 4.1(a) and 4.1(b). A summary of the Company's financial information is included in Section 6 and the Investigating Accountant's Report (included in Annexure A). There is no guarantee that the Company will reach profitability.	Section 6 and Annexure A
What is the proposed capital structure of the Company?	Following completion of the Offers under this Prospectus, the proposed capital structure of the Company will be as set out in Section 1.7.	Section 1.7
What is the proposed use of funds raised under the Public Offer?	The proceeds of the Public Offer will be utilised to enable the Company to continue to manufacture and sell a suite of wholesale hemp products, and innovative retail hemp food products to continue to grow its existing revenues. Proceeds will also provide general working capital and pay for the costs of the Offers. See Section 1.6 for further details.	Section 1.6
Summary of key risks		
Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative.		
Limited operating history	Live Verdure has limited operating history (with low revenue to date) and investors should consider the Company's prospects in light of its limited financial history. In addition, there is no guarantee that the Company will be able to successfully further develop or further commercialise its products and if it is unable to do so it would have a material adverse effect on the Company's business, financial condition and results of operations.	Section 4.1(a)
Loss making operations and future capital requirements	As at the date of this Prospectus and as set out in Section 6, Live Verdure is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. Although the Directors consider that the Company will, on completion of the Public Offer, have sufficient working capital to carry out its stated objectives and to satisfy the anticipated current working capital and other capital requirements set out in this Prospectus, there can be no assurance that such objectives can continue to be met in the future without securing further funding. The future capital requirements of the Company will depend on many factors, including the pace and magnitude of the development of its business and sales, and the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of	Section 4.1(b)

Topic	Summary	More Information
	its products and to meet its other longer-term objectives. Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, financial condition and results of operations.	
Agricultural Risks	The Company's business relies on the growing of hemp seed by third parties, which is an agricultural product. As such, the business is indirectly subject to the risks inherent in the agricultural industry, such as plant diseases, storm, fire, frost, flood, drought, water availability, pests, and force majeure events. There can be no assurance that natural elements will not have a material adverse effect on the supply of raw materials. Further it may not be possible to insure against some of these events or to obtain insurance at commercially reasonable rates. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future or premiums increasing above expected levels. At present, the Company does not insure against agricultural risks because it is a purchaser rather than a grower of hemp seed. In the event that the Company's suppliers were affected by an agricultural risk, the Company would be required to seek supply from alternative sources, which is likely to be more expensive, or may not be available at all in the size, quantity and quality required by the Company. Any such event is likely to have an adverse impact on the Company's cost of goods sold and / or revenues generated from the sale of goods. Further information on how the Company manages its supply risk is set out in Section 4.1(d).	Section 4.1(c)
Power of suppliers, third party and contractual risks	Live Verdure is dependent on growers to supply sufficient raw material for the manufacture of its products and contractors to process the raw material in sufficient quantities and in a time and cost-effective manner. The Company is also partly reliant on third parties to distribute its products in accordance with distribution agreements. As with any manufacturing operation, the availability of reputable suppliers of key inputs and any significant interruption or change in availability or costs of key inputs could materially impact the production process and hence the products available for supply. Subsequently, this would affect the operating results of Live Verdure during the period which these risks materialise. The supply risk is partly mitigated through the entry of forward contracts, storage of delivered supply, and the Company's entry into and negotiation of further supply and distribution arrangements. Live Verdure has partnered with Midlands Seed, a specialist global company headquartered in New Zealand, which supplies hemp seeds grown in Tasmania to Live Verdure. The Company has secured 35 tonnes of hemp seed from	Section 4.1(d)

Topic	Summary	More Information
	Midland Seeds from the 2020 harvest, and entered into a Supply Option in place with Midland Seed for up to a further 35 tonnes of hemp seed per year for the 2021 harvest. Midlands Seed sources hemp from various third party growers predominantly in Tasmania, thereby reducing the risks of supply shortages. It is noted however, that while the Supply Option with Midlands Seeds set out in Section 7.3 provides Live Verdure with an option to acquire hemp at a fixed price and up to a specified volume, the Supply Option is subject to climatic conditions, and while Midlands Seed may choose to source alternative sources of hemp, in the event of poor climatic conditions, Midlands Seed is under no obligation to supply the contracted volume. Financial failure, default or contractual non-compliance, including as to time, quality and sufficiency of work performed, on the part of third party contractors would affect the Company's financial position. The Company may be required to negotiate and enter into alternate agreements sooner than otherwise may be the case. Such alternate agreements may not be readily available, or available on reasonable terms, and this would impact the Company's financial position.	
Brand establishment and maintenance	The Company believes that establishing and maintaining the Company's brand in the industry in which it operates is critical to growing its customer base and product acceptance. This will depend largely on the Company's ability to provide in-demand products. There is no guarantee that the Company's brand development and sales and marketing campaign will be successful. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected. Even if the Company does successfully commercialise its new products, there is a risk the Company will not achieve a commercial return. The Company may not be able to sell products to customers at a rate which covers its operating and capital costs.	Section 4.1(e)
Competition risk	The Company currently competes with other companies offering hemp-based food and nutraceutical products and there can be no assurance that the Company can compete effectively with these other companies. Additionally, existing competitors and new competitors to the market may replicate a business model similar to that of the Company, which could result in a loss of market share or a decrease in profitability.	Section 4.1(g)
Uncontracted arrangements risk	A large proportion of Live Verdure's business relationships are subject to agreements which are subject to standard terms and conditions rather than comprehensive agreements which protect Live Verdure's interests (as is considered standard in the food industry). Given the nature of these contractual relationships, it is not possible for Live Verdure to contractually guarantee consistency of sales volumes, price or terms going forward.	Section 4.1(h)

Topic	Summary	More Information
	Further, there is a risk that these customer relationships may not be able to be maintained, or new relationships may not be formed on terms acceptable to the Company.	
Sector exposure	Live Verdure's business model is based on hemp. As such, the Company is materially exposed to any adverse conditions or events that may impact the hemp industry or parts thereof in which the Company operates. Sales of hemp derived CBD oil and its derivatives have largely been driven by a perception concerning their health benefits that has not been fully underwritten by clinical research, especially since the legal status of hemp has only recently been confirmed in key markets. Should consumer sentiment towards hemp derived CBD oil products, non-animal protein products or hemp derived foods decline in the future, there may be an adverse impact on the Company's operations and its financial performance.	Section 4.1(i)
Product liability Risk	The Company supplies hemp-based food and nutraceutical products. As with all food and nutraceutical products, there is a risk that the products sold by Live Verdure could cause serious or unexpected side effects, including injury to consumers. Should any of the Company's products be associated with safety risks such as misuse or abuse, mislabelling, tampering or product contamination or spoilage, a number of materially adverse outcomes could occur, including: (a) litigation or claims by the parties affected; (b) regulatory authorities may revoke any approvals granted, impose more onerous regulatory requirements under any licence or approval, or force Live Verdure to conduct a product recall; (c) regulatory action or being sued by the regulatory authority and being held liable for any harm caused to customers; or (d) Live Verdure's brand and reputation being damaged.	Section 4.1(j)
Storage	Hemp seed is a bulk commodity and Live Verdure typically receives purchases of hemp seed in quantities which must be stored. As a bulk commodity, hemp seeds are susceptible to weather, mould, vermin and other contaminants, which can damage the hemp seed or otherwise render it unsuitable for human consumption. The damage or contamination of stored hemp seed would have a significant impact on Live Verdure's ability to generate revenue. To mitigate its storage risk, Live Verdure owns two grain Silos located in Tasmania, where it stores its hemp seed in accordance with its food safety and quality management system.	Section 4.1(k)
Processing and manufacturing	Live Verdure outsources its processing and aspects of it manufacturing. Although this outsourcing is in Live Verdure's view, strategic and economical, the reliance on third parties to conduct this essential aspect of its business is a material	Section 4.1(l)

Topic	Summary	More Information
	risk to Live Verdure. Live Verdure has worked to mitigate this risk by developing strong commercial business relationships with these third parties and outsourcing its manufacturing and production activities to companies that have longevity and strong reputations.	
Reliance of key personnel	Success of the business will depend on the Directors and the management of the Company to develop the business and manage operations, and on the ability to attract and retain key quality staff and consultants. The Company has key management personnel. It is important to retain and attract additional suitable qualified personnel. Although its key personnel have entered into contracts with the Company, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if its key personnel no longer continue in their current roles, new personnel will need to be employed, which may adversely affect the business.	Section 4.1(n)
Reputation, trademarks and protection of intellectual property	Live Verdure depends on its reputation and the reputation of its third-party suppliers, damage to the third party's reputation will affect Live Verdure's reputation and therefore profitability and operations. Whilst Live Verdure has contractual arrangements in place in order to protect its intellectual property, Live Verdure cannot guarantee that there will not be any unauthorised use or misuse of its intellectual property and brands. Any infringement may be detrimental to Live Verdure's reputation and may lead to costly and time-consuming litigation or adversely affect Live Verdure's financial performance.	Section 4.1(o)
Regulatory risks	The Company's business is regulated by State and Federal laws in Australia. Failure by the Company and its suppliers, processors, manufacturers and distributers to comply with such regulations would have a materially adverse effect on the business, results of operations, and financial conditions. Government regulations and oversight are subject to change at any time. The Federal and State Governments have only recently legalised the use of hemp for human consumption and legislation is still evolving. There can be no assurances or guarantees that existing rules and regulations will not be modified or amended or that new rules and regulations will not be adopted in the future that will have a material and adverse impact on the Company's business.	Section 4.1(p)
Data Collection Risks	The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company and the Company must ensure appropriate protection of customer information that is collected. The Company considers that the engagement of reputable Payment Processor Providers (see Section 4.1(q)) in relation to collecting sensitive and personal data adequately protects customers and the Company, however even with such systems in place, if the Company's, or the Payment	Section 4.1(q)

Topic	Summary	More Information
	Processor Provider's systems or data is compromised for any reason there is a risk that the Company may become involved in legal action due to breaching data confidentiality agreements.	
Obtaining and maintaining licences and approvals	The Company's ability to research, manufacture and commercialise its products is dependent on the Company and its suppliers' ability to maintain licenses and approvals relating to the cultivation, production and supply of hemp and hemp-based products. Although the Company and its suppliers may have previously granted growing and manufacturing licenses historically, they may not be granted these in the future. Currently, Live Verdure has the necessary permits and approvals required to operate its business as described in this Prospectus (see Section 2.3(k)) and intends to seek additional permits and approvals, when necessary. The Company needs to maintain those permits to continue operating. While the Directors have no reason to believe that the Company will not be in a position to maintain its regulatory permits and approvals, any change to the regulatory systems in the Company's markets that adversely impact on maintenance of Live Verdure's regulatory permits would materially adversely impact the Company and its performance.	Section 4.1(s)
Research and development activities	Research and development activities for new product ranges are expensive, time consuming and difficult to design and implement. Even if the results of the Company's research and development activities are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate research and development activities at any time, or suspend or terminate the registrations and quota allotments required in order to procure and handle controlled substances, for various reasons. Any of the foregoing could have a material adverse effect on the Company's business, results of operations and financial condition.	Section 4.1(t)
Climate change	Climate change is a risk the Company has considered, particularly related to its operations in the fast moving consumer goods market. Climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates. In particular, higher temperatures could lead to less rain, which may affect the growth or availability of hemp. Similarly, unforeseen changes in temperature, sea level or humidity may affect the drying, transport and storage of hemp seed.	Section 4.1(v)

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td colspan="3">Directors, Related Party Interests and Substantial Holders</td></tr>
<tr><td>Who are the Directors?</td><td>As at the date of this Prospectus, the Board comprises of:
(a) Mr Gernot Abl - Non-Executive Chairman;
(b) Mr Ran Vaingold – Managing Director; and
(c) Mr Corey Montry – Non-Executive Director.</td><td>'Corporate Directory' and Sections 5.1 and 5.2</td></tr>
<tr><td>Who are the key management personnel?</td><td>As at the date of this Prospectus, the Company's key management personnel comprises:
(a) Ran Vaingold – Managing Director;
(b) Asaf Katz – Head of Online Growth; and
(c) Justin Mouchacca – Chief Financial Officer and Company Secretary.</td><td>Sections 5.2 and 5.3</td></tr>
<tr><td>What benefits are being paid to the Directors?</td><td>The Company has entered into separate non-executive service letter agreements with each of Messrs Gernot Abl and Corey Montry. The Company has agreed to pay Mr Abl $90,000 exclusive of superannuation per year, Mr Vaingold $185,000 exclusive of superannuation per year and Mr Montry $36,000 exclusive of superannuation per year.
The Company will also pay Mr Abl & Mr Vaingold $75,000 and Mr Montry $9,855 cash upon Admission for prior consultancy services provided to the Company.
Mr Vaingold and Mr Abl will also receive Director Options and Performance Rights as part of their remuneration packages.</td><td>Section 7.6 and 7.7</td></tr>
<tr><td>What interests do Directors have in the securities of the Company?</td><td>As at the date of the Prospectus, the Directors and their related entities hold relevant interests in the Securities specified below:
<table>
<tr><th>Director</th><th>Shares</th><th>Options</th></tr>
<tr><td>Gernot Abl</td><td>4,263,213</td><td>Nil</td></tr>
<tr><td>Ran Vaingold</td><td>4,200,713</td><td>Nil</td></tr>
<tr><td>Corey Montry</td><td>Nil</td><td>Nil</td></tr>
</table>
Based on the intentions of the Directors at the date of this Prospectus in relation to the Offers, the Directors are expected to hold the following interests at Admission:
<table>
<tr><th>Director</th><th>Shares</th><th>Options</th><th>Performance Rights</th></tr>
<tr><td>Gernot Abl</td><td>4,463,213</td><td>4,000,000</td><td>2,500,000</td></tr>
<tr><td>Ran Vaingold</td><td>4,200,713</td><td>4,000,000</td><td>2,500,000</td></tr>
<tr><td>Corey Montry</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
</table></td><td>Sections 5.5 and 7.2</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td>What important contracts with related parties is the Company a party to?</td><td>The Company has entered into the following related party transactions:
(a) letters of appointment with each of the Directors on standard terms;
(b) executive services agreement with Mr Ran Vaingold; and
(c) deeds of indemnity, insurance and access with each of the Directors on standard terms.</td><td>Sections 7.6, 7.2, 7.7 and 7.8</td></tr>
<tr><td>Who will be the substantial holders of the Company?</td><td>Those Shareholders and their related entities holding an interest in 5% of more of the Shares on issue as at the date of this Prospectus are as follows:
<table>
<tr><th>Name</th><th>Shares</th><th>% of Shares</th></tr>
<tr><td>Entitles associated with Gernot Abl</td><td>4,263,213</td><td>16.3</td></tr>
<tr><td>Entities associated with Ran Vaingold</td><td>4,200,713</td><td>16.0</td></tr>
<tr><td>Kitara Investments Pty Ltd as trustee for Kumova Family Trust #1</td><td>1,430,000</td><td>5.5</td></tr>
</table>
Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:
<table>
<tr><th>Name</th><th>Shares</th><th>Minimum Subscription</th></tr>
<tr><td>Entities associated with Gernot Abl</td><td>4,263,213</td><td>7.7</td></tr>
<tr><td>Entities associated with Ran Vaingold</td><td>4,200,713</td><td>7.6</td></tr>
</table></td><td>Section 8.5</td></tr>
<tr><td>What fees are payable to the Lead Manager?</td><td>Pursuant to the Lead Manager Mandate, the Company has or will pay the Lead Manger the following fees in connection with the Convertible Notes and the Public Offer:
(a) (Management Fee): a fee equal to 2% of all funds raised in connection with the Public Offer (excluding GST);
(b) (Selling Fee): a fee equal to 4% of all capital raised in connection with the Public Offer from clients of CPS Capital (excluding GST); and
(c) (Lead Manager Offer): up to 4,000,000 Options, exercisable at $0.25 each, expiring on the date which is 3 years from the date the Company is admitted to the Official List, these being the Options the subject of the Lead Manager Offer (see Sections 1.3</td><td>Section 1.4</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td></td><td>and 8.2). CPS Capital intend to nominate a portion of the Options issued under the Lead Manager Offer to be issued to advisors assisting with the raising of funds under the Public Offer, commensurate with the assistance provided by the relevant advisors and at the discretion of CPS Capital. The Options will be escrowed for a period of 2 years from Admission.

Subject to listing, CPS Capital will receive a monthly Corporate Advisory fee of AUD$10,000 per month for 12 months corporate advisory mandate.</td><td></td></tr>
<tr><td>What is the Lead Manager's interests in the Securities of the Company?</td><td>As at the date of this Prospectus, the Lead Manager, as a result of a pre-IPO capital raise, has a relevant interest in the following Securities:<table><tr><th></th><th>Shares</th><th>%[1]</th><th>Options</th></tr><tr><td>CPS Capital</td><td>1,850,000</td><td>7.1</td><td>Nil</td></tr></table>Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the Public Offer and assuming only the Minimum Subscription is achieved under the Public Offer and neither the Lead Manager nor its associates take up Shares under the Public Offer, the Lead Manager and its associates will have a relevant interest in the following Securities on Admission:<table><tr><th></th><th>Shares</th><th>%[1]</th><th>Options</th></tr><tr><td>CPS Capital</td><td>1,850,000</td><td>3.4</td><td>4,000,000</td></tr></table>Other than as detailed above, the Lead Manager has not participated in a placement of Securities by the Company in the 2 years preceding lodgement of this Prospectus.</td><td>Section 1.8(b)</td></tr>
<tr><td colspan="3">What is the Public Offer?</td></tr>
<tr><td>What is the Public Offer?</td><td>This Prospectus invites investors to apply for 25,000,000 Shares at an issue price of $0.20 each to raise $5,000,000 (before associated costs).</td><td>Section 1.1</td></tr>
<tr><td>What is the Public Offer Price?</td><td>$0.20 per Share.</td><td>Section 1.1</td></tr>
<tr><td>What is the minimum subscription amount under the Public Offer?</td><td>The subscription for the Offers is 25,000,000 Shares at $0.20 per Share to raise $5,000,000 before costs.</td><td>Section 1.1(b)</td></tr>
<tr><td>Will the Shares be quoted?</td><td>The Company will apply to the ASX for its admission to the Official List within seven days of the date of this Prospectus.</td><td>'Corporate Directory' and Section 1.12</td></tr>
</table>

<table>
<tr><th>Topic</th><th>Summary</th><th>More Information</th></tr>
<tr><td>What is the purpose of the Public Offer?</td><td>The purposes of the Public Offer are to:
(a) raise $5,000,000 (before associated costs) under the Public Offer;
(b) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and
(c) position the Company to seek to achieve the objectives detailed in Section 2.</td><td>Section 1.1(c)</td></tr>
<tr><td>What are the conditions of the Offers?</td><td>The Offers under this Prospectus are conditional upon the following events occurring:
(a) the Company raising the Minimum Subscription pursuant to the Public Offer;
(b) to the extent required by ASX or the Listing Rules, each person entering into a restriction agreement imposing such restrictions on trading on the Company's securities as mandated by the Listing Rules; and
(c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.
If these conditions are not satisfied, the Offers will not proceed and the Company will repay all Application Monies in accordance with the Corporations Act.</td><td>Section 1.5</td></tr>
<tr><td>Are there any escrow arrangements?</td><td>Subject to the Company complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue may be classified by ASX as restricted Securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.
Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into escrow agreements with the recipients of any restricted Securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of any Securities required to be held in escrow.
During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</td><td>Section 1.17</td></tr>
<tr><td>What is the Public Offer period?</td><td><table><tr><th>Event</th><th>Date</th></tr><tr><td>Prospectus lodged</td><td>26 October 2020</td></tr><tr><td>Opening Date</td><td>3 November 2020</td></tr><tr><td>Closing Date</td><td>23 November 2020</td></tr></table></td><td>'Indicative Timetable'</td></tr>
</table>

Topic	Summary	More Information
	<table><tr><td>Issue Date</td><td>3 December 2020</td></tr><tr><td>Holding statements sent</td><td>4 December 2020</td></tr><tr><td>Expected trading</td><td>8 December 2020</td></tr></table> The above dates are indicative only and may change without notice.	
Is the Public Offer underwritten?	No, the Public Offer is not underwritten.	Section 1.18
What is being offered under the Secondary Offers and what are the purposes of the Secondary Offers?	The Prospectus also contains the Secondary Offers, comprising: (a) up to 4,048,961 Shares to be issued on conversion of the Convertible Notes (**Convertible Note Offer**); (b) up to 5,000,000 Performance Rights and 8,000,000 Options to Directors (**Director Offer**); (c) up to 4,000,000 Options to be issued to the Lead Manager (or its nominees) in part consideration for capital raising services provided to the Company (**Lead Manager Offer**). The Company will not issue Shares under the Convertible Note Offer with the purpose of the Noteholders (or their nominees) selling or transferring those Shares, or granting, issuing or transferring interests in those Shares, within 12 months of the issue but this Prospectus provides them the ability to do so should they wish. The Lead Manager and Director Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Options, or any Shares issued upon exercise of any Options into Shares, that are issued under the Lead Manager Offer. The Secondary Offers are made to Noteholders, Directors and the Lead Manager (or their respective nominees). You should not complete an Application Form in relation to the Secondary Offers unless directed to do so by the Company.	Sections 1.2, 1.3 and 1.4
Additional Information		
Will the Company be adequately funded after completion of the Public Offer?	The Board believes that the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.	Section 1.6
What rights and liabilities attach to the Securities on issue?	The rights and liabilities attaching to the Shares are described in Section 8.1. The rights and liabilities attaching to Options are described in Section 8.2. The rights and liabilities attaching the Performance Rights are set out in Section 8.3.	Sections 8.1, 8.2 and 8.3

Topic	Summary	More Information
Who is eligible to participate in the Offers?	The Public Offer is open to all investors with a registered address in Australia. Only the Noteholders (or their nominees) may accept the Convertible Note Offer. Only the specified Directors may participate in the Director Offer. Only the Lead Manager (or its nominees) may accept the Lead Manager Offer.	Sections 1.10 and 1.16
How do I apply for Shares under the Public Offer?	Applications for Shares under the Public Offer must be made using the Application Form (in respect to the Public Offer) or by completing a BPAY payment online. Applications for Shares must be for a minimum of 10,000 Shares (i.e. $2,000) and thereafter in multiples of 1,000 Shares and payment for the Shares must be paid in full at the issue price of $0.20 per Share. All Application Forms (in respect to the Public Offer) must be completed in accordance with the instructions accompanying the Application Form (in respect to the Public Offer) and must be accompanied by a cheque in Australian dollars for the full amount of the application being $0.20 per Share. Cheques must be made payable to "Live Verdure Ltd" and should be crossed "Not Negotiable".	Section 1.10
What is the allocation policy?	The Directors, in conjunction with the Lead Manager, will allocate Shares at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied.	Section 1.14
When will I receive confirmation that my Application has been successful?	Holding statements confirming allocations under the Public Offer will be sent to successful applicants as required by ASX. Holding statements are expected to be issued to Shareholders on or about 1 December 2020.	'Indicative Timetable'
What is the Company's dividend policy?	The Board can provide no guarantee as to the extent of future dividends, as these will depend on, among other things, the actual levels of profitability and the financial and taxation position of the Company at the time.	Section 2.10
How can I find out more about the Prospectus or the Offers?	By speaking to your sharebroker, solicitor, accountant or other independent professional adviser or by contacting the Company Secretary on +61 3 8630 3321.	'Corporate Directory'

1. Details of Offers

1.1 Public Offer

(a) **General**

This Prospectus invites investors to apply for 25,000,000 Shares at an issue price of $0.20 each to raise $5,000,000 (before associated costs) (**Public Offer**).

The Public Offer is open to the general public and no over-subscriptions will be accepted.

The Shares to be issued pursuant to the Public Offer are of the same class and will rank equally with the existing Shares on issue. A summary of the rights and liabilities attaching to the Shares is set out in Section 8.1.

Applications for Shares under the Public Offer must be made on the IPO Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Public Offer should refer to Section 1.10 for further details and instructions.

(b) **Minimum Subscription**

The minimum subscription for the Public Offer is 25,000,000 Shares at $0.20 per Share to raise $5,000,000 before costs (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within 4 months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

(c) **Purpose of the Public Offer**

The purposes of the Public Offer are to:

(i) raise $5,000,000 (before associated costs);

(ii) assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for admission to the Official List; and

(iii) position the Company to seek to achieve the objectives detailed in Section 2.

1.2 Convertible Note Offer

The Company has agreed to offer up to 4,048,961 Shares to third parties unrelated to the Company (being the Noteholders (or their nominees)) on conversion of the Convertible Notes. Details of the Convertible Notes are included in Section 7.2.

This Prospectus includes a separate offer of 4,048,961 Shares to the Noteholders (or their nominees) (**Convertible Note Offer**). No Application Monies are payable under the Convertible Notes Offer.

The Company will not issue Shares under the Convertible Note Offer with the purpose of the Noteholders (or their nominees) selling or transferring those Shares, or granting, issuing or transferring interests in those Shares, within 12 months of the issue but this Prospectus provides them the ability to do so should they wish.

The Shares to be issued pursuant to the Convertible Note Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 8.1.

Only the Noteholders (or their nominees) may accept the Convertible Note Offer. A personalised Application Form in relation to the Convertible Note Offer will be issued to such persons and the Company will also provide those persons with a copy of this Prospectus.

1.3 Director Offer

The Company has agreed to offer up to 5,000,000 Performance Rights and 8,000,000 Options to Directors (or their nominees) on the terms set out in Sections 8.3 and 8.2 respectively.

This Prospectus includes a separate offer up to 5,000,000 Performance Rights and 8,000,000 Options to Directors (or their nominees) (**Director Offer**). No Application Monies are payable under the Director Offer.

Only the Directors (or their nominees) may accept the Director Offer. A personalised Application Form in relation to the Director Offer will be issued to such persons and the Company will also provide those persons with a copy of this Prospectus.

1.4 Lead Manager Offer

The Company has agreed to offer Options to the Lead Manager, CPS Capital (or its nominees) for capital raising services provided to the Company.

This Prospectus includes a separate offer of up to 4,000,000 Options , exercisable at $0.25 each on or before the date that is 3 years from the date the Company is admitted to the Official List to the Lead Manager (or its nominees) (**Lead Manager Offer**). No Application Monies are payable under the Lead Manager Offer.

The Lead Manager Offer is being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale or transfer of any Options, or any Shares issued upon exercise of any Options into Shares, that are issued under the Lead Manager Offer.

The Company will not seek quotation of the Options to be issued pursuant to the Lead Manager Offer. The rights and liabilities attaching to the Options issued under the Lead Manager Offer are described in Section 8.2. If the Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Only the Lead Manager (or its nominees) may accept the Lead Manager Offer. The relevant Application Form will be issued to the Lead Manager together with a copy of this Prospectus.

1.5 Conditional Offers

The Offers under this Prospectus are conditional upon the following events occurring:

(a) the Company raising the Minimum Subscription pursuant to the Public Offer;

(b) to the extent required by ASX or the Listing Rules, each person entering into a restriction agreement imposing such restrictions on trading on the Company's securities as mandated by the Listing Rules; and

(c) ASX providing the Company with a list of conditions which, once satisfied, will result in ASX admitting the Company to the Official List.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Offers in accordance with the Corporations Act.

1.6 Proposed use of Funds

Following completion of the Offers, it is anticipated that the following funds will be available to the Company:

Source of funds	Minimum Subscription ($)
Existing cash as at the date of this Prospectus	495,000
Proceeds from Public Offer	5,000,000
Total funds available	**5,495,000**

The following table shows the intended use of funds in the two-year period following Admission:

Proposed use of funds	Minimum Subscription	
	$	**%**
Expenses of the Public Offer[1]	483,000	8.8
Sales and marketing costs[2]	1,280,000	23.3
Raw materials and packaging supplies[3]	1,175,000	21.4
Administration costs[4]	1,857,000	33.8
Research and new product development	700,000	12.7
Total Funds allocated	5,495,000	100

Notes:

1. Expenses paid or payable by the Company in relation to the Offers are set out in Section 8.8.
2. These funds will be used towards social media marketing campaigns, content marketing campaigns, public relations, media outreach, influencer marketing campaigns, podcasting and blogging. These costs also include wages and salaries for the corporate strategy director, marketing manager and the director of innovation (none of whom are Directors).
3. These funds will be used towards purchase of seed and raw materials to be used in manufacture of finished goods.
4. Administration costs include Directors' fees, corporate advisory and public relation costs, and ongoing ASX fees, accounting, audit and budgeted travel costs. See Sections 7.6 and 7.7 for further details of Directors' fees payable.

Shareholders should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the results obtained from the Company's activities. Due to market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), actual expenditure levels may differ significantly from the above estimates.

The Board believes that the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The use of further equity funding or Share placements will be considered by the Board where it is appropriate to accelerate a specific project or strategy.

Based on the intended use of funds detailed above, the amounts raised pursuant to the Public Offer will provide the Company sufficient funding for approximately 2 years' operations. The Company may require further financing in the future. See Section 4.1(b) for further details about the risks associated with the Company's future capital requirements.

1.7 Capital Structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure at Admission will be as follows:

Shares	Minimum Subscription	%
On issue as at the date of this Prospectus	26,198,339	47.4
To be issued under the Public Offer	25,000,000	45.3
To be issued under the Convertible Note Offer[1]	4,048,961	7.3
Total[3]	**55,247,300**	**100**
Options		

Shares	Minimum Subscription	%
On issue as at the date of this Prospectus	Nil	0
To be issued under the Lead Manager Offer[2]	4,000,000	33.3
Director Options[3]	8,000,000	66.7
Total Options	**12,000,000**	**100**
Performance Rights		
On issue as at the date of this Prospectus	Nil	0
Performance Rights[4]	5,000,000	100
Total Performance Rights[4]	**5,000,000**	**100**

Notes:

1. See Sections 1.2 and 7.2 for further details of the Convertible Notes and the Convertible Note Offer.
2. Unquoted Options exercisable at $0.25 each and expiring 3 years from Admission to be issued to the Lead Manager (or its nominees). See Section 8.2 for the terms and conditions of the Options.
3. Unquoted Options exercisable at $0.20 each and expiring 5 years from Admission to be issued to the Directors and Management (or its nominees). See Section 8.2 for the terms and conditions of the Options.
4. See Section 8.3 for further information on the Performance Rights.
5. Figures shown above assume no Options are exercised and no further Securities are issued.

1.8 Advisors' interests in the Public Offer

CPS Capital (also referred to in this Prospectus as the 'Lead Manager') has been appointed as lead manager to the Public Offer. CPS Capital is party to the Lead Manager Mandate that is summarised in Section 7.1.

(a) **Fees payable to advisors**

The Company has or will pay to CPS Capital (or its nominees) the following fees in connection with Convertible Notes and the Public Offer:

(i) (**Management Fee**): a fee equal to 2% of all funds raised in connection with the Public Offer (excluding GST);

(ii) (**Selling Fee**): a fee equal to 4% of all capital raised in connection with the Public Offer from clients of CPS Capital (excluding GST);

(iii) (**Lead Manager Offer**): up to 4,000,000 Lead Manager Options (see Sections 1.3 and 8.2). CPS Capital intend to nominate a portion of the Options issued under the Lead Manager Offer to be issued to advisors assisting with the raising of funds under the Public Offer, commensurate with the assistance provided by the relevant advisors and at the discretion of CPS Capital. The Options will be escrowed for a period of 2 years from Admission; and

(iv) Corporate advisory fee of $10,000 per month for a period of 12 months from listing.

(b) **Advisors' interests in Securities**

As at the date of this Prospectus, the Lead Manager and its associates have a relevant interest in the following Securities:

	Shares[1]	**%**	**Options**
CPS Capital (and its associates)	1,850,000	7.1	Nil

Note 1: CPS Capital and its associates hold shares due to a pre-IPO investment. .

Based on the information available to the Company as at the date of the Prospectus regarding the intentions of the Lead Manager and its associates in relation to the Public Offer and assuming neither the Lead Manager nor its associates take up Shares under the Public Offer, the Lead Manager and its associates will have a relevant interest in the following Securities on Admission:

	Shares	**%**	**Options**
CPS Capital (and its associates)	1,850,000	3.4	4,000,000

Advisors' participation in previous placements

Other than as detailed in above, the Lead Manager has not participated in a placement of Securities by the Company in the 2 years preceding lodgement of this Prospectus.

1.9 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Sections 2.3 and 2.4 for further information in respect to the Company's proposed activities.

1.10 Applications

(a) **General**

Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus or by completing a BPAY payment online. For further information on how to complete the Application Form, Applicants should refer to the instructions set out on the form or on the offer web site.

Applications for Shares must be for a minimum of 10,000 Shares (i.e. $2,000) and thereafter in multiples of 1,000 Shares and payment for the Shares must be paid in full at the issue price of $0.20 per Share.

No brokerage, stamp duty or other costs are payable by Applicants. All Application Monies will be paid into a trust account.

(i) Option 1: Submit an Application Form with a cheque

Investors may complete an Application Form which accompanies and forms part of this Prospectus and enclose a cheque, made payable to 'Live Verdure Ltd' and crossed "Not Negotiable". Investors must either mail or deliver both the Application Form (completed in accordance with the terms set out in the Application Form) and the cheque to the address set out on the Application Form so that they are received by no later than the Closing Date.

All Application Forms (in respect to the Public Offer) must be completed in accordance with the instructions accompanying the Application Form (in respect to the Public Offer) and must be accompanied by a cheque in Australian dollars for the full amount of the application being $0.20 per Share.

(ii) Option 2: Submit an Application Form and pay with BPAY®

For online applications, investors can apply online with payment made electronically via BPAY® Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Investors will be given a BPAY® biller code and a customer reference number (CRN) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian financial institution. Using the BPAY® details, Applicants must:

(A) access their participating BPAY® Australian financial institution either via telephone or internet banking;

(B) select to use BPAY® and follow the prompts to enter the biller code and unique CRN that corresponds to the online Application Form;

(C) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;

(D) select which account payment is to be made from;

(E) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and

(F) record and retain the BPAY® receipt number and date paid.

Applicants should confirm with their Australian financial institution whether there are any limits on the Applicant's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at www.liveverdure.com.au and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

Completed Application Forms and accompanying cheques (for Applications under the Public Offer) must be received by the Company before 5.00pm (AEDT) on the relevant Closing Date by either being posted or delivered to the following addresses:

By Post
Live Verdure Ltd C/- Computershare Investor Services Pty Limited GPO Box 52 Melbourne VIC 3001 Australia

An original, completed and lodged Application Form together with a cheque for the Application Monies or BPAY payment following a completed online Application Form (for Applications under the Public Offer), constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque or payment for the Application Monies.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form with the requisite Application Monies (under the Public Offer) will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained and that the Applicant:

(i) agrees to be bound by the terms of the relevant Offer;

(ii) declares that all details and statements in the Application Form are complete and accurate;

(iii) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;

(iv) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to

act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;

(v) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and

(vi) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

The Offers may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offers or accept late Applications.

(b) **Public Offer**

Applications under the Public Offer must be for a minimum of 10,000 Shares ($2,000) and then in increments of 1,000 Shares ($200).

Applications for Shares under the Public Offer must be made on the IPO Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares should refer to this Section 1.10 and the IPO Application Form for further details and instructions.

(c) **Convertible Note Offer**

Only the Noteholders (or their nominees) may accept the Convertible Note Offer. The Company will provide personalised Application Forms in relation to the Convertible Note Offer to the Noteholders together with a copy of this Prospectus. No monies are payable for the Shares under the Convertible Note Offer.

(d) **Director Offer**

Only the Directors (or their nominee) may accept the Director Offer. The Company will provide personalised Application Forms in relation to the Director Offer to the relevant Directors together with a copy of this Prospectus. No monies are payable for the Options or Performance Rights under the Director Offer.

(e) **Lead Manager Offer**

Only the Lead Manager or its nominees may accept the Lead Manager Offer. The Company will only provide an Application Form in relation to the Lead Manager Offer to the Lead Manager, together with a copy of this Prospectus. No monies are payable for the Options under the Lead Manager Offer.

1.11 CHESS and issuer sponsorship

The Company will apply to participate in CHESS. All trading on the ASX will be settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in

accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of Securities.

Under CHESS, the Company will not issue certificates to Security holders. Rather, holding statements (similar to bank statements) will be sent to Security holders as soon as practicable after the Issue Date. Holding statements will be sent either by CHESS (for Security holders who elect to hold Securities on the CHESS sub-register) or by the Company's Share Registry (for Security holders who elect to hold their Securities on the issuer sponsored sub-register). The statements will set out the number of existing Securities (where applicable) and the number of new Securities issued under this Prospectus and provide details of a Security holder's holder identification number (for Security holders who elect to hold Securities on the CHESS sub-register) or Security holder reference number (for Security holders who elect to hold their Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each Security holders at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

1.12 ASX Listing and Official Quotation

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within three months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.13 Application Monies to be held in trust

Application Monies will be held in trust for Applicants until the issue of the Securities under the Offers. Any interest that accrues will be retained by the Company.

If the Shares to be issued under this Prospectus are not admitted to quotation within a period of three months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) as soon as practicable to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

1.14 Allocation and issue of Shares

The Directors, in conjunction with the Lead Manager, will allocate Shares at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Shares than those applied for. Where the number of Shares issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.

Subject to the matters in Section 1.12, Securities under the Offers are expected to be issued on the Issue Date. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Public Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.15 Risks

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

1.16 Overseas Applicants

No action has been taken to register or qualify the Securities, or the Offers, or otherwise to permit the public offering of the Securities, in any jurisdiction outside of Australia.

The distribution of this Prospectus within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

1.17 Escrow arrangements

ASX will classify certain existing Securities on issue in the Company, including the Options issued under the Lead Manager Offer as being subject to the restricted securities provisions of the Listing Rules. Classified Securities would be required to be held in escrow for up to 24 months and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

None of the Shares issued pursuant to the Public Offer are expected to be restricted securities. As at the date of this Prospectus, the Company anticipates that upon Admission approximately 15,725,049 Shares will be classified as restricted securities by ASX, which comprises approximately 28.5% of the issued share capital on an undiluted basis at Minimum Subscription, and approximately 20.6% on a fully diluted basis (assuming all Options are exercised and Performance Rights are converted and that no other Securities are issued) at Minimum Subscription. The Company also anticipates that all of the Options and Performance Rights will be classified as restricted securities by ASX for 24 months from listing.

Prior to the Company's Shares being admitted to quotation on the ASX, the Company will enter into escrow agreements with, or provide restriction notices to, the recipients of any restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of any Securities required to be held in escrow.

The Company's free float at the time of Admission will be not less than 20%.

1.18 Underwriting

The Offers are not underwritten.

1.19 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

1.20 Privacy disclosure

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.21 Paper Copies of Prospectus

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the IPO Application Form to investors upon request and free of charge. Requests for a paper copy from should be directed to the Company Secretary at justin@liveverdure.com.au.

1.22 Enquiries

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary at justin@liveverdure.com.au.

2. Company Overview

2.1 Live Verdure Ltd

Live Verdure Ltd (**Company** or **Live Verdure**) is an Australian plant based food and nutraceutical company established in 2016 and based in Victoria. The Company sources high-quality hemp seeds for processing by third parties and then distributes its products online (through its own website and other affiliate websites) and via its nationwide distribution partners. The Company currently distributes its products under the "13 Seeds" brand.

The Company currently has 22 products across its gourmet food range and nutraceutical ranges.

Live Verdure has a wide range of hemp products and also has access to a large network of non-major supermarkets, independent grocers, and health food stores across Australia.

2.2 Why Hemp?

Live Verdure was founded on the premise of the health benefits that can be gained from including plant based protein and particularly hemp and hemp seed-based products in consumers diet and daily routine.

Hemp seeds have very high oil and protein contents. The protein produced by hemp seeds are considered to be a *complete protein* as they contain essential fatty acids and amino acids that the human body requires for optimal health.

The oil produced by pressing hemp seeds also contains lipids that closely mimic the lipids found in human skin. These lipids are important to the moisturising and hydration of skin. Importantly, hemp seeds and hemp seed oil contain anti-inflammatory properties that can be used both orally and topically allowing for a wide variety of food, nutraceutical and skincare applications.

Hemp seed oil also contain an optimal proportion of Omega-3 relative to Omega-6. Omega 3 consumption is considered to be vital to maintaining optimal health, particularly in old age. Omega 3 can help with both brain function and heart health and can reduce the level of triglycerides and inflammation in the body.

2.3 Business of the Company

(a) History

Live Verdure was founded in August 2016 with the aim of providing high-quality hemp-based food, skincare and nutraceutical products to consumers. The Company was originally incorporated in New South Wales before initially operating out of Tasmania. The Company retains storage silos in Tasmania, however, its operations are now predominately outsourced to third parties and its management are based in Victoria.

Live Verdure's first product was a range of cosmetic products incorporating hemp such as facial serum, body wash, day cream renewal, night creams toners and cleansers.

On 12 November 2017, hemp was legalised for human consumption in Australia, following which Live Verdure launched a gourmet food range, including hemp hearts, protein, super greens, oil, porridge, muesli, chai, chocolate and hemp honey.

(b) **Business Model**

Live Verdure aims to be a leader in the provision of plant-based and hemp-derived products as consumers seek healthier alternatives as part of their diet and daily routine. Live Verdure's business model is focussed on building leading brands in the value chain with an initial focus on the Australian market. To execute the Company's growth plan and implement its business model, Live Verdure will rely on the following strategic initiatives:

(i) **Brand focus** – Live Verdure does not intend to become a primary producer of hemp or to acquire manufacturing facilities. The Company will focus its capital and strategy on further developing and strengthening the Live Verdure's brand across a variety of product ranges with an initial focus on food.

(ii) **Provenance** – Live Verdure will seek to source hemp seed from Tasmania as a priority (subject always to availability, harvest quality and price) and market Tasmania's reputation for being a pristine environment that the Company believes is capable of producing some of Australia's best agriculture crops.

(iii) **Third-party providers** – In order to support the Company's brand focused strategy Live Verdure will operate a capital-light model that is reliant on third-party providers including primary producers, logistics providers, contract manufacturers, wholesale distributors and retailers.

(iv) **Product development** – Live Verdure's initial focus is on the food, nutraceutical and skincare markets however the Company will continue to develop new hemp-based products as it identifies and responds to customer demand.

(v) **Producer relationships** – Live Verdure is proud to maintain strong working relationships with hemp seed producers throughout Tasmania and other select regions to ensure continuous supply of hemp seed.

(c) **Live Verdure in Hemp Value Chain**

Live Verdure coordinates the supply and processing of hemp seeds; and the production, manufacture and distribution of products made from and/or containing hemp seeds (**Hemp Products**). Live Verdure promotes and sells the Hemp Products through its website www.13seeds.com.au. It sells directly to consumers, and by wholesale to retailers and other distributors, in each Australian state and territory. Live Verdure currently sells a variety of food products (**Hemp Food Products**). In future, it may expand its range to other products, including skincare and cosmetics.

Live Verdure does not cultivate, process, manufacture or distribute any of the Hemp Products itself. These activities are undertaken by unrelated companies, using hemp seed supplied by Live Verdure. The hemp seeds used in Live Verdure's products are derived from industrial hemp, also known as low-THC hemp.

Live Verdure currently sources whole hemp seeds from Midlands Seed Limited (**Midlands Seed**), a licenced industrial hemp cultivator based in the state of

Tasmania. Live Verdure stores these whole hemp seeds in silos in Carrick, Tasmania. It supplies whole hemp seeds to a licenced industrial hemp manufacturer in Victoria, currently Waltanna Farms (**Waltanna**), for processing. Live Verdure engages a transport company, to undertake the physical transportation of the hemp seeds from Tasmania to Victoria.

Waltanna processes the whole hemp seeds into oil, proteins and flours for use in Live Verdure's-branded Hemp Food Products. These processed hemp products are sent to a co-packing company, which mixes, packs and labels the hemp food products. The hemp food products are then sent to a third party logistics provider (**3PLP**) to store, pending sale. The 3PLP arranges the delivery and distribution of hemp food products ordered through the Live Verdure's website or otherwise.

(d) **Product lines**

Live Verdure produces a gourmet food and nutraceutical range of 22 products: including hemp hearts, protein, super greens, flour, oil, porridge, muesli, chai, chocolate and honey. Most products are available in both 450g and 225g size bags. These products are sold through distributors, and online through Live Verdure's website.

Live Verdure previously offered a skin care range of 10 products: shampoo, conditioner, hand cream, moisturiser, night cream, exfoliator, body wash, cleanser, eye cream and toning mist. These products were sold through distributors and online through Live Verdure's website. Live Verdure does not undertake processing or manufacturing of skin care products.

Live Verdure's current focus is on its food products and it has no immediate plans to acquire, label and market further skin care products, although it may choose to do so at a later point in time.

Live Verdure also has a number of products in development, including customer specific brands and an expanding product range to target new consumer profiles.

(e) **Sales & Marketing Strategy**

Live Verdure intends to focus its resources in the hemp value chain as a quality provider of great tasting, healthy food under the 13 Seeds' brand name. Working with farmers, processors and distributors, Live Verdure intends to use a partner network to support the growth of the Live Verdure's brand of foods and other consumables.

As a brand focussed business, Live Verdure's success is reliant on its ability to successfully promote its products for sale. The Company's sales and marketing strategy incorporates the following initiatives to promote the Live Verdure's brands:

(i) continue to drive on-line sales;

(ii) build promotional online programs with consumers that aim to drive repeat purchases and stimulate awareness;

(iii) expand retail distribution through the presentation of the brand to key retailers in the Australian retail sector, focussing on supermarkets, independent retailers and health food retailers; and

(iv) use events and exhibitions to advance the 13 Seeds' name and product range.

(f) **Growth strategy**

Live Verdure intends to grow sales of its hemp-based products via a multi-faceted growth strategy:

(i) **Online** – Live Verdure intends to actively promote the Company's products through its existing online channels, principally its website. In conjunction with its online presence the Company will actively promote the benefits of hemp-based products through social media and online marketing.

(ii) **Domestic Distribution** - Live Verdure plans to expand distribution by entering into additional distributor arrangements with various distributors and large retailers and pharmacy chains. It is intended that these additional distribution arrangements will allow for the distribution of hemp products in a wider number and variety of stores throughout Australia.

(iii) **New Product Development** – Live Verdure will respond to demand for new hemp-based products as it identifies consumer opportunities. The Company is confident that it will be able to leverage its grower network and distribution capabilities to efficiently market new products as, and when, they seek to bring them to market.

(g) **Supply of hemp & hemp seeds and storage**

The Company has opted to source hemp, rather than grow it, consistent with the Company's capital-light, brand-focussed business model.

The Company currently sources whole hemp seeds from Midlands Seed. Under a supply agreement with Midlands Seed, Live Verdure secured 35 tonnes of hemp seeds from the 2020 Tasmanian crop. Live Verdure has a Supply Option to acquire a further 35 tonnes of hemp seed from Midland Seeds for the 2021 harvest at a price to be confirmed.

Please see section 7.3 for a summary of the Supply Option.

Midlands Seed sources hemp from various third party growers predominantly in Tasmania, thereby reducing the risk of supply shortages. In the event of a Tasmanian supply shortage, through Midlands Seed, Live Verdure will have access to New Zealand-grown hemp seeds.

Live Verdure undertakes thorough vetting and due diligence of suppliers ensuring that only suppliers with verifiable operating history, documented quality control and quality assurance are used.

(h) **Storage**

Live Verdure owns two grain silos located in Carrick, Tasmania, which can each store up to 25 tonnes of hemp (**Silos**). The Silos are fixed to a concrete pad, which the Company leases from Tasmanian Seeds Dressing. Tasmanian Seeds Dressing operate the Silos in relation to filling and unloading and may also sub lease spare

capacity on behalf of the Company. Live Verdure stores its seeds in the Silos prior to third-party processing and manufacturing.

Live Verdure draws down on bulk quantity for processing of the seed into either dehulled hemp seed, oil or protein. As at the date of this Prospectus Live Verdure has approximately 15 tonnes of hemp seed in storage, which it expects to be sufficient to meet its production needs for approximately 6 months from the date of the Prospectus.

(i) **Processing, manufacturing and packaging**

Live Verdure relies on third parties to undertake its processing. Live Verdure also relies on third parties to undertake its manufacturing and distribution.

Live Verdure engages with commercial processors, manufacturers and packaging on an 'as and when required basis'. This approach allows Live Verdure to benefit from competition and capacity amongst its third-party service providers and respond to the changing dynamics of the hemp products' market, however, there are risks in this approach, including a lack of certainty in terms of third-party pricing and capacity. These risks are further set out in Sections 4.1(h) and 4.1(l). The specification of third-party contractors' forms part of Live Verdure's food safety and quality management system.

As set out in Section 2.3(c), Live Verdure's currently engages Waltanna for processing and other third parties for mixing, packaging and labelling the Hemp Food Products

(j) **Distribution channels**

While the majority of the Company's sales occur through its own website, Live Verdure's distribution agreements also provide access to its products to stores across Australia, including selected independent grocers and pharmacies. Live Verdure currently sells its products within Australia only.

(k) **Compliance, regulatory licences and approvals**

Companies operating in the industrial hemp industry require a licence issued by a state or territory government. Licences may be granted for specific activities such as cultivating, possessing, supplying and manufacturing industrial hemp for particular purposes, including commercial and research purposes. Hemp cultivators must submit to testing of their crops to ensure that the THC level complies with the relevant limit imposed by their licence. Food businesses in Australia need a licence from the relevant state government authority for manufacturing food according to required standards.

(i) Industrial Hemp Licence

The Company currently holds a licence to cultivate, supply and manufacture industrial hemp from the Tasmanian Department of Primary Industries, Parks, Water and Environment (Licence No. IH-138 (commercial purposes) which is valid to 30 April 2025) (**Hemp Licence**). The Hemp Licence entitles the Company to possess and store whole hemp seeds produced from industrial hemp. The ambit of the Hemp Licence also means that, in the event that it became necessary or desirable, the Company is licensed to grow its own

hemp for commercial or research purposes. As at the date of this Prospectus, the Company does not currently intend to grow its own hemp.

(ii) Testing of hemp and the Hemp Food Products

The manufacture and supply of all food products are subject to the Australia New Zealand Food Standards Code (**ANZFS Code**) as administered by the relevant food authorities in each Australian state and territory. Live Verdure has a letter from Midlands Seed, stating that its whole hemp seeds comply with all relevant legislative requirements for the supply of the product, including Standard 1.4.4 of the ANZFS Code. Midland Seeds has also confirmed that the leaves and flowering heads of the hemp plants from which it sources the whole hemp seeds contain no more than 0.35% THC. Live Verdure has also put in place a procedure to periodically test batches of the Hemp Food Products for compliance with Standard 1.4.4 of the ANZFS Code.

(iii) Regulatory Licence

The below sets out the Company's regulatory licence:

Certification	Licence Reference	Issuing Authority	Licence Details	Interpretation
Industrial Hemp Licence (Commercial)	IH138	Department of Primary Industries, Parks, Water and Environment - Tasmanian Government	Term: 20 October 2020 to 30 April 2025 Location: Tas Seed Dressing Storage facility, Carrick Licence Holder: Live Verdure Ltd	This authority allows Live Verdure to (among other things) cultivate, supply and manufacture industrial hemp for commercial purposes - for further information, please see Section 2.3(k)(i)

Please see the Legal Report in Annexure B for an overview of the regulatory framework and Live Verdure's licence.

(l) **Competitors and barriers to entry**

The Australian industrial hemp industry is a developing industry. As a result, Australia's industrial hemp industry is fragmented and many companies who are actively involved in the market are still trying to gain market share and establish a long-term relationship with their customers and suppliers.

Hemp is a regulated industry, and Australian hemp market participants need to obtain the required licences to cultivate, supply and manufacture hemp. In addition to meeting the regulatory requirements of the industry, market participants seeking to enter the market need to have specific knowledge and adequate resources in order to gain a competitive advantage and differentiate their business model.

Live Verdure is a brand focussed hemp food business. Currently, there are other companies with a similar business model in the market. Accordingly, Live Verdure's competitors include other companies supplying hemp food in Australia, such as Hemp Foods Australia and Vita Hemp.

The Australian hemp food market is in the early stages of development, having been legalised only in November 2017. Accordingly, the market and its players are not yet well-defined and the industry is still building local expertise.

Live Verdure competes in Australia with suppliers of plant-based protein and traditional proteins, as hemp seeds are a high-quality protein source (see Section 2.2) as well as with other providers of hemp-based nutraceuticals products.

The other suppliers of hemp-based nutraceuticals products include Hemp Hemp Hooray, Sativa, The Good Oil, Dope Skinco and Hemp Me.

A summary of the hemp industry in Australia is set out in Section 3 below.

2.4 Business objectives and strategy

Upon Admission, Live Verdure believes it will be in a position to scale its business quickly and has the capacity to do so. The Company intends to apply the funds from the Public Offer towards increasing its marketing campaigns, acquisition of improved packing equipment, and towards further seed supply. For further information on how the Company intends to use its funds please see Section 1.6.

(a) **Key dependencies of the business model**

As per Section 6, the Company is currently loss making. The key milestones to Live Verdure achieving profitability and factors it will depend on to meet this objective are as follows:

(i) the successful completion of the Public Offer;

(ii) an increase in retail sales through the building of online channels and affiliations with other online stores;

(iii) the successful expansion of wholesale distribution;

(iv) the successful launch of new product categories;

(v) the successful entry into joint ventures with other food manufacturers;

(vi) retention of key personnel and consultants; and

(vii) the ability to protect the Company's intellectual property.

Live Verdure plans to achieve these milestones by continuing to build its direct to consumer channel and through its negotiation with large food companies (business-to-business partnerships), which is expected to result in increased sales. There is no guarantee that the Company will reach profitability.

Other than Live Verdure's existing licences and authorisations, the Company does not require any additional licences or third-party approvals, nor any additional assets, to achieve the above milestones.

2.5 Corporate Structure

The Company was incorporated on 19 August 2016 and has no subsidiaries.

2.6 Current Capital Structure of the Company

As at the date of this Prospectus, the capital structure of the Company, and particulars of its current Shareholders (and their related entities), is as follows:

Shareholder	Shares	%
Entities associated with Gernot Abl[1]	4,263,213	16.3
Entitles associated with Ran Vaingold[2]	4,200,713	16.0
Non-related party Shareholders	17,734,413	67.7
Shares on issue as at the date of this Prospectus	**26,198,339**	**100**

Notes:

1. Mr Abl is a current Non-Executive Chairman of the Company and holds his interests in the Shares indirectly through associated entities CSNA Pty Ltd as trustee for CGL Trust and KG Venture Holdings Pty Ltd.
2. Mr Vaingold is the Managing Director of the Company. He holds his interests in the Shares indirectly through associated entities Seed Strategic Advisory Pty Ltd and SQ Nominees as trustee for 447 Trust.

Refer to Section 8.1 for a summary of the rights attaching to the Shares.

2.7 Board and management

The Board of the Company is comprised of:

(a) Mr Gernot Abl - Non-Executive Chairman;

(b) Mr Ran Vaingold - Managing Director; and

(c) Mr Corey Montry – Non-Executive Director.

As at the date of this Prospectus, Live Verdure employs 2 full time staff members (Managing Director Ran Vaingold and a bookkeeper), with additional casual staff members employed as required depending on customer service, business development and business operations requirements. Live Verdure also engages a number of contractors, including Messrs Asaf Katz as the Head of Online Growth, and Justin Mouchacca as chief financial officer and company secretary. Please refer to Sections 5.2 and 5.3 for further details of the Board and key management personnel.

2.8 Intellectual Property

The Company has developed its own innovations in hemp food, skincare and processing, which it considers to be trade secrets and know how, and has launched Australian first products such as first Hemp Cereal (porridge and muesli), Hemp Drinking Chocolate, Hemp Chai Tea, Hemp Falafel and Hemp Honey. The Company seeks to protect its trade secrets and know how through contractual provisions entered into with its employers and contractors. The Company has registered trade marks for the 13 Seeds brand name and logo. Whilst the Company believes these protections are sufficient at this stage, please see Section 4.1(o) in respect to the risks associated with intellectual property.

2.9 Financial History, Sources of Revenue and Expenses

Prospective investors should note that the Company has operated since 2016 and that the Company has generated $938,392 in revenue to 30 June 2020 and is currently operating at a loss. Included in the FY20 revenue is $52,861 relating to COVID-19 related government grants and in the FY19 revenue $40,497 relating to research and development incentive grants received and $27,807 relating to a debt forgiveness.

An investment in the Company should accordingly be considered highly speculative.

Given that Live Verdure's business is still at an early stage of development, it is difficult to make an evaluation of the business or its prospects. The Company can provide no assurance that it will achieve commercial viability through the development of its products and the implementation of its business plan.

Therefore, due to the Company's infancy its operations are uncertain and the figures below should not be used as a guide as to future performance of Live Verdure.

Based on the Company's audited accounts for the financial years ended 30 June 2017, 30 June 2018, 30 June 2019 and 30 June 2020, the Company's key financial information is set out below:

Financial Year	Revenue ($)	Expenses ($)	Profit/(Loss) before tax ($)
FY 2016/17	5,154	28,131	(22,977)
FY 2017/18	247,536	438,250	(190,714)
FY 2018/19	233,646	679,907	(446,261)
FY 2019/20	452,056	1,770,542	(1,318,486)

During the financial year ended 30 June 2018, the majority of the Company’s sales revenue resulted from the sale of products to distributors. This included an initial spike in demand following the legalisation of hemp food products on 12 November 2017, as retail outlets and distributors sought to build up inventory. During the financial year ended 30 June 2019, the Company continued to sell products through its distributors whilst also focusing on building online sales through the Company’s website but notes a decrease in sales, which it believed was due to retailers and distributors having an established inventory. During the financial year ended 30 June 2020, the majority of the Company’s sales revenue resulted from the sale of products through its direct to consumer channel.

As at the date of this Prospectus, the Company has funded its operations through security holder contributions and internally generated cash flows.

Further information on the Company's financial position is in Section 6 and Annexure A.

Live Verdure generates, and is aiming to generate, revenue from the sale of its hemp-based food and nutraceutical products to consumers, wholesalers, distributors and retailers in Australia.

The Company's largest expenses are employee, contractor and supplier costs. Other significant costs include marketing and business development costs. During FY20 the Company had an increase in expenditure following costs relating to the preparation for an initial public offering on the Australian Stock Exchange (ASX), additional marketing costs and an increase in the Company's workforce including employment of key management personnel. Once the COVID-19 pandemic surfaced, the Company refocused its business interest on its higher margin direct to consumer channel and reduced its fixed costs. These changes were implemented in late FY20.

There is no guarantee that the Company will reach profitability.

2.10 Dividend Policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on growing the existing businesses.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

3. Industry Overview

3.1 Hemp Industry Overview

(a) What is hemp?

In this Prospectus, hemp or industrial hemp refers to the plant Cannabis sativa L., of which there are many different varieties, landraces and breeding lines. Cannabis sativa L. is a multi-purpose plant that has been domesticated and utilised for bast (phloem) fibre in the stem, a multi-purpose fixed oil in the 'seeds' and a resin secreted by epidermal glands.

(b) What is the difference between hemp and marijuana?

Both hemp and marijuana come from the genus Cannabis sativa L. but are genetically distinct and are further distinguished by use and chemical makeup.

Marijuana is used to describe a Cannabis plant that is bred for its potent, resinous glands (known as trichomes). These trichomes contain high amounts of cannabinoids, including THC, known for its psychoactive properties.

Hemp, on the other hand is used to describe a Cannabis sativa L. plant that contains only trace amounts of THC (see below), usually less than 0.3%.

Marijuana and hemp are therefore classified by the levels of naturally occurring THC that they contain. Hemp is low in THC and marijuana has intoxicating amounts of THC.

(c) Key Terms

Hemp seed oil

Hemp seed oil is obtained by pressing the seeds of the hemp plant. When cold pressed, the hemp seed oil appears greenish in colour with a nutty flavour if ingested. Unlike other methods to extract oil, cold-pressed hemp seed oil retains its flavour, aroma and nutritional value.

Nutraceutical

Nutraceuticals generally refers to foods or products produced from foods that are believed to offer healthcare benefits in addition to their nutritional value.

(d) History of hemp

Hemp is believed to have originated in Central Asia and the Himalayan foothills and spread out from this region. China has farmed and cultivated hemp for its strong fibre since at least 8000 BC.

During the early to mid-twentieth century, hemp cultivation in the developed world, having reached substantial proportions during the nineteenth century, largely ceased as a result of concerns about illicit use of THC as a psychoactive drug.

However, in more recent times, following earlier successful cultivation of hemp in Europe, an understanding has developed that low THC hemp can be successfully bred and grown for a number of commercial purposes. This has resulted in the re-emergence of a hemp industry in Europe and Canada and the recent amendments to Australian legislation to legalise the hemp industry.

(e) **Ecological Friendliness of Hemp**

It is considered that hemp, as a crop, offers significant environmental and sustainability advantages over many other crops.

Cannabis sativa L. is claimed to be materially less 'ecotoxic' in comparison to many other crops. It is known to be relatively resistant to pests and use of pesticides and fungicides on hemp is often limited. Due to its fast-growing nature, hemp crops require relatively less herbicide applications compared with other crops.

Hemp is therefore pre-adapted to organic agriculture and is accordingly well suited to the growing market for products associated with environmentally-friendly, sustainable production.

3.2 Uses of hemp

There are four usable parts of the hemp plant: the inner fibres (hurd), the outer fibres (bast), the seeds and the female flower. Different varieties are selected for growing, depending on the part to be used.

Hemp has actual or potential applications in a large number of products. Traditionally, hemp has been used in items such as textiles, paper, rope, fuel, oil and stockfeed. More recent applications for hemp fibre also include:

(a) food products;

(b) personal care (lotions, salves, cosmetics);

(c) nutritional supplements;

(d) medicines (registered and unregistered);

(e) textiles;

(f) bioplastics;

(g) building materials;

(h) industrial applications, such as car parts; and

(i) other consumer products, such as paper.

(a) **Hemp seeds and extracts as a dietary supplement**

Food products made from hemp seeds are usually consumed as dehulled seeds, hemp seed oil, protein powder or flour.

Hemp seeds are believed to be a good source of essential nutrients such as protein, fatty acids, fibre, vitamins and minerals, without an excess of calories, starches and sugars. As such, they are sold as a dietary supplement.

Essential fatty acids

Hemp seeds are believed to be an excellent source of essential fatty acids, typically comprising 25-35% of the seeds. More specifically, hemp seeds typically contain:

(i) high amounts of polyunsaturated fatty acids, mainly oleic acid, linoleic acid (omega-6), alpha-linolenic acid (omega-3) and gamma-linolenic acid (**GLA**). Hemp is currently the only natural food source of GLA, i.e. not requiring the consumption of extracted dietary supplements;

(ii) Vitamin E and minerals, such as phosphorus, potassium, sodium, magnesium, sulphur, calcium, iron and zinc; and

(iii) significant amounts of soluble and insoluble fibre.

One tablespoon of hemp oil, derived from hemp seeds, typically contains 14 grams of fat, of which only 1.5 gram is saturated. This low saturated fat content is a primary benefit of using hemp oil in place of animal fats such as lard and butter.

Non-animal protein

Hemp seeds are believed to represent a good source of amino acids, typically containing 25%–30% protein that is easily digestible. They contain all 20 amino acids, including the 8 essential amino acids. Hemp is therefore well suited to use in the growing non-animal protein market.

Dietary fibre

Hemp seeds typically contain 27% carbohydrates, primarily as fibre and as such, serve as a good source of dietary fibre believed to promote healthy digestion.

3.3 Regulatory Framework

(a) *Narcotic Drugs Act 1989* (Cth)

The *Narcotic Drugs Act 1989* (Cth) (**NDA**) creates a licencing scheme for manufacturers of drugs, as defined in the NDA, as well as the cultivation, production and manufacture of cannabis for medicinal or related research purposes. The NDA does not licence the cultivation, production and manufacture cannabis for other purposes, including industrial hemp. Cannabis seeds are not classified as drugs under the NDA.

Thus, a person does not require a licence and permit under the ND Act to process or manufacture products derived from and/or containing ‘hemp’ seeds – including hemp seed oil. Licences for cultivation of industrial hemp are issued under state and territory legislation.

(b) *Australia New Zealand Food Standards (**ANZFS Code**)*

The manufacture and supply of all food products are subject to the ANZFS Code as adopted by legislation in each state and territory legislation and administered by their respective food authorities in each Australian state and territory. Standard 1.4.4 of the ANZFS Code provides that whole cannabis seeds may be used as, or as an ingredient in, a food for sale in Australia, if:

(i) the seeds are obtained from cannabis plants with a THC concentration in their leaves and flowering heads of 1% or less (i.e. 'hemp'); and

(ii) the seeds do not contain more than 5 mg/kg of total THC; and

(iii) the seeds are non-viable and hulled (if the food is for retail sale);

(iv) the only cannabinoids in or on the seeds are naturally present; and

(v) whole cannabis seeds (unhulled or viable) cannot be sold as food but may be processed into food products, such as oils and flours.

The following hemp seed products may be used as foods or ingredients in foods, including where produced from whole cannabis seeds:

(vi) oil extracted from cannabis seeds, which contains no more than 10 mg/kg of total THC;

(vii) beverages derived from cannabis seeds, which contain no more than 0.2 mg/kg of total THC; and

(viii) any other products extracted or derived from cannabis seeds, which contain no more than 5 mg/kg of total THC.

Cannabidiol must not be present in any food for sale at a level greater than 75 mg/kg.

In addition to the limits imposed on the THC and cannabidiol present in hemp food products, the ANZFS Code also imposes specific restrictions on the manner in which the products may be represented and marketed.

(c) State Acts

Licences to cultivate, supply, process and manufacture industrial hemp are issued under state and territory legislation. In addition to the ANZFS Code, other regulatory obligations relating to the manufacture of the Hemp Food Products, particularly under the:

(a) *Misuse of Drugs Act 2001* (TAS);

(b) *Poisons Act 1971 (TAS);* and

(c) *Industrial Hemp Act 2015* (TAS).

The Tas Hemp Act establishes a specific regulatory framework for 'industrial hemp' in Tasmania. Under section 12 of the TAS Hemp Act, the Secretary of the Tasmanian Ministry of Primary Industries and Water may grant a person a licence to possess,

cultivate and/or supply (including sell) industrial hemp for a purpose specified on the licence - including commercial and research purposes.

The following legislation is relevant to the operations of the Company in Victoria:

(d) Drugs, Poisons and Controlled Substances Act 1981 (VIC); and

(e) Food Act 1984 (VIC).

Refer to the Legal Report in Annexure B for further information.

3.4 Industry Size

As hemp foods were only legalised in Australia in November 2017, the Directors of Live Verdure consider the industry as emerging and fast growing.

The global hemp food market is expected to grow at a compound annual growth rate (**CAGR**) of 24% between 2018-2022[1]. Both locally and globally, the industrial hemp (and medicinal cannabis industry) is undergoing significant transformation and growth from access to medical and recreational cannabis, legislation of hemp food in Australia and the passing of the 2018 US Farm Bill legalising hemp.

As hemp seeds were legalised in November 2017, there is limited reputable historic data for the industrial hemp food industry in Australia. The nearest reference point is that of the plant-based protein market. There is rising consumer awareness about the benefits of plant-based protein, and the benefits of hemp protein.

The global plant protein market, of which hemp protein forms a part of, is expected to register an estimated CAGR of 7%, during the forecast period, 2019-2024[2].

Furthermore, Australia is the third fastest growing vegan market in the world, with more than 2 million Australians now meat free.

As a further reference point the Australia nutraceuticals' market is estimated to register a CAGR of 7.5%, during 2017-2022. Currently, the market value is around USD $8.59 billion. Australia is an established market for nutraceuticals in the Asia-Pacific region, which contributed to about 5% of the global nutraceutical market in 2016. The increasing prevalence of chronic diseases and the aging demography are presenting opportunities for the nutraceutical industry.

3.5 Hemp Food Growth Drivers

There is a growing demand in Australia and globally of hemp food products (such as hemp seed oil, hemp flour, and hemp protein powder) due to the rising consumer awareness of the benefits of hemp as a 'superfood'. It is believed that consumption of hemp, which rich in essential fatty acids and essential amino acids, provides additional nutritional value that may reduce the risk of some diseases.

[1] Business Wire, 'Top Factors Driving the Global Hemp-Based Foods Market - Technavio': **https://www.businesswire.com/news/home/20180224005040/en/Top-Factors-Driving-Global-Hemp-Based-Foods-Market**. Note the author has not provided consent for this statement to be included in the Prospectus.
[2] Mordor Intelligence, 'Plant Protein Market – Growth, Trends and Forecast,' (2018): **https://www.mordorintelligence.com/industry-reports/plant-protein-market**. Note the author has not provided consent for this statement to be included in the Prospectus.

Hemp food products are attractive in the current food industry as hemp seeds are naturally gluten free. Hemp is also high in protein, an essential macronutrient for the human body. Incorporating hemp as part of healthy diet may increase the overall consumers' wellness. Given that people are more conscious about their health and more aware of the importance of healthy and balance diet, plant-based diets are becoming increasingly popular. As a result, hemp has the potential to disrupt these consumer groups by offering a potentially better alternative to traditional plant-based foods.

4. Risk Factors

As with any share investment, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities.

Any investment in the Company under this Prospectus should be considered highly speculative.

4.1 Risks specific to the Company

(a) **Limited operating history**

Live Verdure has limited operating history (with low revenue to date) and, as noted in Section 2.9, investors should consider the Company's prospects in light of its limited financial history. In addition, there is no guarantee that the Company will be able to successfully further develop or further commercialise its products and if it is unable to do so it would have a material adverse effect on the Company's business, financial condition and results of operations.

(b) **Loss making operation and future capital requirements**

As at the date of this Prospectus and as set out in section 6, Live Verdure is currently loss making and is not cash flow positive, meaning it is reliant on raising funds from investors to continue to fund its operations and product development. Although the Directors consider that the Company will, on completion of the Public Offer, have sufficient working capital to carry out its stated objectives and to satisfy the anticipated current working capital and other capital requirements set out in this Prospectus, there can be no assurance that such objectives can continue to be met in the future without securing further funding.

The future capital requirements of the Company will depend on many factors, including the pace and magnitude of the development of its business and sales, and the Company may need to raise additional funds from time to time to finance the ongoing development and commercialisation of its products and to meet its other longer-term objectives.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms or at all. Any inability to obtain additional financing, if required, would have a material adverse effect on the Company's business, financial condition and results of operations.

(c) **Agricultural risks**

The Company's business relies on the growing of hemp seed by third parties, which is an agricultural product. As such, the business is indirectly subject to the risks inherent in the agricultural industry, such as plant diseases, storm, fire, frost, flood, drought, water availability, pests, and force majeure events. There can be no assurance that natural elements will not have a material adverse effect on the supply of raw materials.

Further it may not be possible to insure against some of these events or to obtain insurance at commercially reasonable rates. Occurrence of these events could also lead to insurance becoming unavailable for such events in the future or premiums increasing above expected levels. At present, the Company does not insure against agricultural risks because it is a purchaser rather than a grower of hemp seed. In the event that the Company's suppliers were affected by an agricultural risk, the Company would be required to seek supply from alternative sources, which is likely to be more expensive, or may not be available at all in the size, quantity and quality required by the Company. Any such event is likely to have an adverse impact on the Company's cost of goods sold and / or revenues generated from the sale of goods. Further information on how the Company manages its supply risk is set out in Section 4.1(d).

(d) **Power of suppliers, third party and contractual risks**

Live Verdure is dependent on growers to supply sufficient raw material for the manufacture of its products and contractors to process the raw material in sufficient quantities and in a time and cost-effective manner. The Company is also reliant on third parties to distribute its products in accordance with distribution agreements.

As with any manufacturing operation, the availability of reputable suppliers of key inputs and any significant interruption or change in availability or costs of key inputs could materially impact the production process and hence the products available for supply. Subsequently, this would affect the operating results of Live Verdure during the period which these risks materialise.

The supply risk is partly mitigated through the entry of forward contracts, storage of delivered supply, and the Company's entry into and negotiation of further supply and distribution arrangements (see Section 2.3(g)).

Live Verdure has partnered with Midlands Seed, a specialist global company headquartered in New Zealand, which supplies hemp seeds grown in Tasmania to Live Verdure. The Company has secured 30 tonnes of hemp seed from Midland Seeds from the 2019 harvest, and entered into a Supply Option in place with Midland Seed for up to 35 tonnes of hemp seed per year for the 2020 and 2021 harvests. Midlands Seed sources hemp from various third party growers predominantly in Tasmania, thereby reducing the risks of supply shortages.

It is noted however, that while the Supply Option with Midlands Seeds set out in Section 7.3 provides Live Verdure with an option to acquire hemp at a fixed price and up to a specified volume, the Supply Option is subject to climatic conditions, and while Midlands Seed may choose to source alternative sources of hemp, in the event of poor climatic conditions, Midlands Seed is under no obligation to supply the contracted volume.

Financial failure, default or contractual non-compliance, including as to time, quality and sufficiency of work performed, on the part of third party contractors would affect the Company's financial position. The Company may be required to negotiate and enter into alternate agreements sooner than otherwise may be the case. Such alternate agreements may not be readily available, or available on reasonable terms, and this would impact the Company's financial position.

(e) **Brand establishment and maintenance**

The Company believes that establishing and maintaining the Company's brand in the industry in which it operates is critical to growing its customer base and product acceptance. This will depend largely on the Company's ability to provide in-demand products. There is no guarantee that the Company's brand development and sales and marketing campaign will be successful. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

Even if the Company does successfully commercialise its new products, there is a risk the Company will not achieve a commercial return. The Company may not be able to sell products to customers at a rate which covers its operating and capital costs.

(f) **COVID-19**

The outbreak of the coronavirus disease COVID-19 is impacting global economic markets. To date the pandemic has not resulted in ongoing supply chain disruptions or losses in sales. However, The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to future outbreaks of COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. The effects of COVID-19 on the Company's Share price may also impede the Company's ability to raise capital, or require the Company to issue capital at a discount, which may in turn cause dilution to Shareholders.

While to date, the COVID-19 pandemic has not had any material impact on the Company's operations, should any Company personnel or key third party contractors be infected, it could result in the Company's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on the Company's operations as well as an adverse impact on the financial condition of the Company.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Company's operations, limit or prevent access to research facilities, graphene supply, or otherwise adversely impact financial position and prospects.

(g) **Competition risk**

The Company currently competes with other companies offering hemp-based food and nutraceutical products and there can be no assurance that the Company can compete effectively with these other companies. Additionally, existing competitors and new competitors to the market may replicate a business model similar to that of the Company, which could result in a loss of market share or a decrease in profitability.

Furthermore, the Company's products could be rendered uneconomical by the emergence of new competitors and products, substitute products, technological advances affecting the cost of production, marketing, or pricing actions by one or more of the Company's competitors. The Company's business, financial condition or results

of operations could be materially adversely affected by any one or more of such developments.

(h) **Uncontracted arrangements risk**

A large proportion of Live Verdure business relationships are subject to agreements which are subject to standard terms and conditions rather than comprehensive agreements which protect Live Verdure's interests (as is considered standard in the food industry).

Given the nature of these contractual relationships, it is not possible for Live Verdure to contractually guarantee consistency of sales volumes, price or terms going forward. Further, there is a risk that these customer relationships may not be able to be maintained, or new relationships may not be formed on terms acceptable to the Company.

(i) **Sector exposure**

Live Verdure's business model is based on hemp. As such, the Company is materially exposed to any adverse conditions or events that may impact the hemp industry or parts thereof in which the Company operates. Sales of hemp derived CBD oil and its derivatives have largely been driven by a perception concerning their health benefits that has not been fully underwritten by clinical research, especially since the legal status of hemp has only recently been confirmed in key markets.

Should consumer sentiment towards hemp derived CBD oil products, non-animal protein products or hemp derived foods decline in the future, there may be an adverse impact on the Company's operations and its financial performance.

(j) **Product liability risk**

The Company supplies hemp-based food, skin care and nutraceutical products. As with all food, skin care and nutraceutical products, there is a risk that the products sold by Live Verdure could cause serious or unexpected side effects, including injury to consumers. Should any of the Company's products be associated with safety risks such as misuse or abuse, mislabelling, tampering or product contamination or spoilage, a number of materially adverse outcomes could occur, including:

(i) litigation or claims by the parties affected;

(ii) regulatory authorities may revoke any approvals granted, impose more onerous regulatory requirements under any licence or approval, or force Live Verdure to conduct a product recall;

(iii) regulatory action or being sued by the regulatory authority and being held liable for any harm caused to customers; or

(iv) Live Verdure's brand and reputation being damaged.

Additionally, material risks to the health and safety of customers may force the Company to voluntarily suspend or terminate sales and/or operations.

Regardless of insurance and quality standards applied by the Company, as in any manufacturing concern, there remains a risk of defective products. These defects or

problems could result in the loss or delay in revenue, or a material cost to the Company.

(k) **Storage**

Hemp seed is a bulk commodity and Live Verdure typically receives purchases of hemp seed in quantities which must be stored. As a bulk commodity, hemp seeds are susceptible to weather, mould, vermin and other contaminants, which can damage the hemp seed or otherwise render it unsuitable for human consumption. The damage or contamination of stored hemp seed would have a significant impact on Live Verdure's ability to generate revenue. To mitigate its storage risk, Live Verdure owns two grain Silos located in Tasmania, where it stores its hemp seed in accordance with its food safety and quality management system.

(l) **Processing and manufacturing**

Live Verdure outsources its processing and its manufacturing. Although this outsourcing is in Live Verdure's view, strategic and economical, the reliance on third parties to conduct this essential aspect of its business is a material risk to Live Verdure. Live Verdure has worked to mitigate this risk by developing strong commercial business relationships with these third parties and outsourcing its manufacturing and production activities to companies that have longevity and strong reputations. In addition, the high number of service providers in the market allows Live Verdure the option to contract the company that is efficient and cost-saving in their processes.

(m) **Logistics**

As Live Verdure relies on outsourced logistics, events such as strike, an increase in the cost of energy, changes in transport services or destruction of infrastructure may mean Live Verdure cannot supply and deliver the Company’s products.

(n) **Reliance on key personnel**

Success of the business will depend on the Directors and the management of the Company to develop the business and manage operations, and on the ability to attract and retain key quality staff and consultants.

The Company has key management personnel. It is important to retain and attract additional suitable qualified personnel. Although its key personnel have entered into contracts with the Company, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if its key personnel no longer continue in their current roles, new personnel will need to be employed, which may adversely affect the business.

(o) **Reputation, trademarks and protection of intellectual property**

Live Verdure believes that reputation and brand recognition are important to its business and the effective protection of intellectual property rights is critical to its interest.

Live Verdure depends on its reputation and the reputation of its third-party suppliers, damage to the third party’s reputation will affect Live Verdure's reputation and therefore profitability and operations.

As set out in Section 2.8, Live Verdure seeks to protect its intellectual property through trade-marks, trade secrets and know-how. Whilst Live Verdure has contractual arrangements in place and trademark applications on foot in order to protect its intellectual property, Live Verdure cannot guarantee that there will not be any unauthorised use or misuse of its intellectual property and brands. Any infringement may be detrimental to Live Verdure's reputation and may lead to costly and time-consuming litigation or adversely affect Live Verdure's financial performance.

If Live Verdure does not adequately protect its intellectual property moving forward or infringes a third party's intellectual property, it may have to cease using certain intellectual property or be liable for damages to that third party. This may also have an adverse impact on Live Verdure's operations, financial performance and future prospects.

(p) **Regulatory risks**

The Company's business is regulated by State and Federal laws in Australia. Failure by the Company and its suppliers, processors, manufacturers and distributers to comply with such regulations would have a materially adverse effect on the business, results of operations, and financial conditions. Government regulations and oversight are subject to change at any time. The Federal and State Governments legalised the use of hemp for human consumption in November 2017. There can be no assurances or guarantees that existing rules and regulations will not be modified or amended or that new rules and regulations will not be adopted in the future that will have a material and adverse impact on the Company's business.

In addition, the Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations.

(q) **Data Collection Risk**

The provision of secure and reliable information storage and processing services is integral to the businesses and operations of the Company and the Company must ensure appropriate protection of customer information that is collected.

The collection, use, storage and disclosure of personal and sensitive information within the data and analytics industry in Australia is governed by the *Privacy Act 1988* (Cth) (**Privacy Act**) and the Australian Privacy Principles contained at Schedule 1 of the Privacy Act (**Australian Privacy Principles**).

The Company engages third parties to facilitate payment services (**Payment Processor Providers**). The Payment Processor Providers are platforms such as Paypal, Afterpay, Eway and Stripe.

The Company does collect customer information, that is stored through Shopify, the Company's e-commerce store, and Klavivo, the Company's customer relationship manager.

The Company considers that the engagement of reputable Payment Processor Providers in relation to collecting sensitive and personal data adequately protects customers and the Company, however even with such systems in place, if the Company's, or the Payment Processor Provider's systems or data is compromised for

any reason there is a risk that the Company may become involved in legal action due to breaching data confidentiality agreements.

(r) **Risk of adverse future regulatory changes**

The operations and proposed operations of Live Verdure are subject to a variety of laws, regulations, and guidelines in its market, at federal and state levels including (but not limited to) hemp licencing requirements, product content requirements, labelling and packaging, regulations, environmental food standards and tax laws.

The introduction of new legislation or changes to the practical effect of existing legislation by governments in relation to the legislation which governs Live Verdure's business, could impact adversely on the assets, operations and the financial performance of Live Verdure.

(s) **Obtaining and maintaining licences and approvals**

The Company's ability to research, manufacture and commercialise its products is dependent on the Company, its contractors and its suppliers' ability to maintain licenses and approvals relating to the cultivation, production and supply of hemp and hemp-based products. Although the Company, its contractors and its suppliers may have previously granted growing and manufacturing licenses historically, they may not be granted these in the future.

Currently, Live Verdure and its contractors have the necessary permits and approvals required to operate its business as described in this Prospectus (see Section 2.3(k)) and intends to seek additional permits and approvals, when necessary. The Company needs to maintain those permits and approvals to continue operating. While the Directors have no reason to believe that the Company will not be in a position to maintain its regulatory permits, any change to the regulatory systems in the Company's markets that adversely impact on maintenance of Live Verdure's regulatory permits would materially adversely impact the Company and its performance.

Operations by the Company may also require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming with respect to any products under development, investors should be aware that the Company cannot guarantee that any requisite approvals will be obtained.

A failure to obtain any approvals or renew any licenses, or the revocation of any existing license or approval, would mean that the ability of the Company to manufacture or sell any products may be limited or restricted either in part or absolutely.

(t) **Research and development activities**

Research and development activities for new product ranges are expensive, time consuming and difficult to design and implement. Even if the results of the Company's research and development activities are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate research and development activities at any time, or

suspend or terminate the registrations and quota allotments required in order to procure and handle controlled substances, for various reasons. Any of the foregoing could have a material adverse effect on the Company's business, results of operations and financial condition.

(u) **Technological and innovation risk**

Live Verdure will need to stay well informed with respect to technologies and products in relation to cultivation, manufacturing and supply of hemp food products. Live Verdure's failure to employ latest technologies to its processes and procedures will result in a downturn in its competitiveness and ultimately financial performance.

(v) **Climate change**

Climate change is a risk the Company has considered, particularly related to its operations in the fast moving consumer goods market. Climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates. In particular, higher temperatures could lead to less rain, which may affect the growth or availability of hemp. Similarly, unforeseen changes in temperature, sea level or humidity may affect the drying, transport and storage of hemp seed.

4.2 General Risks

(a) **Stock market conditions**

As with all stock market investments, there are risks associated with an investment in the Company. Share prices may rise or fall and the price of Shares might trade below or above the Offer Price. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of Company's operational performance.

General factors that may affect the market price of Shares include without limitation: economic conditions in Australia and internationally; investor sentiment; local and international share market conditions; changes in interest rates and the rate of inflation; variations in commodity prices; the global security situation and the possibility of terrorist disturbances; changes to government regulation, policy or legislation; changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws; changes to the system of dividend imputation in Australia; and changes in exchange rates.

Further or prolonged outbreaks of the COVID-19 pandemic in Australia and globally may have adverse impacts on Australian and international stock markets, and similarly, may negatively impact Australian and international economic conditions.

(b) **Insurance risks**

The Company will maintain insurance for its operations where it is considered appropriate for its needs and is available, in accordance with industry practice.

However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company affected.

(c) **Litigation risks**

The Company is exposed to possible litigation risks including, but not limited to, intellectual property and patent claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(d) **Policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company has economic interests (including New Zealand) may affect the viability and profitability of the Company.

(e) **Negative publicity may adversely affect the Share price**

Any negative publicity or announcement relating to any of the Company's substantial Shareholders, key personnel or activities may adversely affect the stock performance of the Company, whether or not this is justifiable. Examples of such negative publicity or announcements may include involvement in legal or insolvency proceedings, failed attempts in takeovers, joint ventures or other business transactions.

(f) **Taxation**

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Securities under this Prospectus.

4.3 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to the Offers.

5. Board, management and corporate governance

5.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

(a) Mr Gernot Abl- Non-Executive Chairman;

(b) Mr Ran Vaingold – Managing Director; and

(c) Mr Corey Montry – Non-Executive Director.

5.2 Director Profiles

The names and details of the Directors in office at the date of this Prospectus are:

(a) **Gernot Abl- Non-Executive Chairman**

Mr Abl holds a Bachelor of Laws and Commerce (1st Class Hons) from the University of Western Australia. Mr Abl started his career within corporate advisory as an advisor and management consultant at Deloitte.

Mr Abl is currently the Chairman of Esports Mogul Ltd (ASX: ESH). He was previously the Managing Director of Esports Mogul Ltd (ASX: ESH) between November 2016 and September 2020 and was a non-executive director of Transaction Solutions International Limited (ASX: TSN) between June 2017 and July 2019.

Between 2005 to 2015, Mr Abl also founded and ran his own consulting business drawing on his directorship and management consultant experience to provide corporate consulting and advisory services to a range of businesses, including start-ups.

(b) **Ran Vaingold - Managing Director**

Mr Vaingold is an experienced executive with background in corporate strategy, founding and running start up companies, and scaling up enterprises. Mr Vaingold previously founded the Melbourne office of a $400m asset manager advising fast growth companies on mergers, acquisitions, capital raisings and strategy. Prior to that, Mr Vaingold was an Executive at a leading mid-market M&A firm where he focused on transactions in the food and agriculture space, advising clients like Bega Cheese and Select Harvests.

Mr Ran Vaingold holds a Master of Business Administration from Melbourne Business School (Melbourne University) and a Bachelor of Business (Professional Accountancy) from RMIT University.

(c) **Corey Montry – Non-Executive Director**

Mr Montry is a former General Motors (GM) Executive with over 20 years of commercial finance and accounting senior leadership experience working in U.S. multinational organisations as a U.S./Australia dual citizen. He is currently GM

Finance for Marlin Brands (a $300 million private-equity held Consumer Durable Brands business).

He has previous experience in Australia including as the Regional Controller of Asia Pacific for Leidos (a $10 billion NYSE Defence & IT business) and as a Director of Financial Services at Melbourne Health. Mr Montry was also a successful Group Financial Controller for Metcash Trading (a $14 billion ASX 100 FMCG business), leading the accounting/finance transformations including implementing many innovative best practice initiatives, including improving FP&A processes and regular board reporting.

Mr Montry relocated with his family to Australia in 2010 as Corporate Controller and Chief Accounting Officer of GM Holden (a $4 billon subsidiary of $150 billion NYSE GM - the world's largest automotive company) before leading Holden's commercial finance organisation as Director of Revenue and Future Product Programs.

5.3 Advisors and Consultants

The Company also engages a number of advisors and consultants, including:

(a) **Asaf Katz – Head of Online Growth**

Mr Asaf Katz is a highly experienced executive with over 10 years' experience who led teams to build successful operations through digital and traditional strategies. Asaf has worked for Bain & Co where he consulted to companies on implementing growth strategies across various industries. Mr Asaf Katz holds a Masters of Business Administration from Melbourne Business School and a Bachelor of Science (Information Systems Engineering and Management) from Tel Aviv University.

(b) **Justin Mouchacca – Chief financial officer and Company Secretary**

Mr Mouchacca is a qualified Chartered Accountant and Fellow of the Governance Institute of Australia with over 13 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. He graduated from RMIT University in 2008 with a Bachelor of Business majoring in Accounting. Mr Mouchacca completed the Chartered Accountants Program in 2011 and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies. He specialises in the preparation of listing companies on stock exchanges, Corporations Act legislation, corporate governance policies, statutory report writing requirements, shareholder meeting requirements and assistance in the preparation of prospectuses, information memorandums and other disclosure documents.

Mr Mouchacca was a Director of the Company from 11 November 2019 to 1 July 2020.

5.4 Interests of Directors

No Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

(a) the formation or promotion of the Company; or

(b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or

(c) the Offers, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

(d) any Director to induce him or her to become, or to qualify as, a Director; or

(e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers,

except as disclosed in this Prospectus and as follows.

5.5 Security holdings of Directors

The Directors and their related entities have the following interests in Securities as at the date of this Prospectus:

Director	Shares	% of Existing Shares	Options	Performance Rights
Gernot Abl[(1)]	4,463,213	16.3	Nil	Nil
Ran Vaingold[(2)]	4,200,713	16.0	Nil	Nil
Corey Montry	Nil	Nil	Nil	Nil
Justin Mouchacca[(3)]	500,000	1.9	Nil	Nil

Notes:

1. Mr Abl is a current Non-Executive Chairman of the Company and holds his interests in the Shares indirectly through associated entities CSNA Pty Ltd as trustee for CGL Trust and KG Venture Holdings Pty Ltd.
2. Mr Vaingold is the Managing Director of the Company. He holds his interests in the Shares indirectly through associated entities Seed Strategic Advisory Pty Ltd and SQ Nominees as trustee for 447 Trust.
3. Mr Mouchacca resigned as a Director of the Company on 1 July 2020.

Based on the intentions of the Directors at the date of this Prospectus in relation to the Offers, the Directors are expected to hold the following interests at Admission:

Director	Shares	% of Shares at Admission	Options	Performance Rights
Gernot Abl	4,463,213	7.7	4,000,000[(1)]	2,500,000[(2)]
Ran Vaingold	4,200,713	7.6	4,000,000[(1)]	2,500,000[(2)]

Director	Shares	% of Shares at Admission	Options	Performance Rights
Corey Montry	Nil	Nil	Nil	Nil
Justin Mouchacca(3)	669,271	1.2	Nil	Nil

Notes:

1. Unquoted Options exercisable at $0.20 each and expiring 5 years from Admission to be issued to the relevant Directors (or nominees). See Section 8.2 for the terms and conditions of the Options.
2. Comprising 1,250,000 Class A Performance Rights and 1,250,000 Performance Rights. See Section 8.3 for further information on the Performance Rights.
3. Mr Mouchacca resigned as a Director of the Company on 1 July 2020. Mr Mouchacca holds 250 Convertible Notes and the amount shown above includes the Shares to be issued following conversion of the Convertible Notes and accrued interest.

5.6 Remuneration of Directors

The Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors. The maximum aggregate amount of fees that can be paid to non-executive Directors is currently set at $250,000 per annum. The remuneration of the executive Directors will be determined by the Board. At present, the Company does not have any executive Directors.

The Company has entered into letters of appointment with the Non-Executive Directors as set out in Sections 7.7.

The Directors have received, or accrued, the following remuneration since incorporation of the Company.

Director	19 Aug 2016 30 Jun 2017	FY 2017/18	FY 2018/19	1 July 2019 present
Gernot Abl[1]	-	-	-	$34,000
Ran Vaingold[2]	-	-	-	$102,286
Corey Montry[3]	-	-	-	-
Justin Mouchacca[4]	-	-	-	$80,000

Notes:

1. Mr Abl was appointed as a Director on 13 December 2018. The remuneration does not include fees for consultancy services that have been provided but are payable only upon Admission of $75,000 to Mr Abl, as set out in Section 7.7.
2. Mr Vaingold was appointed as a Director on 1 July 2020. The remuneration does not include fees for consultancy services that have been provided but are payable only upon Admission of $75,000 to Mr Vaingold, as set out in Section 7.6(a).

3. Mr Montry was appointed as a Director on 8 October 2019. The Company has agreed to pay Mr Montry 3 months' wages of $9,855 upon Admission.

4. Mr Mouchacca was a Director of the Company from 11 November 2019 until 1 July 2020. The remuneration above consists of company secretarial and accounting services provided to the Company by JM Corporate Services.

5.7 Related Party Transactions

The Company has entered into the following related party transactions on arms' length terms:

(a) Ran Vaingold Agreement with Mr Ran Vaingold (refer Section 7.6(a));

(b) letters of appointment with each of its non-executive Directors on standard terms (refer Section 7.7 for details); and

(c) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 7.8) for details).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

5.8 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at www.liveverdure.com.au.

(a) **Board of Directors**

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

(i) providing leadership and setting the strategic objectives of the Company;

(ii) appointing and when necessary replacing the Executive Directors;

(iii) approving the appointment and when necessary replacement, of other senior executives;

(iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;

(v) overseeing management's implementation of the Company's strategic objectives and its performance generally;

(vi) approving operating budgets and major capital expenditure;

(vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;

(viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;

(ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and

(x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) **Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. The Board currently consists of 2 Non-Executive Directors (one of whom the Company considers independent).

The composition of the Board is as follows:

(i) Mr Gernot Abl (Non-executive Chairman) – non-independent Director due to his substantial shareholding;

(ii) Mr Ran Vaingold (Managing Director) – non-independent Director; and

(iii) Mr Corey Montry (Non-executive Director) – independent Director.

As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) **Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

(d) **Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards and discloses its values and expected standards of behaviour in its Code of Conduct.

(e) **Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) **Remuneration arrangements**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) **Securities trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) **Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board

to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(i) **Audit and risk**

The Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

(j) **External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

(k) **Social media policy**

The Board has adopted a social media policy to regulate the use of social media by people associated with the Company or its subsidiaries to preserve the Company's reputation and integrity. The policy outlines requirements for compliance with confidentiality, governance, legal, privacy and regulatory parameters when using social media to conduct Company business.

(l) **Whistleblower policy**

The Board has adopted a whistleblower protection policy to ensure concerns regarding unacceptable conduct including breaches of the Company's code of conduct can be raised on a confidential basis, without fear of reprisal, dismissal or discriminatory treatment. The purpose of this policy is to promote responsible whistle blowing about issues where the interests of others, including the public, or of the organisation itself are at risk.

(m) **Anti-Bribery & Corruption policy**

The Board has a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings. The Board has adopted an anti-bribery and anti-corruption policy for the purpose of setting out the responsibilities in observing and upholding the Company's position on bribery and corruption provide information and guidance to those working for the Company on how to recognise and deal with bribery and corruption issues.

5.9 Departures from Recommendations

Following admission to the Official List, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departures
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (i) the measurable objectives set for that period to achieve gender diversity; (ii) the entity's progress towards achieving those objectives; and (iii) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined 'senior executive' for these purposes); or (B) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.	The Company's workforce comprises individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is valued and respected. The Company has implemented a Diversity Policy which can be viewed at www.liveverdure.com.au. The Diversity Policy provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them. The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 30 June 2019 was as follows: • Women on the Board –-0% • Women in senior executive positions – 0% • Women across the entire organisation – 12.5% Due to the current size and composition of the organisation, the Board does not consider it appropriate to provide measurable objectives in relation to gender. The Company is committed to ensuring that the appropriate mix of skills, expertise, and diversity are considered when employing staff at all levels of the organisation and when making new senior executive and Board appointments and is satisfied that the composition of employees, senior executives and members of the Board is appropriate.
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.	Our objective is to have an appropriate mix of expertise and experience on our Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives. This mix is subject to review on a regular basis as part of the Board's performance review process. The Board does not maintain a formal matrix of Board skills and experience, however the diversity of experience and assessment of any gaps in skills and experiences are a key consideration for any proposed appointment to the Board.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director. While the Chair of the Company is Mr Gernot Abl

Principles and Recommendations	Explanation for Departures
	who is not an independent Director, he is not CEO of the Company.
Recommendation 4.1 The board of a listed entity should have an audit committee of at least three members that are non-executive directors and a majority of whom are independent.	The Board has not established a separate audit committee. The full Board carries out the duties that would ordinarily be assigned to the audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	The Company at its current size has not adopted the use of a poll for each of its substantive resolutions. Moving forward through its Share Registry the Company has established an online voting facility to permit Shareholders to vote online if they are unable to attend the meeting. All substantive resolutions at a meeting of security holders will be decided by poll through this online voting and includes the votes by a show of hands on the day. The Corporate Governance Plan establishes that moving forward the Company Secretary will ensure that substantive resolutions will be decided by poll.
Recommendation 7.1 The board of a listed entity should have a risk committee.	The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are considered by the Board. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.
Recommendation 8.1 The board of a listed entity should have a remuneration committee of at least three members, a majority of whom are independent	The Board as a whole performs the function of the Remuneration committee which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board. The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate remuneration committee.

6. Financial Information

6.1 Introduction

Live Verdure Ltd (formerly 13 Seeds Ltd) was incorporated on 19 August 2016 and converted to a public company limited by shares on 10 October 2019. Prior to this Prospectus the company has 26,198,339 fully paid ordinary shares on issue. This Prospectus has been issued to provide information on the Company's initial public offer of 25,000,000 Shares to be issued at a price of $0.20 per Share to $5,000,000 (before costs) (**Public Offer**) and conversion of convertible notes and interest outstanding into 4,048,961 fully paid ordinary shares. The shares to be issued through the Public Offer will represent 45.25% of the total issued shares at Listing.

This Section contains a summary of the relevant historical financial information and pro forma historical financial information of Live Verdure Ltd (**Live Verdure**), which has been prepared by the Directors of the Company.

The Statutory Historical Financial Information comprises the following:

(a) The historical Statement of Profit or Loss and Other Comprehensive Income for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 ("**Historical Statement of Profit or Loss and Other Comprehensive Income**");

(b) Historical Statements of Cash Flows for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 ("**Historical Statements of Cash Flows**"); and

(c) The Company's historical Statement of Financial Position as at 30 June 2018, 30 June 2019 and 30 June 2020 ("**Historical Statements of Financial Position**").

Collectively referred to as the "**Statutory Historical Financial Information**" see section 6.2.

The pro forma historical information comprises the following:

(a) Pro forma historical Statements of Profit or Loss and other Comprehensive Income for the year ended 30 June 2020;

(b) Pro forma historical Statements of Cash Flows for the year ended 30 June 2020; and

(c) Pro forma historical Statement of Financial Position as at 30 June 2020.

Collectively referred to as the "Historical Pro Forma Financial Information" see section 6.3. The Historical Pro forma Financial Information has been prepared to reflect the Statutory Historical Financial Information adjusted to give effect to the 25,000,000 share subscription.

The Statutory Historical Financial Information and Pro Forma Historical Financial Information is together referred to as the "Financial Information". The basis of preparation and presentation of the Financial Information is set out in see Section 6.4. Accounting policies have been consistently applied throughout the periods presented unless otherwise stated.

The Statutory Financial Information has been derived from the FY 2018 audited special purpose financial reports and FY 2019 and FY 2020 from the audited general purpose financial reports of Live Verdure Ltd (formerly 13 Seeds Ltd). The financial reports have been

audited by JTP Assurance who has issued unqualified audit opinions in respect of those periods.

The Pro Forma Historical Financial Information has been derived from the Statutory Financial Information and adjusted as set out below in section 6.3.

The information in this Section 6 should be read in conjunction with the risk factors set out in Section 4 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars unless otherwise noted.

Past performance is not a guide to future performance. Pro forma financial information is not a forecast.

Forecast Financial Information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

6.2 Historical Financial Information

(a) Historical Statement of Profit or loss and other comprehensive income

Set out below is the Statement of profit or loss and other comprehensive income for Live Verdure Ltd for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020.

	Audited Financial year ended 30 June 2018 $	Audited Financial year ended 30 June 2019 $	Audited Financial year ended 30 June 2020 $
Sales Income	247,454	165,342	398,673
Other Income	82	68,304	53,383
Expenses			
Loss from sale of fixed assets	(2,699)	-	(67,789)
Impairment of right of use assets	-	-	(41,689)
Travel costs	(3,653)	(20,658)	(28,230)
Freight and postage	(28,818)	(24,569)	(104,296)
Employee benefits expense	(110,943)	(170,672)	(333,671)
Marketing and promotional expenses	(11,075)	(142,394)	(378,556)
Depreciation and amortisation expense	(9,165)	(19,444)	(80,006)
Office costs	(51,373)	(21,012)	(37,458)
Finance costs	-	(3,289)	(44,648)
Professional and consulting fees	(26,690)	(75,306)	(431,480)
Other expenses	(727)	(2,916)	-
Raw materials and consumables used	(230,084)	(165,889)	(371,593)
Change in inventories	56,206	17,984	161,119
Plant processing costs	(13,006)	(14,834)	-
Occupancy expenses	(6,223)	(36,908)	(12,245)
Loss for the period before tax	(190,714)	(446,261)	(1,318,486)
Income tax expense	-	-	-
Loss after income tax expense for the year attributable to the owners of the Company	(190,714)	(446,261)	(1,318,486)
Other comprehensive income	-	-	-
Total comprehensive income for the period	(190,714)	(446,261)	(1,318,486)

The historical Statement of profit or loss and other comprehensive income about should be read in conjunction with the Notes to this financial section.

The historical statement of profit or loss and other comprehensive income for the previous financial years provide a summary of the Company's growth from incorporation through to commercialisation. During the financial year ended 30 June 2018, the majority of the Company's sales revenue resulted for the sale of products to distributors. This included an initial spike in demand following the legalisation of hemp food products on 12 November 2017, as retail outlets and distributors sought to build up inventory.

During the financial year ended 30 June 2019, the Company continued to sell products through its distributors whilst also focusing on online sales through the Company's website. The decrease in sales was due to retailers and distributors having an established inventory level form the prior year. The Company also accounted for a research and development incentive grant income during the financial year ended 30 June 2019 amounting to $40,497.

During the financial year ended 30 June 2020, the main increase in sales was attributable to a shift to predominately online sales. The Company's largest expenses during FY20 were employee, contractor and supplier costs. Other significant costs include marketing and business development costs. During FY20 the Company had an increase in expenditure following costs relating to the preparation for an initial public offering on the Australian Stock Exchange (ASX), additional marketing costs and an increase in the Company’s workforce including employment of key management personnel. Once the COVID-19 pandemic surfaced in March 2020, the Company refocused its business interest on its higher margin direct to consumer channel and reduced its fixed costs.

(b) **Historical Statement of financial position**

Set out below is the historical statement of financial position for Live Verdure Ltd as at 30 June 2018, 30 June 2019 and 30 June 2020.

	Audited 30 June 2018 $	Audited 30 June 2019 $	Audited 30 June 2020 $
Current Assets			
Cash and cash equivalents	83,769	165,945	143,271
Trade and other receivables	26,198	574,480	56,941
Inventories	56,206	74,190	235,309
Other assets	2,694	74,547	233,901
Total Current Assets	**168,867**	**889,162**	**669,422**
Non-Current Assets			
Plant and equipment	65,529	147,511	35,112
Right of use assets	-	-	-
Total Non-Current Assets	**65,529**	**147,511**	**35,112**
Total Assets	**234,396**	**1,036,673**	**704,534**
Current Liabilities			
Trade and other payables	61,380	195,442	306,349
Borrowings	377,807	-	630,000
Employee benefits	8,150	18,742	6,520
Lease liabilities	-	-	32,887
Total Current Liabilities	**447,337**	**214,184**	**975,756**
Non-Current Liabilities			
Lease Liabilities	-	-	11,510
Employee benefits	650	3,267	1,155
Total Non-Current Liabilities	**650**	**3,267**	**12,665**
Total Liabilities	**447,987**	**217,451**	**988,421**
Net Assets/(Liabilities)	**(213,591)**	**819,222**	**(283,887)**
Equity			
Issued capital	100	1,479,174	1,695,189
Reserves	-	-	-
Accumulated losses	(213,691)	(659,952)	(1,979,076)
Total Equity/(Deficiency)	**(213,591)**	**819,222**	**(283,887)**

The historical Statement of financial position should be read in conjunction with the Notes to this financial section.

The historical Statement of financial position for the previous financial years provide a summary of the Company's growth over the previous years following a shareholder loan being received during the financial year ended 30 June 2018 and during the financial year ended 30 June 2019, the Company raised capital from new shareholders with the previous shareholder loan being repaid. Included in FY19 was shareholder application funds receivable amounting to $551,523, which was received during FY20.

During the financial year ended 30 June 2020, the Company issued 6,000 Convertible Notes with a face value of $100 per Note raising $600,000.

(c) **Historical Statement of cashflows**

Set out below is the statement of cashflows for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020.

	Audited Financial year ended 30 June 2018 $	Audited Financial year ended 30 June 2019 $	Audited Financial year ended 30 June 2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)	217,628	194,857	388,355
Payments to suppliers (inclusive of GST)	(419,493)	(595,853)	(1,743,703)
Receipt of R&D tax incentive grant	-	40,497	-
Interest received	82	-	522
Net cash used in operating activities	**(201,783)**	**(360,499)**	**(1,354,826)**
Cash flows from investing activities			
Payments for property, plant and equipment	(72,392)	(101,426)	(4,119)
Payments for security deposits	-	(8,750)	-
Net cash used in investing activities	**(72,392)**	**(110,176)**	**(4,119)**
Cash flows from financing activities			
Proceeds from issue of shares	-	950,000	779,188
Proceeds from borrowings	356,260	-	600,000
Share issue transaction costs	-	(47,149)	(11,650)
Repayment of lease liabilities	-	-	(31,267)
Repayment of borrowings	-	(350,000)	-
Net cash used in financing activities	**356,260**	**552,851**	**1,336,271**
Net increase in cash and cash equivalents	82,085	82,176	(22,674)
Cash and cash equivalents at the beginning of the financial year	1,684	83,769	165,945
Cash and cash equivalents at the end of the financial year	**83,769**	**165,945**	**143,271**

The historical Statement of cashflows should be read in conjunction with the Notes to this financial section.

The historical Statement of cashflows for the previous financial years provide a summary of the Company's growth over the previous years with the following significant items to note:

(i) the Company commenced receiving receipts from customers;

(ii) increased payments to suppliers as a result of increased administrative, corporate, employment and production costs being carried out;

(iii) the purchase of property, plant and equipment;

(iv) the shareholder loan received during the financial year ended 30 June 2018;

(v) the raising of capital from shareholders during the financial years ended 30 June 2019 and 30 June 2020 and repayment of borrowings; and

(vi) the receipt of borrowings following the issue of 6,000 Convertible Notes with an issue price of $100 per Note, amounting to $600,000.

6.3 Pro Forma Financial Information

(a) Pro forma Statement of Profit or loss and other comprehensive income

Set out below is the pro forma Statement of profit or loss and other comprehensive income for Live Verdure Ltd for the financial year ended 30 June 2020.

	Audited 30-Jun-20 $	Audited 30 June 2020 Pro forma $
Sales Income	398,673	398,673
Other Income	53,383	53,383
Expenses		
Loss from sale of fixed assets	(67,789)	(67,789)
Impairment of right of use assets	(41,689)	(41,689)
Travel costs	(28,230)	(28,230)
Freight and postage	(104,296)	(104,296)
Employee benefits expense	(333,671)	(333,671)
Marketing and promotional expenses	(378,556)	(378,556)
Depreciation and amortisation expense	(80,006)	(80,006)
Office expenses	(37,458)	(37,458)
Finance costs	(44,648)	(64,615)
Professional and consulting fees	(431,480)	(431,480)
Other expenses	-	-
Raw materials and consumables used	(371,593)	(371,593)
Change in inventories	161,119	161,119
Share based payments expense	-	(1,674,220)
Occupancy expenses	(12,245)	(12,245)
Initial public offering costs	-	(204,142)
Loss for the period before tax	(1,318,486)	(3,216,815)
	-	
Income tax benefit	-	-
Loss after income tax expense for the year attributable to the owners of the Company	(1,318,486)	(3,216,815)
Other comprehensive income	-	-
Total comprehensive income for the period	(1,318,486)	(3,216,815)

The pro forma statement of profit or loss and other comprehensive income for Live Verdure Ltd as at 30 June 2020 has been prepared as if the following transactions have taken place at that date:

(i) The inclusion of $19,967 in finance costs for interest relating to convertible notes.

(ii) The inclusion of estimated transaction costs of $483,300 for the allocated between issued capital ($342,064) and accumulated losses ($141,236).

(iii) The inclusion of an adjustment for $132,656 of pre-paid IPO costs, allocated between issued capital ($69,750) and accumulated losses ($62,906).

(iv) The inclusion of share based payments expense relating to the proposed grant of Director options upon listing on ASX, which has been calculating using the Black-Scholes method of valuation, amounting to $1,164,720.

(v) The inclusion of share based payments expense relating to the proposed grant of Director performance rights upon listing on ASX, amounting to $500,000.

(vi) The inclusion of a settlement of debt through the issue of shares amounting to $9,500 subsequent to the end of the financial year.

(b) **Pro forma Statement of Financial Position**

Set out below is the pro forma statement of financial position as at 30 June 2020 based on the pro forma assumptions set out below:

	Note	Audited 30 June 2020 $	Pro forma 30 June 2020 $
Current Assets			
Cash and cash equivalents	3	143,271	5,159,971
Trade and other receivables		56,941	56,941
Other assets		233,901	101,245
Inventories		235,309	235,309
Total Current Assets		**669,422**	**5,553,466**
Non-Current Assets			
Plant and equipment		35,112	35,112
Right of use assets		-	-
Total Non-Current Assets		35,112	35,112
Total Assets		**704,534**	**5,588,578**
Current Liabilities			
Trade and other payables		306,349	306,349
Borrowings		630,000	-
Employee benefits		6,520	6,520
Lease liabilities		32,887	32,887
Total Current Liabilities		**975,756**	**345,756**
Non-Current Liabilities			
Lease liabilities		11,510	11,510
Employee benefits		1,155	1,155
Total Non-Current Liabilities		**12,665**	**12,665**
Total Liabilities		**988,421**	**358,421**
Net Assets		**(283,887)**	**5,230,157**
Equity			
Issued capital	4	1,695,189	6,995,162
Reserves	5	-	2,112,400
Retained earnings/(Accumulated losses)		(1,979,076)	(3,877,405)
Total Equity		**(283,887)**	**5,230,157**

The pro forma statement of financial position for Live Verdure Ltd as at 30 June 2020 has been prepared as if the following transactions have taken place at that date:

(i) The inclusion of a capital raising of $5,000,000;

(ii) The inclusion of a share based payment expenses relating to the grant of options to corporate advisors amounting to $447,680. Options issued will be in relation to the capital raising and therefore booked as transaction costs in issued capital.

(iii) The inclusion of estimated transaction costs of $483,300, allocated between issued capital ($342,064) and accumulated losses ($141,236).

(iv) The inclusion of an adjustment for $132,656 of pre-paid IPO costs, allocated between issued capital ($69,750) and accumulated losses ($62,906).

(v) The conversion of 5,980 unsecured convertible notes and accrued interest which are assumed to be converted into fully paid ordinary shares upon the Company being admitted to the Australian Stock Exchange. The conversion of 20 unsecured convertible notes and accrued interest has also been included as a pro forma transaction and was converted in September 2020.

(vi) Receipt of the shareholder application funds amounting to $500,000, which were received post 30 June 2020 and issue of shares for the settlement of liabilities amounting to $9,500.

(vii) The inclusion of share based payment expenses relating to the issue of Director options and performance rights amounting to $1,164,720 and $500,000 respectively.

(c) **Pro forma Statement of Cashflows**

Set out below is the pro forma statement of cashflows as at 30 June 2020 based on the pro forma assumptions set out below:

	Audited 30 June 2020 $	Audited Pro forma - 30 June 2020 $
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	388,355	388,355
Payments to suppliers (inclusive of GST)	(1,743,703)	(1,743,703)
Interest received	522	522
Net cash used in operating activities	**(1,354,826)**	**(1,354,826)**
Cash flows from investing activities		
Payments for property, plant and equipment	(4,119)	(4,119)
Payments for security deposits	-	-
Net cash used in investing activities	**(4,119)**	**(4,119)**
Cash flows from financing activities		
Proceeds from issue of shares	779,188	6,279,188
Proceeds from borrowings	600,000	600,000
Share issue transaction costs	(11,650)	(494,950)
Repayment of lease liabilities	(31,267)	(31,267)
Net cash used in financing activities	**1,336,271**	**6,352,971**
Net increase in cash and cash equivalents	**(22,674)**	**4,994,026**
Cash and cash equivalents at the beginning of the financial year	165,945	165,945
Cash and cash equivalents at the end of the financial year	**143,271**	**5,159,971**

The pro forma statement of financial position for Live Verdure Ltd as at 30 June 2020 has been prepared as if the following transactions have taken place at that date:

(i) The Inclusion of a capital raising under the prospectus of $5,000,000;

(ii) The inclusion of estimated transaction costs of $483,300, allocated between issued capital ($342,064) and accumulated losses ($141,236).

(iii) Receipt of the shareholder application funds amounting to $500,000, which were received post 30 June 2020.

6.4 Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information presented herein has been prepared in accordance with the measurement and recognition (but not all disclosure) requirements of applicable Australian Accounting Standards. The financial information is presented in abbreviated form insofar as it does not comply with all disclosure requirements set out in the Australian Accounting Standards and Interpretations and the Corporations Act 2001. Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards ("AIFRS").

The financial information has been prepared on the basis of historical cost and on a going concern basis. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated. In the view of the Directors of Live Verdure Ltd, the omitted disclosures provide limited relevant information to potential investors.

The following significant accounting policies have been adopted in the preparation and presentation of the historical and pro forma financial information (collectively referred to as the "financial statements"):

(a) **Basis and Method of Preparation**

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian equivalents of International Financial Reporting Standards and the adopted accounting policies of the Company.

The Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

(b) **Going Concern**

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on securing additional funding through new or existing investors to fund its operational and marketing activities. These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors believe that the Company will continue as a going concern. As a result, the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(c) **Revenue recognition**

The company recognises revenue as follows:

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Research and development tax incentive grants

Research and Development tax incentive grants are recognised when they are probable of recovery and the amounts can be reliably measured, which presently is in the year when the claim is received.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) **Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

(i) When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

(ii) When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets

against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(e) **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(f) **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) **Inventories**

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

The cost of manufactured products include direct material, direct labour and an appropriate portion of fixed and variable overheads, the latter being applied on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

(j) **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(k) **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(m) **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(n) **Employee benefits**

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(o) **Share Based Payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees and suppliers.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and suppliers in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to

profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

(i) during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

(ii) from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(p) **Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) **Goods and services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

2. CRITICAL ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial report of the Company based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the business.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed above the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Shares based payments

The company has assessed the proposed grant of 5,000,000 unlisted performance rights to Directors upon the Company being listed on ASX and accounted for a pro forma share based payment expense for Tranche 1 of the performance rights, amounting to $500,000. The recognition of the share based payment expense has been calculated using the proposed issue price of new fully paid ordinary shares through this Prospectus and a probability of the vesting conditions on the Tranche 1 unlisted performance rights being achieved as 50%. Management has assessed the probability of the Tranche 2 vesting conditions being achieved as less than 10% and as such a share based payment expense has not been recorded.

The Company has not included financial forecasts in this Prospectus and the probability used for the potential vesting of the unlisted performance rights has been used for illustrative purposes only and is a management estimate.

3. CASH AND CASH EQUIVALENTS

	Audited 30 June 2020	Pro forma 30 June 2020
Cash at bank and on hand	143,271	5,159,971
Adjustments arising in preparation of the pro forma statement of financial position are summarised as follows:		
Live Verdure cash and cash equivalents as at 30 June 2020	143,271	143,271
Proceeds received from $5 million share issue (gross)	-	5,000,000
Costs of capital raising	-	(483,300)
Seed Capital raising	-	500,000
Pro-forma cash and cash equivalents	-	5,159,971

4. ISSUED CAPITAL

	Audited 30 June 2020	Pro forma 30 June 2020
Issued Capital	1,695,189	6,995,162

(a) Pro forma issued and fully paid up capital	Shares	Issue price	$
Shares on issue – 30 June 2020	42,275,000		1,695,189
Issue of shares to settle liabilities	95,000	$0.10	9,500
Seed Capital raising	10,000,000	$0.05	500,000
Issue of share for conversion of convertible notes	26,674	$0.08	2,134
Consolidation of shares on the basis of 1 share for every 2 held at the record date	(26,198,335)	-	-
Issue of new shares on conversion of Convertible Notes	4,048,961	$0.16	647,833
Capital Raising at 20 cents	25,000,000	$0.20	5,000,000
Cost of granting options to brokers	-	-	(447,680)
Capital raising costs	-	-	(342,064)
Adjustment for pre-paid IPO costs	-	-	(69,750)
	55,247,300		**6,995,162**

5. RESERVES

	Audited 30 June 2020	Pro forma 30 June 2020
Share based payment reserve	-	2,112,400
Adjustments arising in the preparation of the pro-forma statement of financial position are summarised as follows:		
Value of options to be granted to brokers – 4,000,000 options		447,680
Value of Director performance rights – 5,000,000 rights		500,000
Value of Director options - 8,000,000		1,164,720
Pro-forma share based payment reserve		2,112,400

(a) Reconciliation of unlisted options

	Options	Issue price	$
Options on issued at the date of the Prospectus	-	-	-
Proposed issue of options to brokers	4,000,000	-	-
Proposed issue of options to Directors	8,000,000		
	12,000,000		-

6. SUBSEQUENT EVENTS

There were no matters or circumstances that has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the entity, the results of those operations or the state of affairs of the entity in future financial years.

7. Material Contracts

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Securities under the Offers. The provisions of such material contracts are summarised in this Section.

7.1 Lead Manager Mandate

On 2 September 2020, the Company entered into a mandate to appoint CPS Capital to act as Lead Manager in relation to the Public Offer (**Lead Manager Mandate**). As at the date of this Prospectus, the Company has not paid CPS Capital any fees for lead manager services provided under the Lead Manager Mandate.

The following fees are payable by the Company to CPS Capital pursuant to the Lead Manager Mandate:

(a) (**Management Fee**): a fee equal to 2% of all funds raised in connection with the Public Offer (excluding GST);

(b) (**Selling Fee**): a fee equal to 4% of all capital raised in connection with the Public Offer (excluding GST); and

(c) (**Lead Manager Offer**): up to 4,000,000 Options, exercisable at $0.25 each, expiring on the date which is 3 years from Admission, these being the Options the subject of the Lead Manager Offer (see Sections 1.3 and 8.2). CPS Capital intends to nominate a portion of the Options issued under the Lead Manager Offer to be issued to advisors assisting with the raising of funds under the Public Offer, commensurate with the assistance provided by the relevant advisors and at the discretion of CPS Capital. The Options will be escrowed for a period of 2 years from Admission; and

(d) (**Corporate Advisory Fee**): A Corporate Advisory fee of $10,000 per month will be payable to CPS Capital for a period of 12 months following listing of the Company's securities on ASX.

The Lead Manager Mandate contains additional provisions considered standard for agreements of this nature.

7.2 Convertible Note Deeds

Live Verdure is party to a number of convertible note deeds (**Convertible Note Deeds**), with certain sophisticated and professional investors (unrelated to the Company other than as set out below), dated on or about 24 September 2019, which were entered into in connection with Live Verdure capital raising of $600,000 via the issue of convertible notes (**Convertible Notes**). As at the date of this Prospectus, the Company has 5,980 Convertible Notes on issue. The Convertible Notes are convertible into Shares in the Company at a deemed issue price of $0.16 (16 cents) per share into a maximum of 3,737,500 Shares, being the Shares the subject of the Convertible Note Offer and approximately 311,461 Shares for accrued interest.

The Convertible Notes convert into Shares on completion of the Public Offer. The Convertible Notes commenced accruing interest from 1 January 2020. Interest on the Convertible Notes is

payable at a rate of 10% per annum accruing from 1 January 2020. In September 2020, the Company entered into a Letter of Agreement with holders of 5,980 Convertible Notes to extend the maturity date from 1 September 2020 to 1 September 2021. The Company converted 20 Convertible Notes and accrued interest into 12,500 Shares and 837 Shares respectively.

The Convertible Note Deeds are otherwise on terms considered to be standard for agreements of this nature.

7.3 Supply Option

On or around 30 October 2019, Live Verdure entered into a supply option with Midlands Seed for the supply of 70 tonnes of hemp seed for delivery at Live Verdure's call between May 2020 and October 2021 (**Supply Option**). The Supply Option provides Live Verdure the right to acquire, at its option:

(a) 35 tonnes of hemp seed at a fixed price per kilogram from the 2020 harvest, to be delivered between May 2020 and October 2020 which is expected to be delivered before or shortly after Admission; and

(b) 35 tonnes of hemp seed from the 2021 harvest at a price to be determined.

Freight cost and insurance are the responsibility of Live Verdure. In the event of poor climatic conditions, Midland Seeds is under no obligation to supply the contracted volume. The Supply Option is otherwise on terms considered to be standard for agreements of this nature.

7.4 Distribution Agreements

Live Verdure's has distribution agreements with various distributors (all unrelated to the Company), which provide its products with access to stores across Australia, including selected independent grocers and pharmacies. The Company currently sells its products within Australia.

7.5 Lease Agreements

(a) **Seed Storage Facility Lease Agreement**

Live Verdure leases the underlying infrastructure on which its Silos are located from Tasmania Seed Dressing. The Seed Storage Facility Lease Agreement has a three year term that will automatically renew in 2021 unless terminated by notice. Leasing fees have been paid up front by the Company. Tasmanian Seeds Dressing operate the Silos in relation to filling and unloading for a variable service fee, and may also sub lease spare capacity on behalf of the Company. The lease may be terminated by either party by giving no less than three months' written notice.

The Seed Storage Facility Lease contains additional provisions considered standard for a lease of this nature.

7.6 Executive services and employment agreements

(a) **Executive Services Agreement – Mr Ran Vaingold**

The Company has entered into an executive services agreement with Mr Ran Vaingold on 7 October 2020, pursuant to which Mr Ran Vaingold serves as Managing Director responsible for the overall management and supervision of the activities, operations and affairs of the Company, subject to the overall control and direction of the Board (**Ran Vaingold Services**) (**Ran Vaingold Agreement**).

The remuneration payable to Mr Ran Vaingold for the Ran Vaingold Services is $185,000 per annum (excluding statutory superannuation) which is payable from Admission.

The Board may, in its absolute discretion, invite Mr Ran Vaingold to participate in bonus and/or other incentive schemes in the Company that it may implement from time to time.

The Ran Vaingold Agreement commences on Admission and is for an indefinite term, continuing until terminated by either the Company or Mr Ran Vaingold giving not less than six months' written notice of termination to the other party (or shorter period in limited circumstances).

Mr Ran Vaingold is also subject to restrictions in relation to the use of confidential information and intellectual property during and after his employment with the Company ceases and being directly or indirectly involved in a competing business during the continuance of his employment with the Company and for a period of up to twelve months after his employment with the Company ceases, on terms which are otherwise considered standard for agreements of this nature.

The Ran Vaingold Agreement contains additional provisions considered standard for agreements of this nature and does not contain any change of control provisions.

The Company will pay Mr Vaingold $75,000 cash upon Admission for prior consultancy services provided to the Company. Mr Vaingold's remuneration also includes the issue of Options and Performance Rights as set out in Section 5.5.

7.7 Non-Executive Director letters of appointment

The Company has entered into separate non-executive service letter agreements with each of Messrs Gernot Abl and Corey Montry. The Company has agreed to pay Mr Abl $90,000 exclusive of superannuation per year and Mr Montry $36,000 exclusive of superannuation per year.

The Company will pay Mr Abl $75,000 cash upon Admission for prior consultancy services provided to the Company and Mr Montry $9,855 for services provided to the Company prior to admission to ASX.

Mr Abl's remuneration also includes the issue of Options and Performance Rights as set out in Section 5.5.

7.8 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors and the Company Secretary. Under these deeds, the Company indemnifies each Director and the Company Secretary to the extent permitted by law against any liability arising as a result of the Director or officer acting as a director or officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director or officer and must allow the Directors and officers to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

8. Additional information

8.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

The summary of rights attaching to the Shares set out below..

(a) (**Ranking of Shares**): At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.

(b) (**Voting rights**): Subject to any rights or restrictions, at general meetings:

(i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;

(ii) has one vote on a show of hands; and

(iii) has one vote for every Share held, upon a poll.

(c) (**Dividend rights**): Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

(d) (**Variation of rights**): The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

(e) (**Transfer of Shares**): Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

(f) (**General meetings**): Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

(g) (**Unmarketable parcels**): The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

(h) (**Rights on winding up**): If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

8.2 Terms and conditions of the Lead Manager and Director Options

The following terms and conditions apply to the Lead Manager and Director Options:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Issue Price**

The Lead Manager Options will be issued for nil consideration.

(c) **Exercise Price and Expiry Date**

(i) The Lead Manager Options have an exercise price of $0.25 per Option and will expire at 5:00pm (AEDT/AEST) on the date that is 3 years from Admission.

(ii) The Director Options have an exercise price of $0.20 per Option and will expire at 5:00pm (AEDT/AEST) on the date that is 5 years from Admission.

(iii) An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(e) **Quotation of the Options**

The Options will be unquoted.

(f) **Transferability of the Options**

The Options are transferable.

(g) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(h) **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed 'Not Negotiable'. The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Share Registry.

(i) **Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

(j) **Quotation of Shares on Exercise**

Application will be made by the Company to ASX, on the Business Day the Shares are issued, for quotation of the Shares issued upon the exercise of the Options.

(k) **Timing of Issue of Shares**

Within 15 business days after the later of the following:

(i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and

(ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

(iii) issue the Shares pursuant to the exercise of the Options; and

(iv) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(l) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(m) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and

(ii) no change will be made to the Exercise Price.

(n) **Adjustment for Entitlements Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which Section 8.2(m) will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

(o) **Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

8.3 Performance Rights Terms

The following terms and conditions apply to the Performance Rights:

(a) **Milestones**

The Performance Rights have the following milestones attached to them (each referred to as a **Milestone**).

Class	Performance Milestone	Milestone Date	Expiry Date
A	3 consecutive months of Monthly Recurring Revenue of no less than $150,000 per month.	5 years from Admission	5 years from Admission
B	3 consecutive months of Monthly Recurring Revenue of no less than $250,000 per month.	5 years from Admission	5 years from Admission

(b) **Independent verification**

The Milestones set out above must be Independently Verified prior to the Performance Rights being able to be converted into Shares.

(c) **Conversion**

Subject to the satisfaction of the Vesting Condition, the Company will notify the Holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the relevant Milestone has been satisfied.

(d) **Exercise**

Upon receipt of a Vesting Notice, the Holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary. The Holder is not required to pay a fee in order to exercise the Performance Rights

(e) **Milestone Date**

To the extent that a Milestone for a Performance Share has not been satisfied by the milestone date as specified in Section 8.3(a) (**Milestone Date**), each Performance Share will lapse on the Milestone Date.

(f) **Expiry Date**

Any Performance Rights that has not been exercised prior to the date that is specified in condition (a) (**Expiry Date**) and have not lapsed in accordance with clause (e), will expire and lapse on the Expiry Date.

(g) **Transfer**

The Performance Rights are not transferable.

(h) **Entitlements and bonus issues**

Subject always to the rights under condition (i) (**Reorganisation of Capital**), Holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

(i) **Reorganisation of capital**

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

(j) **Right to receive Notices and attend general meetings**

Each Performance Share confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.

(k) **Voting rights**

A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

(l) **Dividend rights**

A Performance Right does not entitle the Holder to any dividends.

(m) **Return of capital rights**

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(n) **Rights on winding up**

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

(o) **Change in control**

(i) If prior to the earlier of the conversion or the Expiry Date a Change in Control Event occurs, then each Performance Share will automatically and immediately convert into a Share. However, if the number of Shares to be issued as a result of the conversion of the Performance Rights is in excess of 10% of the total fully diluted share capital of the Company at the time of the conversion, then the number of Performance Rights to be converted will be reduced so that the aggregate number of Shares to be issued on conversion of the Performance Rights is equal to 10% of the entire fully diluted share capital of the Company.

(ii) A Change of Control Event occurs when:

(A) **takeover bid**: the occurrence of the offeror under a takeover offer in respect of all shares announcing that it has achieved acceptances in respect of more than 50.1% of shares and that takeover bid has become unconditional; or

(B) **scheme of arrangement**: the announcement by the Company that the Company's shareholders (**Shareholders**) have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either cancelled transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement.

(iii) The Company must ensure the allocation of shares issued under sub-paragraph is on a pro rata basis to all Holders in respect of their respective holdings of Performance Rights and all remaining Performance Rights held by each Holder will remain on issue until conversion or expiry in accordance with the terms and conditions set out herein.

(p) **Issue of Shares**

As soon as practicable after the later of the following:

(i) the Company receives a Notice of Exercise or the Performance Rights convert under condition 8.3(o)(i); and

(ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

(iii) issue the Shares specified in the Notice of Exercise;

(iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and

(v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Performance Rights.

If the Company is unable to deliver a notice under condition (iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(q) **Quotation**

Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation in accordance with condition 8.3(p)(iv).

(r) **No other rights**

A Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(s) **Amendments required by ASX**

The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

The following information is provided in respect of Guidance Note 19 of the Listing Rules:

(a) The Performance Rights are to be issued to Mr Ran Vaingold and Mr Gernot Abl (or their respective nominees), in accordance with amounts set out Section 5.5 in conjunction with the Public Offer and the Company's application for Admission. While the Performance Rights form part of the relevant Directors' remuneration, the Performance Rights are not considered to be part of the "ordinary course of business remuneration securities".

(b) Mr Vaingold is the Managing Director of the Company and Mr Abl is the Non-Executive Chairman of the Company.

(c) Mr Vaingold will assist in meeting the Milestones by providing strategic leadership in further developing the Company's investments in new products and overseeing the strategic direction of the Company. The Managing Director manages the day to day performance of the business and is directly responsible for delivering against key performance indicators such as Monthly Recurring Revenue.

(d) Mr Abl will assist in meeting the Milestones by chairing the Board, which is the body responsible for the strategic direction and control of the Business. The Board is charged with making decisions that will affect the performance of the Company, such as working towards satisfying the Milestones.

(e) The remuneration payable to:

(i) Mr Vaingold is set out at Section 7.6(a); and

(ii) Mr Abl is set out at Section 7.7;

(f) Mr Vaingold and Mr Abl's Security holding is set out in Section 5.5. Mr Vaingold and Mr Abl have acquired their respective Security holdings in the Company as follows:

Shareholder	Shares	Issue Price per Share	Notes
Gernot Abl[(1)]	3,263,213	Nominal	Gernot Abl was invited to subscribe for Shares for nominal consideration as a form of sweat equity
Gernot Abl[(1)]	1,000,000	$0.02	Acquisition of Shares from third party
Ran Vaingold[(2)]	3,200,714	Nominal	Ran Vaingold was invited to subscribe for Shares for nominal consideration as a form of sweat equity
Ran Vaingold[(2)]	1,000,000	$0.02	Acquisition of Shares from third party

Notes:

1. Mr Abl is a current Non-Executive Chairman of the Company and holds his interests in the Shares indirectly through associated entities CSNA Pty Ltd as trustee for CGL Trust and KG Venture Holdings Pty Ltd.
2. Mr Vaingold is the Managing Director of the Company. He holds his interests in the Shares indirectly through associated entities Seed Strategic Advisory Pty Ltd and SQ Nominees as trustee for 447 Trust.

(g) The Performance Rights and Director Options are part of the relevant Directors' proposed remuneration package, which is designed to incentivise the long term performance of the Company. The Board considers it appropriate for a company of its size to have a portion of its Directors' remuneration "at risk". This form of at risk remuneration preserves cash and aligns the relevant Director's interests with the performance of the Company.

(h) In determining Mr Vaingold's remuneration package, the Board (excluding Mr Vaingold) considered:

(i) the proposed role, position and responsibilities of the Managing Director;

(ii) the Company's reliance on a limited number of personnel;

(iii) the need for the Company to effectively incentivise its executive Directors while aligning the incentives with increasing shareholder value; and

(iv) the terms of the long term incentives (**LTI**), including the nature of, and benefit to the company of achieving, the LTI hurdles for the Performance Rights, noting that the Milestone hurdles are based on revenues significantly higher than the revenue currently being generated by the Company.

(i) In determining Mr Abl's remuneration package, the Board (excluding Mr Abl) considered:

(i) the proposed role, position and responsibilities of the Non-executive Chair;

(ii) the Company's reliance on a limited number of personnel;

(iii) the need for the Company to effectively incentivise its Directors while aligning the incentives with increasing shareholder value; and

(iv) the terms of the LTIs, including the nature of, and benefit to the company of achieving, the LTI hurdles for the Performance Rights, noting that the Milestone hurdles are based on revenues significantly higher than the revenue currently being generated by the Company.

Both Mr Vaingold and Mr Abl were required to negotiate their packages with the non-interested members of the Board on an arms' length basis. For the reasons set out above, the Board considers the overall remuneration packages for Mr Vaingold and Mr Abl (respectively) to be appropriate and equitable.

(j) The Performance Rights will convert into 5,000,000 Shares upon satisfaction of the Milestones and (assuming no other Shares are issued) will comprise approximately 8.3% of the Shares on issue.

8.4 Summary of the Company's Employee Securities Incentive Plan

The Live Verdure Ltd Employee Securities Incentive Plan (**Plan**) was adopted by the Board on 16 October 2020. The full terms of the Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Plan is set out below:

(a) **Eligible Participant**

Eligible Participant means a person that:

(i) is an 'eligible participant' (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and

(ii) has been determined by the Board to be eligible to participate in the Plan from time to time.

(b) **Maximum Allocation**

The Company must not make an offer of Securities under the Plan where the total number of Plan Shares that may be issued, or acquired upon exercise of Plan Convertible Securities offered, when aggregated with the number of Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period would exceed 5% of the total number of Shares on issue at the date of the offer.

The maximum number of equity securities proposed to be issued under the Plan for the purposes of the Listing Rules is 20,000,000 (**ASX Limit**), meaning that the Company may issue up to the ASX Limit under the Plan, without seeking Shareholder Approval and without reducing its placement capacity under Listing Rule 7.1.

(c) **Purpose**

The purpose of the Plan is to:

(i) assist in the reward, retention and motivation of Eligible Participants;

(ii) link the reward of Eligible Participants to Shareholder value creation; and

(iii) align the interests of Eligible Participants with shareholders of the Company, by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(d) **Plan administration**

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(e) **Eligibility, invitation and application**

(i) The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

(ii) On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

(iii) If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(f) **Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and

conditions set out in the invitation, the Plan rules and any ancillary documentation required.

(g) **Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

(h) **Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

(i) **Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

(j) **Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

(k) **Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Company, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

(i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and

(ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

(l) **Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

(m) **Rights attaching to Plan Shares**

All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

(n) **Disposal restrictions on Plan Shares**

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

(i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or

(ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(o) **Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(p) **Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(q) **Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(r) **Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and

may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

Directors, including non-executive Directors, are able to participate in the Plan.

8.5 Effect of the Offers on control and substantial Shareholders

Those Shareholders and their related entities (see Section 2.6 for further details) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows:

Name	Shares	%
Entities associated with Gernot Abl	4,263,213	16.3
Entities associated with Ran Vaingold	4,200,713	16.0
Kitara Investments Pty Ltd as trustee for Kumova Family Trust #1	1,430,000	5.5

Based on the information known as at the date of this Prospectus, on Admission the following persons will have an interest in 5% or more of the Shares on issue:

Name	Shares	% Minimum Subscription
Entities associated with Gernot Abl	4,263,213	7.7
Entities associated with Ran Vaingold	4,200,713	7.6

8.6 Interests of Promoters, Experts and Advisers

(a) **No interest except as disclosed**

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

(i) the formation or promotion of the Company;

(ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or

(iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

(b) **Share registry**

Computershare Investor Services Pty Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect of the processing of the Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

(c) **Auditor**

JTP Assurance has been appointed to act as auditor to the Company. The Company estimates it will pay JTP assurance a total of $12,500 (excluding GST) for these services relating to the FY2020 audit. During the 24 months preceding lodgement of this Prospectus with ASIC, JTP Assurance has received $31,000 for assurance services provided to the Company.

(d) **Legal Advisor**

HWL Ebsworth has acted as the legal advisors to the Company in relation to the Offers. The Company estimates it will pay HWL Ebsworth $25,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, HWL Ebsworth has acted for the Company and invoiced fees in the amount of $19,179 (excluding GST).

(e) **Legal Report**

HWL Ebsworth has been engaged by the Company for the purpose of preparing the Legal Report which is included in Annexure B of this Prospectus. The Company estimates it will pay HWL Ebsworth a total of $20,000 for these services.

(f) **Investigating Accountant**

JT&P Corporate Advisers Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Annexure A of this Prospectus. The Company estimates it will pay JT&P Corporate Advisers Pty Ltd a total of $10,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, JT&P Corporate Advisers Pty Ltd has received $18,000 for accounting services provided to the Company. A related entity of JT&P Corporate Advisers Pty Ltd, JT&P Pty Ltd, has received $31,000 for other accounting and tax services provided to the Company over the past 24 months.

(g) **Lead Manager**

CPS Capital Group Pty Ltd has acted as the Lead Manager to the Public Offer. Details of the payments to be made to CPS Capital Group Pty Ltd are set out in Section 7.1. During the 24 months preceding lodgement of this Prospectus with ASIC, CPS Capital has not provided service to the Company.

8.7 Consents

(a) **General**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

(b) **Each of the parties referred to below:**

(i) does not make the Offers;

(ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;

(iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and

has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified.

(c) **Share Registry**

Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(d) **Auditor**

JTP Assurance has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of the Company in the form and context in which it is named.

(e) **Legal Advisor**

HWL Ebsworth has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the legal advisors to the Company in the form and context in which it is named.

(f) **Legal Report**

HWL Ebsworth has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Legal Report in the form and context in which it is included.

(g) **Investigating Accountant**

JT&P Corporate Advisers Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Investigating Accountant's Report in the form and context in which it is included.

(h) **Lead Manager**

CPS Capital has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the Offers in the form and context in which it is named.

8.8 Expenses of Offers

The total approximate expenses of the Offers payable by the Company are:

Fees	**Subscription $**
ASIC lodgement and ASX quotation fees	83,000
Legal fees	25,000
Legal Report	20,000
Investigating Accountant fees	10,000
Audit fees	12,500
Lead Manager fees[1]	300,000
Printing, postage and administration fees	32,500
TOTAL	**483,000**

Notes:

1. Refer to Section 7.1 for a summary of the Lead Manager Mandate and associated fees.

8.9 Continuous Disclosure Obligations

Following Admission, the Company will be a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

8.10 Litigation

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

8.11 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the relevant electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

8.12 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

(a) this Prospectus;

(b) the Constitution; and

(c) the consents referred to in Section 8.7 of this Prospectus.

8.13 Statement of Directors

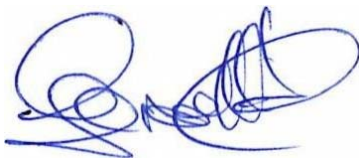
The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 6, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

9. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Mr Gernot Abl
Non-Executive Chairman
Dated: 26 October 2020

10. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

$** or **A$ means Australian dollars.

Admission means admission of the Company to the Official List, following completion of the Offers.

AEDT means Australian Daylight Savings Time, being the time in Melbourne, Victoria.

ANZFS Code means the Australia New Zealand Food Standards Code as administered by the relevant food authorities in each Australian state and territory.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities pursuant to this Prospectus.

Application Form means the IPO Application Form, or the application form accompanying this Prospectus in respect of the Convertible Note Offer or the Lead Manager Offer, as the context requires.

Application Monies means application monies for Shares under the Public Offer received and banked by the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd ACN 008 504 532.

Audited Accounts means the Company's audited or reviewed financial statements for the relevant financial year and half years, none of which are not subject to a disclaimed or qualified audit opinion.

Auditor means JTP Assurance ABN 13 488 640 554.

Board means the board of Directors of the Company as at the date of this Prospectus.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Australia.

CAGR means compound annual growth rate.

CBD means Cannabidiol.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date means the date that the Offers closes which is 5.00pm (AEDT) on 20 November 2020 or such other time and date as the Board determines.

Company or **Live Verdure** means Live Verdure Ltd ACN 614 347 269.

Company Secretary means the secretary of the Company.

Constitution means the constitution of the Company.

Convertible Note Deeds means the Convertible Note Deeds entered into by the Company, the terms of which are summarised in Section 7.2.

Convertible Note Offer means the offer by the Company, pursuant to this Prospectus, of 4,048,961 Shares on conversion of the Convertible Notes and interest amounts outstanding.

Convertible Note Shares means the Shares issued upon conversion of the Convertible Notes.

Convertible Notes means the convertible notes issued by the Company pursuant to the Convertible Note Deeds.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

CPS Capital means CPS Capital Group Pty Ltd ACN 088 055 636.

Director Offer means the offer by the Company, pursuant to this Prospectus, of up to 5,000,000 Performance Rights on the terms and conditions set out at Section 8.3 and 8,000,000 Options on the terms and conditions set out at Section 8.2 to Directors (or nominees).

Director Options means the 8,000,000 Options issued to Directors (or their nominee) on the terms and conditions set out in Section 8.2.

Directors means the directors of the Company.

Electronic Prospectus means the electronic copy of this Prospectus located at the Company's website (www.liveverdure.com.au).

Expiry Date has the meaning given in Section 8.3(f).

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

FMCG means fast-moving consumer goods.

GLA means gamma-linolenic acia.

GST means Goods and Services Tax.

Hemp Licence has the meaning given in Section 2.3(k)(i).

Independently Verified means where the Company's auditor verifies that based on the Audited Accounts:

(a) the relevant Monthly Recurring Revenue milestone has been met; and

(b) the revenue generated to meet the Monthly Recurring Revenue is directly attributable to the Company's business.

Indicative Timetable means the indicative timetable for the Offers on page viii of this Prospectus.

Investigating Accountant means JT&P Corporate Advisers Pty Ltd ACN 069 424 933.

Investigating Accountant's Report means the report contained in Annexure A.

IPO Application Form means the application form accompanying this Prospectus in respect of the Public Offer.

Issue Date means the date, as determined by the Directors, on which the Shares offered under this Prospectus are issued, which is anticipated to be the date identified in the Indicative Timetable.

Lead Manager means CPS Capital Group Pty Ltd ACN 088 055 636.

Lead Manager Mandate means the agreement between the Company and the Lead Manager, as summarised in Section 7.1.

Lead Manager Offer means the offer by the Company, pursuant to this Prospectus, of up to 8,000,000 Options, on the terms and conditions set out at Section 8.2, to the Lead Manager or its nominees in consideration for capital raising services provided to the Company.

Lead Manager Offer Application means a valid application for Options under the Lead Manager Offer pursuant to this Prospectus.

Lead Manager Options means the 4,000,000 Options issued to the Lead Manager (or their nominee) on the terms and conditions set out in Section 8.2.

LTI means long term incentive.

Listing Rules means the listing rules of ASX.

Legal Report means the report contained in Annexure B prepared by HWL Ebsworth Lawyers.

Midlands Seeds means Midlands Seeds Limited ARBN 108 386 938.

Milestone Date has the meaning given in Section 8.3(a).

Minimum Subscription means the raising of $5,000,000 (before costs) pursuant to the Public Offer.

Monthly Recurring Revenue means the reported revenue that the Company receives during a calendar month from the sale of its food or skin care products derived from its direct to

consumer sales platform or through distribution agreements (provided that such sales are not goods taken on consignment) as reported in the Company's audited or reviewed financial statements and calculated in accordance with Australian accounting standards.

ND Act means the *Narcotic Drugs Act 1989* (Cth).

Noteholder means a holder of a Convertible Note.

NYSE means the New York stock exchange.

Offers means the Public Offer, the Convertible Note Offer and/or the Lead Manager Offer, as the context requires.

Offer Price means $0.20 per Share under the Public Offer.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Opening Date means the date specified as the opening date in the Indicative Timetable.

Option means an option to acquire a Share.

Payment Processor Providers means a company that provides the service of collecting and storing customer information in order to process online purchases.

Performance Rights means any one of a Class A or B Performance Rights

Plan means the Live Verdure Pty Ltd Employee Incentive Plan.

Prospectus means this prospectus dated 26 October 2020.

Public Offer means the offer by the Company, pursuant to this Prospectus, of 25,000,000 Shares at the Offer Price to raise $5,000,000.

Ran Vaingold Services has the meaning given in Section 7.6(a).

Ran Vaingold Agreement has the meaning given in Section 7.6(a).

Secondary Offers means the Convertible Note Offer, Director Offer and Lead Manager Offer

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options or other convertible securities, issued or granted by the Company.

Seed Storage Facility Lease Agreement has the meaning given in Section 7.5(a).

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277.

Shareholder means a holder of one or more Shares.

Silos has the meaning given in Section 2.3(h).

Supply Option has the meaning given in Section 7.3.

Tasmanian Seeds Dressing means Tasmania Seed Dressing & Storage Company Pty Ltd ACN 161 289 149.

TAS Foods Act means the *Food Act 2003* (Tas).

THC means Tetrahydrocannabinol.

Waltanna Farms means MJ & BA Nagorcka Pty Ltd trading as 'Waltanna Farms', ACN 140 982 805.

Annexure A Investigating Accountant's Report

JT&P CORPORATE ADVISERS

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23 October 2020

Board of Directors
Live Verdure Ltd
Level 21, 459 Collins Street
MELBOURNE VI 3000

To the Board of Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON LIVE VERDURE LTD HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

We have been engaged by Live Verdure Ltd ("Live Verdure") to report on the historical financial information for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 and pro forma historical financial information of Live Verdure as at 30 June 2020 for inclusion in the public document (the "Prospectus") dated on or about 23 October 2020 and relating to the Initial Public Offering ("IPO") of fully paid ordinary shares and options in Live Verdure (the "Proposed Offer") on the Australian Securities Exchange.

Expressions and terms defined in the document have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. JT&P Corporate Advisers Pty Ltd ("JT&P") holds the appropriate Australian Financial Services Licence under the *Corporations Act 2001.*

The financial information presented in the Prospectus is in a summarised form. As a result it does not include all the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared under the *Corporations Act 2001*.

Scope

Historical Financial Information

You have requested JT&P to review the following historical financial information of Live Verdure (the responsible party) included in the prospectus:

- the Statement of Profit and Loss and Other Comprehensive Income for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the Statement of Financial Position as at 30 June 2018, 30 June 2019 and 30 June 2020;
- the Statement of Cash Flows for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020.

The historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The historical financial information has been extracted from the company's special purpose financial reports for the financial year ended 30 June 2018, and the general purpose financial report for the financial year ended 30 June 2019 and 30 June 2020. The financial reports have been audited by JTP Assurance in accordance with the Australian Auditing Standards who has issued an unqualified audit opinion on the financial reports. The historical financial information is presented in the prospectus in an abbreviated form, in so far as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma historical financial information

You have requested JT&P to review the pro forma historical Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position as at 30 June 2020 and Statement of Cash Flows referred to as —the pro forma historical financial information.

The pro forma historical financial information has been derived from the historical financial information of Live Verdure, after adjusting for the effects of pro forma adjustments described in section 6.3 of the prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 6.3 of the prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the company's actual or prospective financial position, financial performance, or cash flows.

Directors' responsibility

The directors of Live Verdure are responsible for the preparation of the historical financial information and pro forma historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma historical financial information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Review Engagements ASRE 2405 *Review of Historical Financial Information Other than a Financial Report*, issued by the Auditing and Assurance Standards Board. We have also considered the requirements of *ASAE* 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information,* ASAE 3420 *Assurance engagements to Report on the Compilation of Pro Forma Historical Information included in a Prospectus or other Document,* and ASIC Regulatory Guides RG 111 *Content of expert reports* and RG 112 *Independence of experts*

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, as described in sections 6.2 of the prospectus, and comprising:

- the Statement of Profit and Loss and Other Comprehensive Income for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the Statement of Financial Position as at 30 June 2018, 30 June 2019 and 30 June 2020;
- the Statement of Cash Flows for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 6.4 of the document.

Pro Forma historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma historical financial information being the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Cash Flows for the year ended 30 June 2020 and Statement of Financial Position as at 30 June 2020 are not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 6.4 of the document.

Restriction on Use

Without modifying our conclusions, we draw attention to section 6.1 and 6.4 of the prospectus, which describes the purpose of the financial information, being for inclusion in the prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

JT&P has consented to the inclusion of this assurance report in the prospectus in the form and context in which it is included.

Liability

The liability of JT&P is limited to the inclusion of this report in the Prospectus. JT&P makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

Disclosure of Interest

JT&P does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. JT&P will receive a professional fee for the preparation of this report.

Yours faithfully,



SAM CLARINGBOLD
DIRECTOR

JT&P CORPORATE ADVISERS

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What is the purpose of this financial services guide?

This financial services guide ("FSG") is an important document. It is designed to assist you in deciding whether to use any of the financial services offered by us, as described in this FSG. We are required to give you an FSG if we provide certain financial services to you and you are a retail client. This FSG contains important information about:

- who we are and how we can be contacted
- information about JT&P Corporate Advisers Pty Ltd ("JT&P")
- the financial services we offer
- the financial products to which those services relate
- our fees and how we and others are paid in connection with those services
- your privacy
- how we deal with complaints

About Us

JT&P is an Authorised Representative of Australian Financial Services Licence ("AFSL") number 290328. We have been engaged by Live Verdure Ltd ("the Company") to provide a report in the form of an Independent Limited Assurance Report for inclusion in the prospectus relating to the offer of shares in the Company. You have not engaged us directly however have been provided a copy of the report as a retail client because of your connection to the matters set out in the report.

What financial services are we licensed to provide?

We are authorised to provide general advice in connection with the preparation of an Independent Limited Assurance Report for inclusion in a prospectus in relation to the issuance of shares in a company, options to acquire shares in a company and debentures issued by a company.

Any advice provided limited to general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product. We are responsible for the financial services provided to you under our AFSL. We do not act as a representative for any other AFSL holder.

How we and others are paid for the services we provide

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits. All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance. We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Related parties and service providers

JT&P and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, JT&P may be the auditor of, or provide financial services to, the issuer of a financial product and may provide financial services to the issuer of a financial product in the ordinary course of its business.

In relation to Live Verdure Ltd, JTP Assurance (an associate entity of JT&P) is the auditor.

Privacy

We respect your privacy and have developed a Privacy Policy which embodies our legal obligations in respect of your privacy. Our Privacy Policy can be obtained by contacting us directly.

Compensation arrangements

JT&P is insured under the terms of a current professional indemnity insurance policy, in satisfaction of the requirement under section 912B of the Corporations Act that JT&P has in place this type of insurance. These insurances provide cover even if one of our employees has ceased to work for us.

How we deal with complaints

As part of our commitment to providing quality services to our clients, we endeavor to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint promptly after receiving it and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you in a timely manner and within any timeframes as the law may, from time to time, require.

If you have a particular complaint, please do not hesitate to contact us by sending a letter to JT&P Corporate Advisers Pty Ltd

If you are not happy with our response or how the complaint has been handled (or if we have not responded within 45 days), you may contact one of the following external dispute resolution scheme:

Financial Ombudsman Service Limited
GPO Box 3
Collins Street West
Melbourne, VIC 3001

Toll Free 1800 367 287

Website www.fos.org.au

Contact Details

We can be contacted by sending a letter to the following address:

JT&P Corporate Advisers Pty Ltd
Level 10, 446 Collins Street
Melbourne, VIC 3001

Annexure B Legal Report

HWL EBSWORTH
LAWYERS

23 October 2020

Advice for Live Verdure

To: The Board of Directors of Live Verdure Ltd

Lawfulness of Live Verdure's commercial operations

1. Advice requested

You have asked us to provide an opinion regarding the legality of the commercial operations of Live Verdure Ltd (ACN 614 347 269) (**Live Verdure**) to support the lodging of a prospectus for an Initial Public Offering on the Australian Securities Exchange. In particular, you have asked us to prepare an opinion regarding the legality of Live Verdure's present and proposed commercial activities as they relate to hemp products in Australia.

This advice is limited to the lawfulness of hemp products only. It does not address any other aspect of Live Verdure's operations.

2. Summary and conclusions

2.1 Commonwealth law

The *Narcotic Drugs Act 1967* (Cth) (**NDA**) creates a licensing scheme for manufacturers of drugs, as defined in the *Single Convention on Narcotic Drugs, 1961* (**the Single Convention**) and NDA, as well as the cultivation, production and manufacture of cannabis for medicinal or related research purposes. Hemp seeds do not fall within the definition of a drug under the NDA. While hemp seeds do contain tetrahydrocannabinol (**THC**), which is defined as a drug, we conclude that an NDA licence would only be required to manufacture a product containing THC if that was the intent of the process, or if the product contained THC in anything other than extremely small concentrations. Therefore, Live Verdure does not require an NDA licence: paragraph 4.2.

2.2 Tasmanian law

The *Industrial Hemp Act 2015* (TAS) (**the Tas Hemp Act**) establishes a regulatory framework for licensing the cultivation, production and manufacture of industrial hemp in

Tasmania. Live Verdure currently holds a licence under the Tas Hemp Act to supply, manufacture and cultivate industrial hemp for commercial purposes related to non-therapeutic use, subject to licence conditions (Licence IH 138): paragraph 4.3.

Live Verdure obtains whole hemp seeds from Midlands Seed Limited Seed (**Midlands**), which itself has a Tas Hemp Act licence authorising it to supply industrial hemp, including whole hemp seeds. These whole hemp seeds are sourced from a hemp crop with no more than 0.35% THC in the leaves and flowering heads, which complies with the applicable THC limits under the Tas Hemp Act. Accordingly, Live Verdure is lawfully able to purchase whole hemp seeds from Midlands: paragraph 4.3.

Live Verdure is permitted to possess and store whole hemp seeds under Licence IH 138 at premises named in the licence. Live Verdure leases a seed storage facility at premises in Carrick, Tasmania. Live Verdure is permitted to store its whole hemp seeds at the Carrick premises: paragraph 4.3.

Live Verdure may only supply industrial hemp material to a person authorised to possess industrial hemp. It supplies whole hemp seeds to Waltanna AG Pty Ltd, trading as Waltanna Farms (**Waltanna**) which is duly authorised to possess and process them under Victorian legislation. This supply complies with Live Verdure's licence conditions: paragraph 4.3.

Waltanna engages a third party transport provider to transport the whole hemp seeds from Tasmania to Victoria. Strictly speaking, this arrangement involves Live Verdure supplying the whole hemp seeds to the transport provider, which will then possess them without a licence issued under the Tas Hemp Act. The Tas Hemp Act appears to have a gap in dealing with the issue of transportation in these circumstances, however the applicable regulator, the Department of Primary Industries, Parks, Water and Environment (**DPIPWE**), has advised us in writing that hemp licence holders are permitted to engage third parties to transport the industrial hemp seeds without that third party also needing to hold a hemp licence: paragraph 4.3.

2.3 Victorian law

The conditions of Waltanna's authority require that Live Verdure, as the supplier of hemp seeds, package and label the seed stating that is it is derived from low-THC cannabis. Midlands has advised that the whole seeds it supplies to Live Verdure are sourced from a hemp crop with no more than 0.35% THC in the leaves and flowering heads, which complies with the THC limit imposed under Victorian legislation: paragraph 4.4.

As Waltanna, rather than Live Verdure, holds a relevant authority under the *Drugs, Poisons and Controlled Substances Act 1981* (VIC) (**the Vic Drugs Act**), Waltanna engages the transport provider to transport the seeds from Tasmania to Victoria. This ensures that the transport company has the benefit of the authority to possess granted under the *Drugs, Poisons And Controlled Substances Regulations 2017* (Vic) (**the Vic Drugs Regulations**), meaning that it can lawfully possess the whole hemp seeds while transporting them within Victoria. Once the whole hemp seeds are processed by Waltanna for use in hemp food products which comply with the Australia New Zealand Food Standards Code (**the ANZFS Code**), there is no need for any transport company to rely on the authorisation in the Vic Drugs Regulations: paragraph 4.4.

2.4 Hemp Food Products

Foods containing or made from hemp seeds are lawful in Victoria provided they comply with the ANZFS Code. The supply and possession of Live Verdure's Hemp Food Products will be lawful under the ANZFS Code and the *Food Act 1984* (VIC) (**Vic Food Act**) provided that they comply with the limits on THC and cannabidiol specified in the ANZFS Code. Live Verdure arranges independent testing of the THC and cannabidiol limits in its hemp food products to ensure compliance with the ANZFS Code: paragraph 5.

2.5 Distribution of Hemp Food Products throughout Australia

The possession, manufacture and supply of cannabis, industrial hemp and hemp products is regulated under a variety of state and territory laws. Fortunately, the regulation of hemp food products is largely uniform across Australia by virtue of the ANZFS Code. Live Verdure relies on the *Mutual Recognition Act 1992* (Cth) (**MR Act**) to lawfully distribute its hemp products across Australia. The MR Act's Mutual Recognition Principle provides that goods produced in or imported into the first State, that may lawfully be sold in that State either generally or in particular circumstances, may, because of the MR Act, be sold in the second State either generally or in particular circumstances (as the case may be), without the necessity for compliance with further requirements.

There are various conditions and requirements under the MR Act that must be met in order to obtain the benefit of the Mutual Recognition Principle. We conclude that Live Verdure's sale of a variety of food products containing or made from hemp seeds (**Hemp Food Products**) complies with the requirements of the MR Act, enabling Live Verdure to sell its Hemp Food Products lawfully across Australia: paragraph 7.

3. How Live Verdure operates

Live Verdure is an Australian public company, limited by shares, with a registered office in Melbourne Victoria.

Live Verdure coordinates the supply and processing of hemp seeds; and the production, manufacture and distribution of products made from and/or containing hemp seeds (**the Hemp Products**). None of these products are intended for therapeutic use. Live Verdure promotes and sells the Hemp Products under the brand name 13 Seeds, through its website **www.13seeds.com.au**. It sells directly to consumers, and by wholesale to retailers and other distributors, in each Australian state and territory. Live Verdure currently sells Hemp Food Products. In future, it may expand its range to other products, including skincare and cosmetics.

Live Verdure does not cultivate, process, manufacture or distribute any of the Hemp Products itself. These activities are undertaken by unrelated companies, using hemp seed supplied by Live Verdure. The hemp seeds used in Live Verdure's products are derived from industrial hemp, also known as low-THC hemp, which can be lawfully cultivated under a licence in several Australian states and territories.

Live Verdure currently sources whole hemp seeds from Midlands, a licenced industrial hemp cultivator based in the state of Tasmania. Live Verdure stores these whole hemp seeds in silos at a seed storage facility in Carrick, Tasmania. It supplies whole hemp

seeds to a licenced industrial hemp manufacturer in Victoria, currently Waltanna, for processing. Waltanna engages a transport company to undertake the transportation of the hemp seeds from the seed storage facility in Carrick, Tasmania to Waltanna in Victoria.

Waltanna processes the whole hemp seeds into oil, proteins and flours for use in Live Verdure-branded hemp food products. Waltanna bottles the oil and puts dried goods into bulk bags. These processed hemp products are sent to a co-packing company, which mixes, packs and labels the hemp food products. The hemp food products are then sent to a third party logistics provider (**3PLP**) to store, pending sale. The 3PLP arranges the delivery and distribution of hemp food products ordered through the Live Verdure website or otherwise.

4. Regulation of industrial hemp cultivation and manufacture

4.1 Industrial hemp

The cultivation, production, manufacture and supply of industrial hemp is subject to a complex range of regulation at both the Commonwealth and state and territory levels.

As noted above, industrial hemp, also known as 'low-THC hemp', can be lawfully cultivated under licence in several Australian states and territories.

Cannabis and low-THC hemp are the same species of plant, genus C*annabis*, and look exactly the same. However, low-THC hemp has been cultivated to have very low levels of THC. For this reason, it has none of the narcotic or psychoactive qualities associated with illegal cannabis.

Different jurisdictions mandate the maximum level of THC which can be contained in the leaves and flowering heads of any plants cultivated under a licence to grow low-THC hemp. Commonly a *cannabis* plant is considered to be low-THC hemp if the leaves and flowering heads do not contain more than 1% THC. However, in Victoria, the limit is 0.35% THC. Low-THC hemp is primarily cultivated for fibre and seed and has a range of uses including in industrial products, textiles, foods and skin care.

4.2 Commonwealth regulation

Narcotic Drugs Act 1967 (Cth)

At the Commonwealth level, the NDA was enacted to give effect to certain aspects of Australia's obligations under the Single Convention. The intent of the Single Convention is to create an internationally agreed system to "limit exclusively to medical and scientific purposes the production, manufacture, export, import, distribution of, trade in, use and possession of drugs." Significantly, Article 28(2) of the Single Convention provides that:

> *This Convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes (fibre and seed) or horticultural purposes.*

Industrial purposes is not defined but is likely to mean for non-medical or non-therapeutic purposes.

The NDA creates a licensing scheme for manufacturers of drugs, as defined in the Single Convention and NDA, as well as the cultivation, production and manufacture of cannabis

for medicinal or related research purposes. The NDA adopts most of the definitions in the Single Convention. In the NDA, cannabis has the same meaning as in the Single Convention, specifically:

> *the flowering or fruiting tops of the cannabis plant (**excluding the seeds and leaves when not accompanied by the tops**) from which the resin has not been extracted, by whatever name they may be designated.* (**Emphasis added**)

Under the NDA, 'drug' means any substance that is a drug for the purposes of the Single Convention, as well as additional prescribed substances. Additional prescribed substances under the NDA include "tetrahydrocannabinol (including all isomers, salts and acids)."

As the definition of cannabis in the Single Convention expressly excludes seeds (when not accompanied by the tops), hemp seeds are not classified as drugs under the Single Convention. When hemp seeds produced from industrial hemp contain low levels of THC, we also do not consider that they would fall within the definition of the prescribed substance "tetrahydrocannabinol (including all isomers, salts and acids)" under the NDA.

We do not think the inclusion of THC as a prescribed drug is meant to capture the manufacture of every product containing THC, especially where the THC is present in extremely small concentrations. Otherwise, all industrial hemp licence holders would also require an NDA licence for all of their products. We do not think this is the intention of the legislation, which is clearly directed at licensing the cultivation and supply of cannabis for medicinal and related research purposes. Sections 7 and 7A of the NDA plainly contemplate that state and territory legislation may permit industrial hemp production for other purposes. As noted above, the Single Convention definition of cannabis expressly excludes seeds and is not intended to apply to plants grown for industrial purposes.

On our reading, an NDA licence would only be required to manufacture THC if obtaining THC was the intent of the process, or if the product containing THC contained THC in anything other than extremely small concentrations. This interpretation is entirely consistent with the permitted use of low-THC hemp seeds under the *Australia New Zealand Food Standards Code* (**the ANZFS Code**) (discussed below). In our view, hemp seeds produced from industrial hemp are not drugs under the NDA provided they contain low levels of THC. We observe that the permitted levels of THC in hemp seeds and hemp seed products are outlined in various Commonwealth, State and Territory legislation depending on their intended use.

We conclude that the Single Convention and the NDA do not prohibit the use of low-THC hemp seeds in the hemp products. Live Verdure, and the other companies engaged in the process of producing its hemp products, do not require a licence or permit under the NDA to cultivate low-THC hemp seeds or manufacture products derived from and/or containing low-THC hemp seeds.

Commonwealth crimes legislation

We note that the *Crimes Act 1914* (Cth) and *Criminal Code Act 1995* (Cth) (**the Criminal Code Act**); and related Regulations (together, **the Commonwealth crimes legislation**) create a range of drug offences relating to the importation and trafficking of controlled drugs, including hemp seeds. However, section 313.1 of the Criminal Code Act creates a

defence to these serious drug offences (except for offences relating to import or export outside of Australia) if:

> (*a*) *a person engages in the conduct in a State or Territory; and*
>
> *(b) the conduct is justified or excused by or under a law of that State or Territory.*

As such, there will be no offence under Commonwealth crimes legislation if a person is entitled to cultivation, manufacture, possession and supply industrial hemp, or products made from industrial hemp under a law of a state or territory. We discuss these applicable laws below.

4.3 Regulation of possession, manufacture and supply of cannabis in Tasmania

Applicable law

Industrial hemp in Tasmania is regulated under the *Misuse of Drugs Act 2001* (TAS) (**Tas Drugs Act**); *Poisons Act 1971* (TAS) (**Tas Poisons Act**); and the Tas Hemp Act.

The Tas Drugs Act contains provisions relating to the supply, use, possession, and prescription of certain substances and plants. Cannabis is defined as a controlled substance. However, section 4 of the Tas Drugs Act contains a carve out for industrial hemp as follows:

> *Nothing in this Act affects any provision made by or under the Poisons Act 1971 or the Industrial Hemp Act 2015 or renders unlawful anything done in accordance with any such provision.*

The Tas Poisons Act defines cannabis (including hemp seeds) as a prohibited plant. There are no express carve outs for industrial hemp. However, Section 5 the *Industrial Hemp Act 2015* (Tas) states:

> *Nothing in the Poisons Act 1971 affects any provision of this Act or renders unlawful anything done in accordance with any such provision.*

The combined effect of section 4 of the Tas Drugs Act and section 5 of the Tas Hemp Act is that it is not an offence to cultivate, manufacturer, supply or possess cannabis in Tasmania if authorised under a licence issued pursuant to the Tas Hemp Act.

The Tas Hemp Act establishes a regulatory framework for licensing the cultivation, production and manufacture of industrial hemp in Tasmania. Section 4 defines 'industrial hemp' as follows:

> ***industrial hemp*** *means any plant of the genus Cannabis that –*
> *(a) has been grown from certified hemp seed; and*
> *(b) has a concentration of THC in the leaves and flowering heads of not more than 1% –*
> *and includes the seed of any such plant and any product derived from any such plant.*

Under section 7 of the Tas Hemp Act, a person may apply to the Secretary of DPIPWE for an industrial hemp licence which authorises them to possess, cultivate, process or supply industrial hemp for any one or more of the purposes specified in the licence. An

industrial hemp licence issued under the Tas Hemp Act may be issued for a range of purposes, including:

(a) commercial production;

(b) use in any manufacturing process;

(c) food production;

(d) scientific research, instruction, analysis or study; and

(e) any other purpose approved by the Secretary.

Live Verdure's licence under the Tas Hemp Act

To operate lawfully, Live Verdure must hold an industrial hemp licence to possess, store and supply whole hemp seeds. It currently holds a licence to supply, manufacture and cultivate industrial hemp for commercial purposes relating to non-therapeutic use (Licence IH 138). The licence contains a number of conditions, including as follows:

(a) the licence only applies to the premises named on the licence;

(b) the licensee must be lawfully entitled to the possession, occupation and enjoyment of the named premises;

(c) the licensee must ensure that the premises where authorised activities are undertaken include secure facilities for industrial hemp seed and other industrial hemp plant material;

(d) the licensee must ensure that the transport of industrial hemp material is conducted in a manner that ensures the consignment is protected from theft and spillage whilst in transit;

(e) the licensee must obtain industrial hemp seed from a person authorised to supply industrial hemp seed; and

(f) the licensee must only supply industrial hemp material – other than stem material that has had the flowering heads and seeds removed – to a person authorised to possess industrial hemp.

Midlands supply of whole hemp seeds to Live Verdure

Live Verdure must purchase whole hemp seeds from a person authorised to supply them.

Live Verdure currently purchases whole hemp seeds from Midlands. We have sighted Midlands's licence which confirms it is authorised to supply industrial hemp, including whole hemp seeds. Midlands has provided Live Verdure with a letter, dated 8 October 2019, confirming that the "machine dressed whole hemp seeds" it supplies to Live Verdure are compliant with laws which apply to the supply of food products in Australia, including Standard 1.4.4 of the ANZFS Code. By email on 9 October 2020, it confirmed that the whole hemp seeds it supplies are from hemp plants, the leaves and flowering heads of which contain no more than 0.35% THC. As discussed below in paragraph 4.4, this maximum concentration of THC is significant for the purposes of complying with Victorian law.

We note that Section 24 of the Tas Hemp Act and section 7 of the *Industrial Hemp Regulations 2016* (Tas) require hemp grown under a licence to be tested by an inspector of the DPIPWE, to confirm that it contains no more than 1% THC in its leaves and flowering heads. As noted above, by email on 9 October 2020, Midlands confirmed that the whole hemp seeds it supplies are from hemp plants, the leaves and flowering heads of which contain no more than 0.35% THC. We conclude that Live Verdure is lawfully able to purchase whole hemp seeds from Midlands.

Live Verdure's storage of whole hemp seeds

Live Verdure is permitted to possess and store whole hemp seeds under Licence IH 138 at a premises named in the licence. It currently stores the whole hemp seeds in a silo it owns at a seed storage facility located in Carrick, Tasmania. The Carrick facility is a premises approved under Licence IH138. By virtue of the seed storage facility agreement for the silo, Live Verdure is entitled to the possession, occupation and enjoyment of the premises, as required by its licence conditions.

Live Verdure's supply of whole hemp seeds

Live Verdure may only supply industrial hemp material to a person authorised to possess industrial hemp. As discussed below, it supplies whole hemp seeds to Waltanna, which is duly authorised to possess and process them under Victorian legislation. This supply complies with Live Verdure's licence conditions.

Transportation of the whole hemp seeds in Tasmania

Waltanna engages a third party transport provider to transport the whole hemp seeds from Tasmania to Victoria. Strictly speaking, this arrangement involves Live Verdure supplying the whole hemp seeds to the transport provider, which will then possess the seeds without a licence issued under the Tas Hemp Act. Unlike in some states and territories, neither the Tas Hemp Act, Tas Drug Act or Tas Poisons Act contain an exemption from drug possession laws or licensing requirements for third parties transporting industrial hemp on behalf of licence holders. In contrast, the Tas Poisons Act and related regulations provide an exemption for third parties transporting prohibited drugs and other types of drugs (such as opioid medication) in certain circumstances.

Having conferred with the DPIPWE, it appears that the absence of similar provisions for industrial hemp is an oversight which may be rectified in a review of the Tas Hemp Act that will be occurring soon. However, DPIPWE have advised us in writing that hemp licence holders are permitted to engage third parties to transport the industrial hemp seeds without that third party also needing to hold a hemp licence. On this basis, we have no regulatory concerns regarding the transportation of the whole hemp seeds to Victoria by a company that does not hold a licence under the Tas Hemp Act. .

4.4 Regulation of possession, manufacture and supply of cannabis in Victoria

Applicable law

The Vic Drugs Act regulates the manufacture, supply, possession and use of medicines and poisons in Victoria. It creates a range of offences relating to cannabis. However, Section 4A of the Vic Drugs Act contains a carve out for certain processed cannabis products as follows:

(1) This Act does not apply to—

(a) a processed fibre product made from cannabis if the product—

(i) does not contain more than 0·1 per cent of tetrahydrocannabinol; and

(ii) does not contain whole cannabis seeds; and

(iii) is in a form not suitable for ingestion, smoking or inhaling purposes; or

(b) a processed product made from cannabis seeds if the product—

(i) does not contain more than 0·001 per cent of tetrahydrocannabinol; and

(ii) does not contain whole cannabis seeds.

(2) In this section—

***cannabis** means a plant or any part of a plant of the genus Cannabis L, whether fresh or dried;*

***processed** means treated by mechanical, chemical or other artificial means but does not include—*

(a) harvesting; or

(b) the natural process of decay.

The effect of this carve out is that it is not an offence under the Vic Drugs Act to possess or supply a product made from or containing hemp seeds provided that:

(a) it does not contain whole hemp seeds; and

(b) it contains no more than 0·001% THC.

The term "whole hemp seeds" is not defined in the Vic Drugs Act. Any dealings with whole hemp seeds require a specific licence under the Vic Drugs Act. We interpret "whole hemp seeds" to mean unhulled hemp seeds, as distinct from hulled, non-viable hemp seeds. This interpretation is consistent with the permitted use of unhulled, non-viable hemp seeds under the ANZFS Code. As discussed below, the ANZFS also permits the possession and supply of hemp food products which contain more than 0.001% THC in foods.

The Vic Drugs Act also contains the licensing provisions for industrial hemp (described as low-THC cannabis) production in Victoria. Under section 61(1), "low-THC cannabis" is defined as cannabis, the leaves and flowering heads of which do not contain more than 0.35% of THC.

Under the licensing provisions, a person may apply for an authority to:

(a) possess, process, sell or supply cannabis seed which has been harvested from low-THC cannabis;

(b) cultivate and possess cannabis from seed which has been harvested from low-THC cannabis; or

(c) cultivate and possess cannabis from seed which has been harvested from low-THC cannabis; or

(d) possess, process, sell or supply cannabis which—

(i) is substantially free of leaves and flowering heads; and

(ii) does not contain tetrahydrocannabinol in excess of 0·1 per cent,

for commercial or research purposes relating to non-therapeutic use.

Waltanna's receipt and possession of whole hemp seeds from Live Verdure

As Live Verdure holds a licence to supply under the Tas Hemp Act we see no legal impediment to it supplying whole hemp seeds to Victorian entities which are appropriately authorised to possess them.

We are instructed that Live Verdure supplies whole hemp seeds to its processor and manufacturer, Waltanna, which is located in Victoria. As noted above, any person or entity to possess and processing whole hemp seeds must be licenced under the Vic Drugs Act. We have sighted the licence issued to Waltanna under the Vic Drugs Act and note that it authorises it to, amongst other things to "possess, process, sell and supply cannabis seed that has been harvested from low-THC cannabis."

The conditions of Waltanna's authority require that Live Verdure, as the supplier of hemp seeds, package and label the seed stating that is it is derived from low-THC cannabis. The prescribed maximum of THC for low-THC hemp under the Vic Drug Act is 0.35%, whereas the limit under the Tas Hemp Act is 1%. As noted above, Midlands has advised Live Verdure that the whole seeds it supplies are sourced from a hemp crop with no more than 0.35% in the leaves and flowering heads, meaning that Waltanna is able to comply with the lower THC limit imposed under Victorian legislation.

Transportation of the whole hemp seeds in Victoria

As described above, the whole hemp seeds are currently transported from Live Verdure's storage silos in Tasmania and delivered directly to Waltanna. Live Verdure does not store any whole hemp seeds itself in Victoria. Item 4 of the table *'Persons authorised to possess Schedule 4, 8 and 9 poisons'* in regulation 7(1) of the *Drugs, Poisons And Controlled Substances Regulations 2017* (Vic) authorises a person engaged to transport a Schedule 9 poison (which includes whole hemp seeds) to have possession of the seeds without a specific authorisation under the Vic Drugs Act. The authority is in the following terms:

> *A person who is engaged, or employed by a person who is engaged, to transport a Schedule 9 poison at the request of a person holding a licence or permit issued under the Act or these Regulations*
>
> *…*
>
> *for the purposes of delivery to the person to whom the consignment is addressed.*

As Waltanna, rather than Live Verdure, holds a relevant authority under the Vic Drugs Act, Waltanna engages the transport provider to transport the seeds from Tasmania to Victoria. This will ensure that the transport company has the benefit of the authority to possess granted under the Vic Drugs Regulations.

Once the whole hemp seeds are processed by Waltanna for food products in compliance with the ANZFS Code, there is no need for any transport company to rely on the authorisation in the Vic Drugs Regulations.

We do not consider that the co-packing company or 3PLP requires a licence under the Vic Drugs Act as they only deal with processed hemp seed for hemp food products, as permitted under the ANZFS Code, discussed in paragraph 5 below.

5. Hemp Food Products

The manufacture and supply of foods and food products in Australia is regulated by the ANZFS Code. The provisions of the ANZFS Code are given effect under various state and territory legislation. In Victoria, the ANZFS Code is adopted by the Vic Food Act.

The ANZFS Code authorises the sale of low-THC hemp food for human consumption made from hulled (non-viable) hemp seeds and food products derived from the seeds of low THC hemp plants. The ANZFS Code specifies the permissible THC limits for different types of hemp food products. No hemp food product can contain more than 75mg/kg of cannabidiol. While only hulled hemp seeds may be sold by retail, whole hemp seeds may be processed to create other hemp food products, for example hemp flour or hemp seed oil.

We note that the THC limits in food permitted under the Vic Food Act in some cases exceed the maximum of 0.001% THC for processed seed products which are exempt from the Vic Drugs Act. However, we do not regard this irregularity as a hurdle for Live Verdure or that it is obliged to ensure its Hemp Food products contain no more than 0.001% THC. In our view, the legislation is intended to operate concurrently, with higher THC limits permitted for hemp food products as distinct from other types of processed hemp seed products. There is no doubt that foods containing hemp seeds are lawful in Victoria provided they comply with the ANZFS Code and indeed this is confirmed by information published by the Victorian Department of Health and Human Services.

The specific requirements for hemp seed foods in the ANZFS Code are as follows:

1.4.4—6 Exception relating to Cannabis sativa seeds and seed products

(1) Cannabis sativa seeds may be a food for sale or used as an ingredient in a food for sale if:

(a) the seeds:

(i) are seeds of low THC Cannabis sativa; and

(ii) contain not more than 5 mg/kg of total THC; and

(iii) if the food is for retail sale – are non-viable and hulled; and

(b) the only cannabinoids in or on the seeds are naturally present.

(2) Subject to subsection (3), all or any of the following seed products may be a food for sale or used as an ingredient in a food for sale:

(a) oil extracted from seeds of low THC Cannabis sativa if the oil contains not more than 10 mg/kg of total THC;

(b) a beverage derived from seeds of low THC Cannabis sativa if the beverage contains not more than 0.2 mg/kg of total THC;

(c) any other product that is extracted or derived from seeds of low THC Cannabis sativa and contains not more than 5 mg/kg of total THC.

(3) The only cannabinoids in the product must be those that were naturally present in or on the seeds from which the product was extracted or derived.

(4) In subsection (2):

***seeds of low THC Cannabis sativa** includes viable and unhulled seeds.*

(5) In this section:

***hulled seeds** means seeds from which the outer coat or hull of seeds has been removed.*

***low THC Cannabis sativa** has the meaning given by subsection (6).*

***non-viable seeds** means seeds that are not able to germinate.*

***seeds** includes a part of a seed.*

***total THC** means the total amount of delta 9-tetrahydrocannabinol and delta 9 tetrahydrocannabinolic acid.*

*(6) **Cannabis sativa** is low THC Cannabis sativa if the leaves and flowering heads of the Cannabis sativa do not contain more than 1% delta 9 tetrahydrocannabinol.*

1.4.4—8 Level of cannabidiol in food for sale

Cannabidiol must not be present in any food for sale at a level greater than 75 mg/kg.

We note that the ANZFS Code places limitations on the way in which hemp foods are advertised as follows:

***Standard 1.4.4—7 Restriction on claims and representations about foods that are or which* contain hemp food products**

(1) This section applies to a food for sale that consists of, or has as an ingredient, a hemp food product.

(2) The food for sale must not be labelled or otherwise presented for sale in a form which expressly or by implication suggests that the product has a psychoactive effect.

(3) The label for the food for sale must not include:
- *(a) a nutrition content claim about cannabidiol; or*
- *(b) a *health claim about cannabidiol; or*
- *(c) an image or representation of any part of the Cannabis sativa plant (including the leaf of that plant) other than the seed; or*
- *(d) the words 'cannabis', 'marijuana' or words of similar meaning.*

(4) The label for the food for sale may include the word 'hemp'.

(5) In this section:
***Hemp food product** means Cannabis sativa seeds and/or a seed product that are permitted by section 1.4.4—6 to be a food for sale or used as an ingredient in a food for sale.*
***Psychoactive effect** means:*
- *(a) stimulation or depression of a person's central nervous system, resulting in hallucinations or in a significant disturbance in, or significant change to, motor function, thinking, behaviour, perception, awareness or mood; or*
- *(b) causing a state of dependence, including physical or psychological addiction.*

We conclude that the supply and possession of Live Verdure's hemp food products will be lawful under the ANZFS Code and the Vic Food Act provided that they comply with the limits on THC and cannabidiol specified in the ANZFS Code (Standard 1.4.4—6 and Standard 1.4.4—8). We are instructed that Live Verdure arranges independent testing of the THC and cannabidiol limits in its hemp food products to ensure compliance with the ANZFS Code. The hemp food products must also be advertised and labelled in accordance with the limitations in the ANZFS Code (Standard 1.4.4—7).

The Vic Foods Act requires certain food premises to be registered. We have sighted a *Certification of Registration as a Food Premises* for Waltanna issued by South Grampian Shire Council. We have reviewed the *Certificate of Registration* issued to Live Verdure's current co-packing provider as well as its HACCP (Hazard Analysis and Critical Control Points) Certification. HACCP certification is an international standard defining the requirements for effective control of food safety. These businesses are appropriately registered under the Vic Food Act.

6. Skincare and cosmetic products containing hemp seed oil

We understand that Live Verdure is considering expanding its product range to include skincare and cosmetics containing hemp seed oil. These products would be developed and manufactured by unrelated third party companies. We do not advise on these activities other than to note that provided any company dealing with any whole hemp seeds holds appropriate licences under the Vic Drugs Act, and the skin care or cosmetic products comply with applicable limits on THC and cannabidiol content, there would be

no legal impediment to selling, buying and possessing skincare and cosmetics containing hemp seed oil in Victoria.

There are a range of other legislative requirements which relate to the manufacture, advertising and labelling of skincare and cosmetics products which we have not considered or advised upon for the purposes of this opinion.

7. Distribution of Hemp Food Products throughout Australia

The possession, manufacture and supply of cannabis, industrial hemp and hemp products is regulated under a variety of state and territory laws. Fortunately, the regulation of hemp food products is largely uniform across Australia by virtue of the ANZFS Code.

Without needing to consider whether supply or distribution of the hemp products is permitted under each jurisdiction's industrial hemp licensing regimes and other laws relating to hemp products, it is open to Live Verdure to rely on the MR Act to lawfully distribute its hemp products. The MR Act exists to promote freedom of movement of goods and service providers throughout Australia.

The MR Act provides that:

> *[G]oods produced in or imported into the first State, that may lawfully be sold in that State [First State] either generally or in particular circumstances, may, because of this Act, be sold in the second State [**Second State**] either generally or in particular circumstances (as the case may be), without the necessity for compliance with further requirements.* (**Mutual Recognition Principle**)

The effect of the Mutual Recognition Principle is that it is not necessary to ensure compliance with every regulatory nuance of each state and territory law. The requirements in section 10 of the MR Act which relate to the sale of goods imposed by or under a law of a Second State that do not need to be complied with are:

(a) a requirement that the goods satisfy standards of the Second State relating to the goods themselves, including, for example, requirements relating to their production, composition, quality or performance;

(b) a requirement that the goods satisfy standards of the Second State relating to the way the goods are presented, including, for example, requirements relating to their packaging, labelling, date stamping or age;

(c) a requirement that the goods be inspected, passed or similarly dealt with in or for the purposes of the Second State;

(d) a requirement that any step in the production of the goods not occur outside the Second State; and

(e) any other requirement relating to sale that would prevent or restrict, or would have the effect of preventing or restricting, the sale of the goods in the Second State.

Notwithstanding the concessions above, section 11 of the MR Act lists the following exceptions which apply to the Mutual Recognition Principle:

(a) The Mutual Recognition Principle does not affect the operation of any laws of the Second State that regulate the manner of the sale of goods in the Second State or the manner in which sellers conduct or are required to conduct their business in the Second State (including laws set out in the examples below), so long as those laws apply equally to goods produced in or imported into the Second State . Examples include laws relating to the following:

(i) the contractual aspects of the sale of goods;

(ii) the registration of sellers or other persons carrying on occupations;

(iii) the persons to whom goods may or may not be sold; and

(iv) the circumstances in which goods may or may not be sold.

(b) The Mutual Recognition Principle does not affect the operation of any laws of the Second State regarding the transportation, storage or handling of goods within the state, so long as:

(i) those laws apply equally to goods produced in or imported into the Second State; and

(ii) those laws are directed at matters affecting health and safety of persons in the Second State or at preventing, minimising or regulating environmental pollution (including air, water, noise or soil pollution) in the Second State.

(c) The Mutual Recognition Principle does not affect the operation of any laws of the Second State regarding the inspection of goods within the state, so long as:

(i) inspection or the requirement for inspection is not a prerequisite to the sale of the goods in the Second State; and

(ii) those laws apply equally to goods produced in or imported into the Second State; and

(iii) those laws are directed at matters affecting the health and safety of persons in the second state or at preventing, minimising or regulating environmental pollution (including air, water, noise or soil pollution) in the Second State.

Pursuant to section 12(1) of the MR Act, it is a defence to an offence against a law of the Second State in relation to the sale of any goods if the defendant expressly claims that the Mutual Recognition Principle applies and establishes that:

(a) the goods were labelled at the point of sale with a statement to the effect that the goods were produced in or imported into the First State; and

(b) they had no reasonable grounds for suspecting that they were not so produced or imported.

The Mutual Recognition Principle only applies in respect of a Second State for the purpose of distribution in that state if it is a 'participating jurisdiction' pursuant to section 43 of the MR Act. Fortunately, each state and territory of Australia has adopted the MR Act so all are considered a 'participating jurisdiction.'

In summary, by virtue of the Mutual Recognition Principle, any product which may be lawfully supplied in Victoria may also be lawfully supplied in another Australian state or territory, notwithstanding any state or territory legislation which may rule to the contrary if:

(a) the other state or territory has adopted the MR Act;

(b) the supplier complies with all relevant laws pertaining to the manner of sale, transportation, storage and handling of the product and inspection of the product in the other state or territory (as applicable); and

(c) the goods were produced in Victoria and the supplier includes a statement to that effect on the label of the product.

In paragraph 5 of this opinion, we concluded that it is lawful to supply Live Verdure's Hemp Food Products in Victoria in accordance with the ANZFS Code. It follows that the Hemp Food Products can be lawfully sold in all other Australian states and territories if Live Verdure or it distributors:

(a) comply with all relevant laws pertaining to the manner of sale, transportation, storage, handling and inspection of the product in the other state or territory (as applicable); and

(b) includes a statement on the product label that the product was made in Victoria.

Please contact us if you have any questions or would like to discuss this advice further.

Kind regards

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