Dona Blanca Limited

A$5M Converting Loan Offer

Pre-IPO offer to raise A$5M converting @ 50% discount to IPO price with 1:2 attaching option

Lead Manager to the Offer: Sanlam PRIVATE Wealth

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THIS OFFER IS OPEN TO s708 INVESTORS ONLY

Overview

Dona Blanca Limited's (Blanca or the Company) business is to grow high-quality cannabis under GACP[1] standards in the world's lowest cost jurisdiction, extract full spectrum cannabis oil to EU-GMP[2] standards, and export it to the world's highest-priced markets. To assist the Company to achieve this, they are seeking to raise A$5M via a converting loan offer to s708 investors (the **Offer**).

~A$3m cornerstone investment from Colombian strategic companies and vendor consortium, with ~A$2m available to Australian investors.

Company Highlights

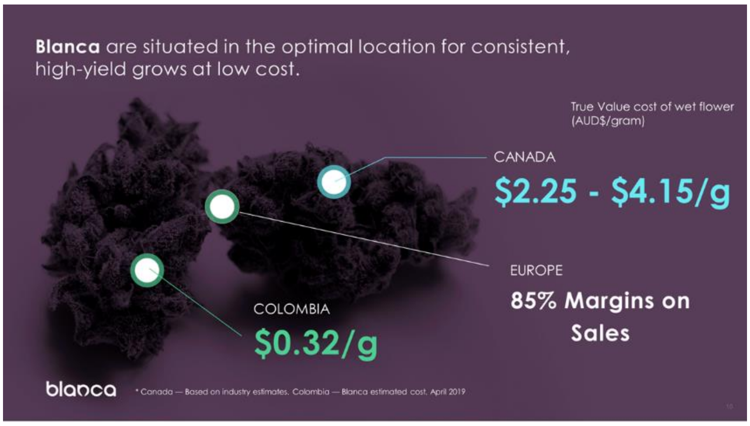
- Experienced Executive Management Team in International public listed companies with a strong history of Cannabis cultivation and extraction technologies, and an Australian Independent Chairman
- Granted Licenses in Psychoactive Cannabis Cultivation and Extraction in Colombia (for a minimum of 5 years with unlimited renewals)
- Master Grower – Mr Shlomo Booklin – Master grower for Tilray, MedReleaf and Green Pharma, amongst others
- European non-binding offtake agreement signed with German EU-GMP Cannabis licenced Pharma services company
- Operating in Colombia, one of the world's most preferable territory from a climate, cost and Regulatory standpoint
- GMP[2] compliant facilities under construction
- Targeted weekly production of ~50Kg highest grade Cannabis Oil (on established operational capacity), with current market pricing of ~A$25,000 per Kg
- Targeting ~3 times the annual yield of Cannabis flower (per sqM) compared to peers
- Anticipated ~85% margin on sales to Europe (based on current industry cannabis oil prices)
- Estimated wet flower cost of ~A$0.32 per gram (Blanca Colombia) compared to ~A$2.25-$4.15 per gram in Canada
- Anticipated very low peer capex compared to peers due to enjoying ideal year-round climate suitable for outdoor greenhouses
- Anticipated cashflow positive on 1st harvest in Q3 2020

Offer Details

Key terms of Converting Loan	
Conversion	Loan shall automatically convert into fully paid ordinary shares in Blanca on IPO, at a conversion price equal to 50% of the issue price of shares under the IPO. For every 2 shares issued, holders will receive 1 free attaching option (exercise price of 25% premium to IPO price and 3-year expiry)
Redemption	If IPO has not occurred by 1 September 2020, loan may be redeemed for an amount equal to 110% premium of loan amount
Interest	Nil
Security	Unsecured

GACP1 = good agricultural and collection practices
EU-GMP2 = European Union (EU) Good manufacturing practice (GMP)

	Pre-IPO Raise
Greenhouse Construction	$700,000
Production Plant Construction	$2,100,000
Services	$120,000
Working Capital	$620,000
Consumables	$400,000
General Operating Expenses	$190,000
Costs to the ASX Listing	$370,000
Laboratory Equipment	$500,000
Total	**$5M**



Proposed IPO Metrics

	Shares (m)	Options (m)	$$ (m)
Blanca Existing Shares	**61**	**30.5[3]**	**~0.1**
Convert. Loan @ $0.10	**50**	**25[3]**	**5**
Prospectus Raise @ 20c	**40**		**8[1]**
Lead Manager		**7.5[3]**	
Facilitator		**7.5[3]**	
Total	**151[2]**	**70.5**	**~13**
Costs			**~(1.13)**
	MCAP	**EV**	**CASH**
Key Metrics @ Listing	**~$30m**	**~$18m**	**~$12m**

1. Based on minimum subscription
2. Management Performance Shares: Blanca Management have the right to earn in up to ~25% based on satisfying the following performance milestones:
   Milestone 1 – On achieving A$3m sales of full spectrum oil within 24 months
   Milestone 2 – On achieving sales of 275kg of full spectrum EU-GMP certified cannabis oil within 36 months.
3. Option exercise price of $0.25, 36-month expiry.

Indicative Timetable

Event	Date
Offer Opens	2 September 2019
Firm bids due	11 September 2019
Issuance of Convertible Loan deeds	16 September 2019

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