

22 JANUARY 2018

AUSCANN ENTERS INTO HEADS OF AGREEMENT WITH AUSTRALIA'S LEADING WHOLESALE DISTRIBUTOR

- **Heads of Agreement (HoA) signed with Australia's leading wholesaler of pharmaceutical products, Australian Pharmaceutical Industries Limited (API)**
- **HoA to establish a wholesale relationship for the distribution of AusCann's medical cannabinoid products throughout Australia**
- **Relationship will provide AusCann with access to an extensive nationwide pharmacy network**
- **Agreement rapidly accelerates AusCann's strategy and supply chain, providing an extensive distribution network and access to established infrastructure**

AusCann Group Holdings Ltd (ASX:AC8 or 'AusCann') is pleased to announce it has entered into a Heads of Agreement (HoA) with ASX listed *Australian Pharmaceutical Industries Limited* (ASX:API) to form a wholesale agreement for the distribution of AusCann's cannabinoid medicines throughout Australia.

The collaboration between AusCann and API aligns the competencies of AusCann and its expertise in the medical cannabis industry and Australia's leading wholesale distributor of pharmaceutical products. This agreement will help establish strong distribution channels for the supply of AusCann's medications to Australian patients.

As part of the wholesale agreement, AusCann will distribute imported cannabinoid medicines from its Canadian partner, Canopy Growth Corporation, ahead of establishing its own local supply of medications. AusCann is working closely with its strategic partner Tasmanian Alkaloids in establishing its cultivation and manufacturing operations in Tasmania, with the first crop expected to be planted this year.

Furthermore, to drive awareness and knowledge of the therapeutic benefits and uses of medical cannabis, AusCann's Medical Outreach Program is providing education and support to Australian doctors. The program also ensures practitioners have access to the necessary information to confidently prescribe to patients and is receiving strong support from doctors, including leading pain specialists.

Elaine Darby, Managing Director, AusCann commented: "Establishing a relationship with a leading wholesale distributor in the industry provides AusCann with an excellent partner for the distribution of our medications and is further evidence of the growing market and validity of what we're doing in Australia. This relationship is in addition to our strategic partnership with Tasmanian Alkaloids, who we are working closely with to establish our growing and manufacturing operations. It further builds on our Australian supply chain and firmly positions AusCann as leaders in the local industry."

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ABOUT AUSCANN GROUP

AusCann is an Australian based company that was incorporated in September 2014 with the aim of producing and providing high quality, economical and clinically validated cannabinoid medicines to patients. It is bringing together leading expertise and operations across all aspects of the medical cannabis value chain, beginning with cultivation and production, through to manufacture and distribution of final dose form medications and has built a strong team of experts and partners with international connections. Partners include TSX listed Canopy Growth Corporations the largest producer of medicinal cannabis globally, DayaCann, the only licensed medicinal cannabis grower in Chile, and Tasmanian Alkaloids, a fully integrated manufacturer of approximately 40% of the worlds medicinal opiate supply.

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