

AusCann Completes A\$33.4 million Placement

Highlights

- AusCann has raised A\$33.4 million via a share placement to institutional and sophisticated investors from North America and Australia
- AusCann will use the proceeds of the Placement to fund cannabinoid pharmaceutical R&D and clinical studies, expansion of its operations in Chile and Australia, medical outreach programs in new international markets and working capital
- Canaccord Genuity (Australia) Limited acted as lead manager and bookrunner to the Placement
- The Company intends to offer an SPP to eligible existing shareholders

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Thursday, 5 July 2018 – Leading medical cannabis company **AusCann Group Holdings Limited** (ASX:AC8) ('AusCann' or 'the Company') is pleased to announce it has successfully completed a capital raising of A\$33.4 million via a share placement ('the Placement').

The Placement was made to sophisticated and professional investors from North America and Australia, including AusCann's major shareholder, Canopy Growth Corporation, Inc ('Canopy'). Canopy will increase its ownership in AusCann to 11.2% following completion of the Placement.

Following the Placement, the Company intends to undertake a Share Purchase Plan ('SPP') to eligible existing shareholders to raise up to A\$8 million.

Canaccord Genuity (Australia) Limited acted as Lead Manager and Bookrunner to the Placement.

Placement

The Placement will involve the issuance of approximately 30.4 million new fully paid ordinary shares in the Company ('New Shares'), which will take place as a single tranche and fall within the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

The issue price per New Share under the Placement is A\$1.10, which represents an 11.7% discount to the volume weighted average price of the Company's shares on the ASX over the 15 trading days prior to the date the Placement issue price was agreed (which was A\$1.245).

Settlement of the Placement is anticipated to occur on or about Thursday, 12 July 2018. The number of shares to be issued under the Company's ASX Listing Rule 7.1 capacity is expected to be in the order of 26,343,415 and the number of shares to be issued under the Company's ASX Listing Rule 7.1A capacity is expected to be 4,031,585.

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Investors who participate in the Placement will receive 1 option for every 2 shares subscribed for ('the Option'), exercisable at A\$1.465, a 33% premium to the Placement issue price. The term of the Option is 30 months, however, if the closing price of the Company's shares is A\$2.25 or greater for 10 consecutive trading days, the Company has the right to force early exercise of the Option within 30 days. The Company will not apply for the Options to be listed for quotation on the ASX, and the Options will be issued within the Company's ASX Listing Rule 7.1 placement capacity available.

Share Purchase Plan

Following the settlement of the Placement, the Company intends to offer an SPP to existing eligible shareholders to raise up to A\$8 million. AusCann has over 21,000 shareholders on its register. It is also intended that investors who participate in the Placement will be eligible to participate in the SPP.

The Company intends to finalise the terms of the SPP following settlement of Placement. Should the Company proceed with the SPP, it will announce the terms of the SPP (including pricing and a record date), when they are finalised.

Use of Funds

It is intended that funds raised under the Placement will be used as follows:

- Clinical studies for product registration in Australia;
- Expansion of an Australian manufacturing plant for final dose form manufacturing;
- Establishment of a manufacturing facility in Chile;
- Establishment medical outreach programs in new international markets;
- Research and development of cannabinoid pharmaceuticals; and
- Costs of the offer and general working capital requirements.

AusCann Managing Director Elaine Darby: "We are very pleased to offer both new and existing shareholders the opportunity to participate in the evolution of AusCann. The capital we secure from this raising will enable us to accelerate our corporate objectives and provide Australian and global markets with efficacious, clinically validated and cost-effective medicinal cannabis products."

ENDS

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Summary Information

The following disclaimer applies to this announcement and any information contained in it (the Information). The Information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with AusCann's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at

www.asx.com.au. You are advised to read this disclaimer carefully before reading or making any other use of this announcement or any Information contained in this announcement.

Forward Looking Statements

Any forward-looking statements that may be in this announcement are subject to risks and uncertainties relating to the difficulties in AusCann's plans to develop and potentially commercialize its product candidates, the timing of the initiation and completion of preclinical and clinical trials/studies, the timing of expected regulatory filings, expectations about our expansion plans, the establishment of medical outreach programmes, results of our research and development of cannabinoid pharmaceuticals, working capital requirements and unforeseeable events. Accordingly, you should not rely on those forward-looking statements as a prediction of actual future results.

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ABOUT AUSCANN

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based pharmaceutical company that aims to produce high quality, economical, and clinically validated cannabinoid medicines. AusCann 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 products. Through partnerships with industry experts, existing leading market participants and doctors, AusCann is building operations and educating the medical community about the benefits of cannabinoid medicines. Incorporated in 2014, AusCann is currently the only ASX listed company with the full set of necessary licences to grow and manufacture cannabinoid medicines in Australia. The company is initially targeting medications for neuropathic and chronic pain in Australia and Chile, whilst exploring global export opportunities.

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