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CANN

GROUP LIMITED

**ANNUAL REPORT PRESENTATION
AUGUST 2018**

Allan McCallum, Chairman
Peter Crock, Chief Executive Officer

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ALLAN McCALLUM CHAIRMAN

FINANCIAL RESULTS

	Note	2018 \$	2017 \$
Revenue		560,000	–
Other income		943,391	8,421
Administration and corporate costs	3	(7,286,394)	(1,642,100)
Research and development costs	3	(776,430)	(547,782)
Fair value adjustment of biological assets		104,820	–
Changes in inventories of finished goods and work-in-progress		1,737,137	–
Loss before transaction costs, finance costs and income tax expense		(4,717,476)	(2,181,461)
Transaction costs of the IPO		–	(406,435)
Finance costs		(8,381)	(549)
Loss before income tax expense		(4,725,857)	(2,588,445)
Income tax expense		–	–
Loss attributable to members of the Group		(4,725,857)	(2,588,445)
Other comprehensive income		–	–
Total comprehensive loss attributable to members of the Group		(4,725,857)	(2,588,445)
Basic and Diluted Earnings Per Share (EPS)		(0.038)	(0.051)
Weighted Average number of Shares used to calculate EPS*		125,281,943	52,328,805

* The potentially dilutive effects of any contingently issuable ordinary shares have not been considered in the diluted loss per share calculation because the Group is in a loss-making position and such an effect would be anti-dilutive.

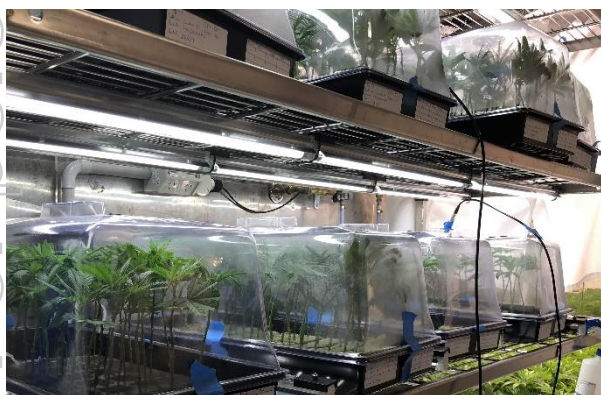
Cann has established a strong record of meeting or exceeding the standards required in securing regulatory approvals

- First Australian recipient of research & medicinal cannabis cultivation licences
- Permits granted for two cultivation & R&D facilities currently operational in Victoria
- Remain as one of few companies in Australia to operate with the required permits
- Working closely with Government authorities involved
- Committed to helping build a high quality regulatory framework in Australia

STRONG RESEARCH CAPABILITY CENTRAL TO STRATEGY

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- Large investment in people & resources
- Key relationships adding value across areas including genetics, analytics, cultivation & delivery systems
- Committed to a science-based growth strategy



EXPANSION PROGRAM REFLECTS CONFIDENCE IN FUTURE OPPORTUNITIES

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- Cann is well progressed in its aggressive expansion plans
- Expected growth in demand for safe, innovative medicinal cannabis treatments locally & overseas
- Access to treatments expected to improve
- Ideally positioned to capitalise on the burgeoning medicinal cannabis market



3D rendering of Cann's Stage 3 facility currently in development

PETER CROCK
CEO

Operations review

SUCCESSFUL PRODUCTION & EXPANDED FACILITIES

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- Harvested first medicinal cannabis at Southern facility in August 2017
- Numerous harvests completed throughout FY2018
- Southern facility – added capacity with new cultivation rooms + new drying & storage rooms
- Northern facility – focus on genetics & tissue culture programs
 - Commissioned cultivation & research facility in December
 - Configured as series of compartments, allowing for separation of cannabis varieties



STAGE 3 EXPANSION ANNOUNCED

- Heads of agreement signed in June 2018 with Australia Pacific Airports Melbourne (APAM)
- APAM proposed to fund & conduct primary build – multi-million dollar contribution
- Cann Group to complete fit-out & technology deployment of 37,000m² facility – state-of-the-art green field development including glasshouse cultivation, laboratories & GMP manufacturing
- Total business case estimated at ~\$100m
- Facility to employ approx. 170 staff
- Design and Consulting Services Agreement signed with Aurora Larssen Projects Ltd – a specialist greenhouse engineering consultancy to be retained to provide engineering & technical consulting advice on arm's length terms
- Completion of first glasshouse expected July 2019
- Initial discussions underway with several parties for future offtake

POSITIVE PROGRESS ON LICENCES & PERMITS

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- October 2017 – received import/export licence
 - Provides ability to apply for permit to export raw cannabis material & oil for analytical testing
 - Working with Aurora Cannabis & Anandia Laboratories to identify suitable genetics & products for import
 - Followed by January announcement from Australian Government that local producers would be permitted to export to overseas medicinal cannabis markets
- February 2018 – two new licences & corresponding permits received from ODC to enable continuation of cultivation & research
- March 2018 – secured export permits from Health Canada, & corresponding import permits from Australia's TGA, enabling Cann to import genetics & oil products from its Canadian partners
 - enables Cann to broaden its plant breeding program beyond locally available genetics
 - four cannabis oil products being imported for use by Australian patients – first patients recently supplied

VALUE-ADDING PARTNERSHIPS

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- July 2017 – signed technical services agreement with major Canadian producer & largest shareholder Aurora Cannabis – covers information & support across cultivation, processing, extraction, manufacturing & analysis of medicinal cannabis
- June 2018 – MOU signed for expansion of R&D operations with La Trobe University
- August 2018 – MOU signed with Agriculture Victoria for further medicinal cannabis research



PRODUCT DEVELOPMENT & PATIENT ACCESS

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- September 2017 – Cann Group partnered with Medicinal Cannabis Medicines Portal to facilitate streamlined medicinal cannabis prescribing & access in Australia
- First patients recently approved for treatment with a product via Cann Group – being an oil produced by Aurora Cannabis
- Other oil formulations from Aurora to be imported for local access
- Licencing & distribution agreement with CannaKorp Inc. to import & sell its proprietary 'Wisp' vaporising system & produce the accompanying medicinal cannabis pods in Australia & NZ
- Manufacturing agreement secured with IDT Australia
- Clinical trial opportunities being evaluated

CORPORATE DEVELOPMENTS

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- November 2017 – announced & later completed institutional placement & share purchase plan raising a total of \$78m (\$2.50 per share)
 - new funds to support the construction of Cann's Stage 3 facility
 - Aurora Cannabis increased its stake from 19.9% to 22.9% as part of the placement

2019 OUTLOOK SEES POSITIVE MOMENTUM CONTINUING

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- Strengthening team & capabilities as Stage 3 facility is developed
- Progress development of final dose forms for patients
- Pursuit of export permits & commencement of export sales
- Streamlining patient access via further engagement with the medical community

CONTACTS

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