



19 May 2017

AUSCANN SECURES \$12 MILLION IN INSTITUTIONAL PLACEMENT

Highlights

- Successful Placement raising \$12 million with strong interest from new institutional investors both domestic and global
- 24,000,000 shares to be issued at 50 cents a share, representing a 16% discount to the five day VWAP of 59.6 cents per share
- Cornerstone investments from AusCann's strategic partner Canopy Growth Corporation and leading Australian fund manager Tribeca
- Funds to be applied towards development of cultivation and manufacturing activities and accelerating its medical outreach programme

AusCann Group Holdings Ltd (ASX:AC8 or "the Company") is pleased to announce it has successfully raised \$12 million (before capital raising costs) via a Placement to institutional and high net worth investors.

The Placement, managed by Merchant Corporate Advisory Pty Ltd, received strong interest from existing and new investors, both domestically and overseas. This demonstrates the high market demand for the company and validates AusCann's strategy as an Australian-based and globally connected player in the medicinal cannabis sector.

Canopy Growth Corporation, North America's leading cannabis producer and AusCann's strategic partner, participated in this placement maintaining their shareholding at approximately 11%. Canopy's investment was complemented by strong interest from a range of other institutional investors including leading Australian fund manager Tribeca Investment Partners.

The Company will issue 24,000,000 shares at \$0.50 per share, representing a 16% discount to the five day VWAP of 59.6 cents per share. The shares will be issued under the Company's available ASX Listing Rule 7.1A capacity. The issue of the 24,000,000 shares is expected to occur within the next week.

This capital raising follows on from its exclusive strategic partnership with Tasmanian Alkaloids ("TasAlk"), announced 17 May 2017, whereby the two groups will work together to exploit global market opportunities for the supply of high quality medicinal cannabis products. This partnership will seek to leverage the respective competencies of both AusCann and TasAlk and is believed to be the first industry partnership of its type.

The funds raised will be used to progress the development of the Company's cultivation facility in Western Australia, following the recent approval of its Australian medicinal cannabis licence by the Office of Drug Control, under the Narcotic Drugs Act 1967.

Furthermore, the funding will progress the development of its activities in Chile with its joint venture partner DayaCann and expand its medical outreach activities among the medical community in Australia. AusCann is committed to improving the general awareness and education of the benefits of medicinal cannabis to the medical community specifically and the broader community in general.

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Ms Elaine Darby, Managing Director, AusCann commented: "The strong support we have received for this capital raising continues to demonstrate the high level of investor interest in the medicinal cannabis sector in Australia. The move by the Australian Government to introduce a legal framework provides the foundation for us to advance our strategy to supply high quality and affordable medicinal cannabis to patients in need."

"Our Australian medicinal cannabis license and recent partnership with Tasmanian Alkaloids have been major milestones, advancing our development in the Australian market. We have access to expert knowledge, facilities and unrivalled skills through a range of global partnerships that give AusCann a real and sustainable competitive advantage in the market."

Mr Bruce Linton, Chairman and CEO, Canopy Growth Corporation stated: "We are delighted to be able to continue to support the development of AusCann whom we have had a relationship with since their foundation. The Australian market is expected to develop along a similar trajectory to the Canadian market and based on this experience we expect significant growth over the coming years. Patients and their doctors will rightly expect a stable, affordable supply of high quality medicines and AusCann is in a unique position to achieve this outcome."

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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, affordable and clinically validated cannabis 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 products and has built a strong team of experts and partners across the globe. Partners include: TSX listed Canopy Growth Corporation - the largest producer of medicinal cannabis globally; DayaCann - the only licensed medicinal cannabis grower in Chile; and Tasmanian Alkaloids, producer of ~40% of the world's alkaloid raw material.

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