

# AusCann Group Holdings Limited

ACN 008 095 207

## PROSPECTUS

### **Cleansing Offer**

For the offer of up to 1000 Shares at an issue price of \$0.50 to raise up to \$500.

This Prospectus has been prepared primarily for the purposes of section 708A(11) of the *Corporations Act* to remove any trading restrictions on the sale of certain Shares issued prior to the Closing Date. Please refer to Section 4 for further details.

*This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional advisor.*

*The Shares offered by this Prospectus should be considered as highly speculative.*

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## 1. CORPORATE DIRECTORY

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<b>Directors</b>	Mr Malcolm Washer	Non-executive Chairman
	Ms Elaine Darby	Managing Director
	Mr Harry Karelis	Executive Director
	Ms Cheryl Edwardes	Non-executive Director
	Mr Bruce McHarrie	Non-executive Director
	Mr Bruce Linton	Non-executive Director

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<b>Company Secretary</b>	Ms Susan Hunter
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<b>Registered Office</b>	85 Carabooda Road, Carabooda WA 6033
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<b>Telephone</b>	+61 8 9561 8834
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<b>Email</b>	info@auscann.com.au
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<b>Website</b>	<a href="http://www.auscann.com.au">www.auscann.com.au</a>
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<b>Share Registry*</b>	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace, Perth WA 6000, Australia Phone: 1300 850 505 (within Australia) +61 3 9415 4000 (outside Australia) Fax: +61 3 9473 2500 Email: <a href="http://www.investorcentre.com/contact">www.investorcentre.com/contact</a> Web: <a href="http://www.computershare.com">www.computershare.com</a>
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<b>Auditor*</b>	BDO Audit (WA) Pty Ltd 38 Station St, Subiaco WA 6008
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<b>Solicitors to the Company</b>	Blackwall Legal LLP Level 6, 105 St Georges Terrace, Perth WA 6000
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<b>Securities Exchange*</b>	Australian Securities Exchange (ASX) ASX Code: AC8
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\* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in it.

## 2. TIMETABLE

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<b>23 May 2017</b>	Lodgement of Prospectus with ASIC
<b>23 May 2017</b>	Cleansing Offer opens
<b>6 June 2017</b>	Closing Date of Cleansing Offer
<b>6 June 2017</b>	Issue date (if Shares are issued under the Cleansing Offer)/Shares entered into Shareholder's security holdings

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The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. The Directors also reserve the right not to proceed with the whole or part of the Cleansing Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

### **3. IMPORTANT NOTES**

#### **3.1. Lodgement and Timing**

- 3.1.1. This Prospectus is dated 23 May 2017 and was lodged with ASIC on that date. ASIC, ASX and their officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.
- 3.1.2. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.
- 3.1.3. This Prospectus is a transaction-specific Prospectus for an offer of continuously quoted Securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. As such it should be read in conjunction with the Company's other periodic and continuous disclosure announcements given to ASX which are available at [www.asx.com.au](http://www.asx.com.au).
- 3.1.4. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.
- 3.1.5. No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

#### **3.2. Disclaimer**

- 3.2.1. No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.
- 3.2.2. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative. No document or information included on the Company's website is incorporated by reference into this Prospectus.

#### **3.3. Applications**

- 3.3.1. The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application forms will only be provided to these parties.
- 3.3.2. Persons applying for Shares pursuant to the Cleansing Offer must do so using an Application Form as provided with a copy of this Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus.

### **3.4. Electronic Prospectus**

- 3.4.1. This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the internet at [www.auscann.com.au](http://www.auscann.com.au). The Cleansing Offer pursuant to the electronic Prospectus is only available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person passing the Application Form on to another person unless it is attached to, or accompanied by, the complete and unaltered version of the Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company at the address set out in the Corporate Directory in Section 1.

### **3.5. Forward-looking Statements**

- 3.5.1. This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.
- 3.5.2. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.
- 3.5.3. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.
- 3.5.4. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.
- 3.5.5. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

### **3.6. Foreign Jurisdictions**

- 3.6.1. No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus outside Australia may be restricted by law and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of any Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

### **3.7. Speculative investment**

- 3.7.1. An investment in the Shares offered under this Prospectus should be considered highly speculative. Refer to Section 6 for details of the key risks applicable to an investment in the Company. Persons wishing to apply for Shares offered under this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus.
- 3.7.2. This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his or her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional advisor.
- 3.7.3. There is no guarantee that the Shares offered under this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

### **3.8. Other Matters**

- 3.8.1. All financial amounts in this Prospectus are expressed as Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.
- 3.8.2. Defined terms and abbreviations italicised in this Prospectus are detailed in the Glossary in Section 9.

## 4. DETAILS OF THE OFFER

### 4.1. The Cleansing Offer

- 4.1.1. Pursuant to this Prospectus, the Company is offering up to 1000 Shares at an issue price of \$0.50 per Share to raise \$500 (**Cleansing Offer**). As the Company is only seeking to raise a nominal amount by way of the Cleansing Offer, the principal purpose of the Prospectus is not to raise capital.
- 4.1.2. The purpose of the Cleansing Offer is to enable the Company to satisfy the requirements of section 708A(11) of the Corporations Act and enable the sale of Securities issued under the Placement, without further disclosure being required under Chapter 6D of the Corporations Act prior to the sale of those Placement Shares.
- 4.1.3. Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:
- (a) the relevant Securities are in a class of Securities that are quoted Securities of the body; and
  - (b) either:
    - (i) a Prospectus is lodged with ASIC on or after the day on which the relevant Securities were issued but before the day on which the sale offer is made; or
    - (ii) a Prospectus is lodged with ASIC before the day on which the relevant Securities are issued and offers of Securities that have been made under the Prospectus are still open for acceptance on the day on which the relevant Securities were issued; and
  - (c) the Prospectus is for an offer of Securities issued by the body that are in the same class of Securities as the relevant Securities.

By the issue of this Prospectus and the making of the Cleansing Offer, the Company satisfies the requirements sections 708A(11)(a), (b)(i) and (c) of the Corporations Act.

- 4.1.4. A summary of the rights and liabilities attaching to the Shares is set out in Section 7.1 of the Prospectus.

### 4.2. Issue of Shares

- 4.2.1. Shares issued pursuant to the Cleansing Offer will be issued in accordance with the Listing Rules and the timetable set out at in Section 2.
- 4.2.2. Holding statements for Shares issued under the Cleansing Offer will be mailed in accordance with the Listing Rules and timetable set out at in Section 2.

### 4.3. Quotation of Shares

- 4.3.1. Application for Official Quotation of the Shares issued pursuant to this Prospectus will be made in accordance with the timetable set out in section 2.



If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by ASIC) the Company will not issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

- 4.3.2. The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

#### **4.4. Minimum subscription**

- 4.4.1. There is no minimum subscription in respect of the Cleansing Offer.

#### **4.5. CHESS and issuer sponsorship**

- 4.5.1. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be Issuer Sponsored by the Company. Because the sub-registers are electronic, ownership of Securities can be transferred without having to rely upon paper documentation.

- 4.5.2. Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus (as well as any other Securities registered in their name at the time). The notice will also advise holders of their "Holder Identification Number" (if broker sponsored) or "Securityholder Reference Number" (if issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

- 4.5.3. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.6. Privacy**

- 4.6.1. If you complete an Application for Shares, you will be providing personal information to the Company (directly or through the Company's Share registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of Securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder, and carry out administration.

- 4.6.2. The information may also be used from time to time and disclosed to persons inspecting the Company's Securities registers, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised Securities brokers, print service providers, mail houses and the Company's Share registry.

- 4.6.3. You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

4.6.4. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to process or accept your Application.

**4.7. Taxation**

4.7.1. It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Cleansing Offer, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

**4.8. Enquiries**

4.8.1. Any questions concerning the Cleansing Offer should be directed to the Company Secretary on +61 8 9561 8834.

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1. Purpose of the Cleansing Offer and Funds Allocation

- 5.1.1. The purpose of the Cleansing Offer is to remove any trading restrictions that:
- (a) attach to the Placement Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the date of this Prospectus; and
  - (b) may attach to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date.
- 5.1.2. The funds raised from the Cleansing Offer will be applied towards the expenses of the Cleansing Offer. Refer to Section 7.6 for further details relating to the estimated expenses of the Cleansing Offer.

### 5.2. Effect of the Offer

- 5.2.1. After expenses of the Cleansing Offer of approximately \$11,000, there will be no net proceeds from the Cleansing Offer. The expenses of the Cleansing Offer will be met from existing cash reserves.

### 5.3. Effect on Capital Structure

- 5.3.1. The effect on the capital structure of the Company of the Cleansing Offer, assuming the Cleansing Offer is fully subscribed and no Options are exercised between the date of this Prospectus and the Closing Date, is set out below.

	Shares	Options
<b>Currently on Issue</b>	247,372,772	9,327,639
<b>Cleansing Offer</b>	1,000	-
<b>Total After Offer</b>	<b>247,373,772</b>	<b>9,327,639</b>

## 6. RISK FACTORS

### 6.1. Introduction

- 6.1.1. The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisors before deciding whether to apply for Shares pursuant to this Prospectus.
- 6.1.2. There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.
- 6.1.3. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### 6.2. Risks related to the Company's operations

- 6.2.1. The Company's business model's reliance on licensing approvals under new regime

The Company's objective is to undertake both research and development work as well as commercial operations in Australia in respect of the cultivation of medicinal cannabis strains, and manufacture of medical cannabis medicines. These activities are reliant on the Company obtaining the necessary licences and approval to commence operations. The regulatory approval system for these particular activities commenced on 30 October 2016. The Company has been granted a medicinal cannabis licence from the Office of Drug Control which, subject to regulatory requirements, enables it to commercially cultivate medicinal cannabis strains. This licence is subject not only to the Company complying with ongoing regulatory requirements, but also obtaining a manufacturing licence. The Company has applied for a manufacturing licence and is undertaking the necessary requirements for approval. The Company will also apply for the necessary research and development licences and undertake the necessary requirements for approval. The Company's strategic partnership with Tasmanian Alkaloids is subject to Tasmanian Alkaloids obtaining a medicinal cannabis licence and manufacturing licence from the Office of Drug Control. At this stage, the processing time for the consideration of the additional licences are unknown. There is a risk that the Commonwealth or States may amend or change their approach to the regulatory system. Further changes in governments, regulations and policies may have an adverse impact on the Company.

- 6.2.2. *Risk of adverse publicity*

The cultivation, production, manufacture, possession and distribution of controlled substances by the Company and the regulatory approval needed to continue the enterprise may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and

increased expenses for, the Company's products. These pressures could also limit or restrict the introduction and marketing of the Company's products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by the Company's products. The nature of the Company's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, the Company's reputation may be harmed.

6.2.3. *Risk associated with clinical trials*

Scientifically robust clinical trials have long lead-in times, can be expensive to conduct, and are, by definition of their purpose, uncertain as to outcome. Prior to conduct of clinical trials involving cannabis extracts/derivatives, a number of approvals, licences and/or permits are required. Delays in obtaining all necessary authorisations can impact upon downstream activities, including the potential introduction of scheduling issues.

After commencement, clinical trials are also subject to suspension, delay or termination by regulatory bodies due to revocation of licences/permits to conduct research on unregistered medicinal products, and/or importation or sourcing of trial material, and/or handling of material classified as poisons. Issues that may impact upon the aforementioned include:

- (a) participant recruitment not meeting trial timelines;
- (b) lower than expected rates of compliance with the trial protocol by the participants;
- (c) low rate of participant retention for the duration of the trial;
- (d) lack of availability of the trial product for the duration of the trial due to manufacturing constraints, or regulatory constraints (including importation);
- (e) unfavourable results from third party pre-clinical or clinical studies which regulatory or ethical bodies believe are relevant; and
- (f) failure of any key trial partners (e.g. contract research organisation) to provide their services in a quality and timely manner.

In addition to the above, all clinical trials are monitored and may be suspended or terminated by the ethical review board of the clinical institution due to matters outlined above as well as:

- (a) lack of efficacy of the trial product;
- (b) number or severity of serious adverse events or unexpected side effects;
- (c) non-compliance by the Company, the contract research organisation, the clinician or any other partner organisation in the trial, with the agreed protocol and/or all applicable regulatory requirements;

- (d) mishandling of clinical trial product, including labelling, storage, security and inventory;
- (e) mishandling of trial data, including security of participant information;
- (f) mishandling of trial records; and
- (g) complaints received by participants.

Any of the issues raised above has the potential to have an adverse and material effect on the business.

#### *6.2.4. Risk of adverse events or other safety issues associated with product*

If any of the products sold by the Company cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

- (a) regulatory authorities may withdraw their approval, or require more onerous labelling statements for any product that is approved;
- (b) the Company could be sued and held liable for harm caused to patients; or
- (c) the Company's reputation may suffer.

We may voluntarily suspend or terminate the Company's cultivation, manufacture, production and sale if at any time we believe that they present an unacceptable risk to consumers, or that they are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

#### *6.2.5. Loss of key relationships*

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. We expect this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm us in a number of ways, including:

- (a) loss of strategic relationships if third parties with whom we have arrangements are acquired by or enter into relationships with a competitor (which could cause the Company to lose access to necessary resources);
- (b) the relationship between the Company and third parties may deteriorate and have an adverse impact on the Company's business; and
- (c) the Company's current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put us at a competitive disadvantage, which could cause us to lose access to markets. Consolidation could also force us to

expend greater resources to meet new or additional competitive threats, which could also harm the Company's results.

*6.2.6. Risk of changes to laws and regulations*

The Company's operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving in Australia and worldwide and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations and operations of companies involved in medical cannabis. While to the knowledge of management, the Company is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the Company may cause adverse effects to its operations.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the Company and its Shares. In addition, there is a risk that legal action may be taken against the Company in relation to commercial, legal, regulatory or other matters.

*6.2.7. Protection of proprietary technology*

The Company's success will depend, in part, on the Company's ability to obtain patents, protect the Company's trade secrets and operate without infringing on the proprietary rights of others. We will rely upon a combination of patents, trade secret protection (i.e. know-how), and confidentiality agreements to protect the Company's intellectual property and licensing agreements to access third party intellectual property.

If we fail to adequately protect the Company's intellectual property, we may face competition from companies who attempt to create a product similar to the Company's proposed products. We may also face competition from companies who develop a substantially similar product to one of the Company's proposed products that is not covered by any of the Company's patents.

Many companies have encountered significant problems in protecting and enforcing intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property rights, particularly those relating to pharmaceuticals, which could make it difficult for us to stop the infringement of the Company's patents or marketing of competing products in violation of the Company's proprietary rights generally. Proceedings to enforce the Company's patent rights in foreign jurisdictions could result in substantial cost and divert the Company's efforts and attention from other aspects of the Company's business.

#### 6.2.8. *Patents*

The strengths of patents in the pharmaceutical field involve complex legal and scientific questions and can be uncertain. Where appropriate, we will seek patent protection for certain aspects of the Company's products and technology. Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so the Company's policy is to patent technology with commercial potential in jurisdictions with significant commercial opportunities. However, patent protection may not be available for some of the products we are developing. If we must spend significant time and money protecting or enforcing the Company's patents, the Company's business and financial condition may be harmed.

#### 6.2.9. *Trade secrets*

Trade secrets are difficult to protect. We rely in part on confidentiality agreements with the Company's employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect the Company's trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover, or reverse engineer, the Company's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights. Failure to adequately protect the confidentiality of the Company's trade secrets, could enable competitors to develop products that compete with the Company's products or have additional and material adverse impact upon the Company's business, results of operations and financial condition.

#### 6.2.10. *Plant breeders' rights*

The International Convention for the Protection of New Varieties of Plants was put in place in 1961 to provide a sui generis form of intellectual property protection specifically developed for plant breeds. While the Convention is intended to provide exclusive rights to the plant breeder for propagating material, only 74 countries are members, and excepted are acts for the purpose of breeding other plant varieties. Therefore, plant varieties developed by the Company may, if available to an outside party, be used for development of a new plant variety – different enough to be considered a new variety, but similar enough to compete with the Company.

The Convention extends to derived varieties and therefore it is possible that a protected plant breed is derived from plants protected by a patent on a process or gene. If this is not understood or declared by the holder of the plant breeding rights upon making the material available, the Company could be infringing third party patent rights when commercially using the product, including the derivation of new varieties to be registered by the Company.

#### 6.2.11. *Uncertainty of future profitability*

AusCann's profitability will be impacted by its ability to successfully obtain and comply with licences to cultivate and manufacture medical cannabis in



Australia, its ability to execute its development and growth strategies, the ability to access key medical markets, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.

### **6.3. Risks Related to the Company's Growing and Manufacturing Facilities**

#### *6.3.1. Agricultural risks*

The Company's business will involve the growing of medical cannabis, which is an agricultural product. As such, the business will be subject to the risks inherent in the agricultural industry, such as insects, plant diseases, storm, fire, frost, flood, drought, water availability, water salinity, pests, bird damage and force majeure events.

Although the Company plans to have both indoor and outdoor growing operations under climate controlled conditions and employ trained personnel to carefully monitor the growing conditions, there can be no assurance that natural elements will not have a material adverse effect on the production of the growing operations.

#### *6.3.2. Dependency on key inputs and their related costs*

Our ability to grow medical cannabis will be dependent on a number of key inputs and their related costs. The key inputs include raw material and supplies related to growing operation as well as electricity, water and other local utilities. Any significant interruptions or negative changes in the availability of economics of the supply chain for the inputs could materially impact the business, financial condition and operating results of the Company.

Due to the nature of the product, some of these inputs may only be available from single suppliers or a limited group of suppliers. Any restrictions on the ability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact of the business, financial condition and operating results of the Company.

#### *6.3.3. Exposure to product liability claims, regulatory action and litigation*

These risks will arise if the Company's product is alleged to have caused significant loss or injury. In addition, the manufacture of medical cannabis involves the risk of injury to consumers due to tampering by unauthorised third parties or product contamination.

Previously unknown adverse reaction resulting from human consumption of medical cannabis alone or in combination with other medication or substances could occur. The Company may be subject to various product liability claims, including among others that the Company's products caused injury or illness, inadequate instructions for use or warnings concerning possible side effects. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its

clients and consumers generally and could have a material adverse effect on the Company's results of operations and financial conditions.

#### **6.4. Industry Specific Risks**

##### *6.4.1. Insufficient working capital risk*

The Directors believe the funds raised from the Placement will give the Company sufficient working capital to achieve its current objectives. However, these funds may not be sufficient to enable the Company to realise the full potential of these activities.

##### *6.4.2. Product liability and uninsured risks*

Through its intended business, the Company is exposed to potential product liability risks which are inherent in undertaking research into the clinical efficacy of, and the manufacture and supply of medicinal cannabis products. It will be necessary to secure insurance to help manage such risks. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although the Company endeavours to work to rigorous standards there is still the potential for adverse events as outlined in Sections 6.2.4 and 6.3.3. These events could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to the Company's reputation or increased insurance costs.

If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages.

Further, the Company is exposed to the risk of catastrophic loss to necessary equipment or facilities which would have a serious impact on the Company's operations. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

##### *6.4.3. Unforeseen expenditure risk*

Expenditure may need to be incurred that has not been taken into account in the Company's budgeting process. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

##### *6.4.4. Management of growth*

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of the Company's management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

##### *6.4.5. Additional requirements for capital and funding risks*

The funds raised under the Placement are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations, the risk that the Company will not be able to meet its financial obligations as they fall due, and the risk that market prices may fall which will affect the Company's income.

## **6.5. General risks**

### *6.5.1. Economic*

General economic conditions, introduction of tax reform, new legislation, movements in interest rates, inflation and currency exchange rates may have an adverse effect on the Company's production activities, as well as on its ability to fund those activities.

#### 6.5.2. *Market conditions*

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### 6.5.3. *Insurance risks*

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

#### 6.5.4. *Loss of key personnel*

The responsibility to oversee the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that the Company will be no detrimental effect on the Company if one or more of these employees cease their employment.

#### 6.5.5. *New market*

The market for Shares is relatively new, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for Shares will develop or continue. The price at which Shares trade on ASX will be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase.

There may be relatively few or many potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

6.5.6. *Investment speculative*

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Shares.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## 7. ADDITIONAL INFORMATION

### 7.1. Rights Attaching to Shares

7.1.1. The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### 7.1.2. General meetings

- (a) Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.
- (b) Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

#### 7.1.3. Voting rights

- (a) Subject to the Constitution and to any rights and restrictions attaching to any class of Shares, at meetings of Shareholders or other classes of Shareholder, each Shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the Shareholder is a body corporate, by representative.
- (b) On a show of hands every Shareholder present having the right to vote at the meeting has one vote. On a poll, every Shareholder present has one vote for each fully paid Share and, in the case of partly paid Shares or Share held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.

#### 7.1.4. Dividend rights

Subject to the Corporations Act and to any special rights or restrictions attached to any Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Directors to be justified by the profits of the Company.

#### 7.1.5. Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

#### 7.1.6. Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

#### 7.1.7. Future increase in capital

The issue of any Shares is under the control of the Directors. Subject to restrictions on the issue or grant of Securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### 7.1.8. Variation of rights

- (a) Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.
- (b) If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

### **7.2. Continuous Disclosure**

7.2.1. The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s Securities.

7.2.2. This Prospectus is a “transaction specific Prospectus” prepared in accordance with section 713 of the Corporations Act. Section 713 provides that a “transaction specific Prospectus” is only required to contain information in relation to:

- (a) the effect of the issue of Securities on the Company; and
- (b) the rights attaching to the Securities.

It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing Company.

7.2.3. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to

ASX and does not include all of the information that would be included in a Prospectus for an initial public offering of Securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

7.2.4. The Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

7.2.5. Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

7.2.6. The Company, as a disclosing entity under the Corporations Act and in accordance with section 713(3) of the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with the ASIC;
  - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

7.2.7. Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:



<b>Date</b>	<b>Announcement</b>
<b>19/05/2017</b>	AusCann Secures \$12 Million in Institutional Placement
<b>18/05/2017</b>	Response to Media Commentary on Proposed Capital Raising
<b>18/05/2017</b>	Change of Director's Interest Notice x 3
<b>17/05/2017</b>	Trading Halt
<b>17/05/2017</b>	Tasmanian Alkaloids Strategic Partnership
<b>11/05/2017</b>	Auscann Presents at New York Canaccord Cannabis Conference
<b>11/05/2017</b>	Appendix 3B
<b>5/05/2017</b>	Medicinal Cannabis Licence Secured
<b>4/05/2017</b>	Trading halt
<b>28/04/2017</b>	March 2017 Quarterly Activities and Cashflow Report
<b>12/04/2017</b>	Appendix 3B
<b>10/04/2017</b>	First Crop Harvested in Chile
<b>28/02/2017</b>	Appendix 4D and Half Year Financial Report
<b>23/02/2017</b>	Government to Facilitate Faster Access to Medical Cannabis
<b>16/02/2017</b>	First Crop to be Harvested in Chile
<b>15/02/2017</b>	Becoming a substantial holder
<b>10/02/2017</b>	Change in substantial holding – amended
<b>03/02/2017</b>	AusCann Debuts on the ASX
<b>03/02/2017</b>	Change of Share Registry Address
<b>02/02/2017</b>	Becoming a substantial holder
<b>02/02/2017</b>	Becoming a substantial holder
<b>02/02/2017</b>	Becoming a substantial holder
<b>01/02/2017</b>	Statement of Restricted Securities
<b>01/02/2017</b>	Statement of Confirmations
<b>01/02/2017</b>	Securities Trading Policy
<b>01/02/2017</b>	Commercialisation Strategy Statement
<b>01/02/2017</b>	Capital Structure
<b>01/02/2017</b>	AusCann Audited Accounts - Financial Year Ended 30 June 2016
<b>01/02/2017</b>	AusCann Audited Accounts - Incorporation to 30 June 2015

<b>01/02/2017</b>	Legal Opinion - Chilean Operations
<b>01/02/2017</b>	Legal Opinion - Australian Law regarding Chilean Operations
<b>01/02/2017</b>	Legal Opinion - Australian Operations
<b>01/02/2017</b>	Constitution
<b>01/02/2017</b>	Replacement Prospectus
<b>01/02/2017</b>	Appendix 1A and Information Form and Checklist
<b>01/02/2017</b>	Top 20 Holders
<b>01/02/2017</b>	Distribution Schedule
<b>01/02/2017</b>	Pre-Reinstatement Disclosure
<b>01/02/2017</b>	Reinstatement to Official Quotation - 3 February 2017
<b>01/02/2017</b>	ASX Notice - Reinstatement to Official Quotation - 03/02/17
<b>31/01/2017</b>	Appendix 4C - quarterly
<b>27/01/2017</b>	Change of Company Name, ASX Code and Registered Office
<b>27/01/2017</b>	Change in substantial holding
<b>24/01/2017</b>	Initial Director's Interest Notice x 6
<b>24/01/2017</b>	Final Director's Interest Notice x 3
<b>24/01/2017</b>	Appendix 3B
<b>20/01/2017</b>	Completion of AusCann Transaction
<b>09/01/2017</b>	Close of Takeover Bid for AusCann
<b>23/12/2016</b>	Close of Public Offer - Successful \$5m Capital Raising
<b>02/12/2016</b>	s654C(1) Notice that Voting Power Has Exceeded 90% Threshold
<b>01/12/2016</b>	Supplementary Target's Statement
<b>01/12/2016</b>	Supplementary Bidder's Statement
<b>29/11/2016</b>	s654C(1) Notice that Voting Power Has Exceeded 75% Threshold
<b>25/11/2016</b>	s654C(1) Notice that Voting Power Has Exceeded 50% Threshold
<b>25/11/2016</b>	Takeover Bid by TWH for AusCann - Extension of Offer Period
<b>23/11/2016</b>	Results of Annual General Meeting
<b>22/11/2016</b>	Amended Announcement - Revocation of Interim Stop Order
<b>22/11/2016</b>	Revocation of Interim Stop Order
<b>21/11/2016</b>	Replacement Prospectus Lodged

<b>21/11/2016</b>	Replacement Prospectus
<b>11/11/2016</b>	Completion of Security Consolidation
<b>10/11/2016</b>	AusCann Forms Joint-Venture with Licensed Producer in Chile
<b>08/11/2016</b>	Target's Statement
<b>03/11/2016</b>	Interim Stop Order in Respect of Prospectus
<b>31/10/2016</b>	Results of Meeting
<b>31/10/2016</b>	Bidder's Statement
<b>31/10/2016</b>	Voluntary Suspension
<b>31/10/2016</b>	Appendix 4C – quarter
<b>25/10/2016</b>	Consolidation/Split - TWH
<b>25/10/2016</b>	AusCann Investor Presentation - October 2016
<b>21/10/2016</b>	Prospectus
<b>21/10/2016</b>	Notice of Annual General Meeting/Proxy Form
<b>18/10/2016</b>	Change of Company Secretary
<b>30/09/2016</b>	TWH Notice of Meeting and IER and Proxy Form
<b>30/09/2016</b>	Market Update - Acquisition of AusCann Group Holdings Ltd

### **7.3. Interests of Directors**

7.3.1. Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Cleansing Offer pursuant to this Prospectus; or
- (c) the Cleansing Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them in connection with the formation or promotion of the Company or the Cleansing Offer.

7.3.2. The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus is set out below:

<b>Director</b>	<b>Shares</b>
<b>Malcolm Washer<sup>1</sup></b>	12,707,786
<b>Elaine Darby</b>	11,606,445
<b>Harry Karelis<sup>2</sup></b>	15,771,393
<b>Cheryl Edwardes</b>	50,000
<b>Bruce McHarrie<sup>3</sup></b>	100,000
<b>Bruce Linton</b>	-

Notes:

1. Held by associate Mal Washer Nominees Pty Ltd.
2. Held by associate Gemelli Nominees Pty Ltd.
3. Held by associate Anticus Pty Ltd.

7.3.3. Details of the Directors' expected remuneration (exclusive of superannuation or GST) are set out in the table below:

<b>Director</b>	<b>Proposed Remuneration For Year Ended 30 June 2017*</b>	<b>Proposed Remuneration For Year Ended 30 June 2018</b>
<b>Malcolm Washer</b>	30,000	60,000
<b>Elaine Darby</b>	100,000	200,000
<b>Harry Karelis</b>	60,000	120,000
<b>Cheryl Edwardes</b>	20,000	40,000
<b>Bruce McHarrie</b>	20,000	40,000
<b>Bruce Linton</b>	20,000	40,000

\* Based on a period of office for the period of approximately 6 months.

7.4. Interests of experts and advisors

Other than as set out below or elsewhere in this Prospectus, no promoter of the Company or person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Cleansing Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the Company or the Cleansing Offer.

- 7.4.1. Blackwall Legal LLP has acted as the Company's solicitors in relation to the Cleansing Offer. The Company estimates it will pay Blackwall Legal LLP approximately \$8,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Blackwall Legal LLP has been paid fees totalling \$163,532 (excluding GST and disbursements) for legal services provided to the Company.

## **7.5. Consents**

- 7.5.1. Chapter 6D of the Corporations act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as incoming Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements in it.

- 7.5.2. Other than as set out below, each of the parties referred to in this Section:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus other than those referred to in Section 7.2;
- (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus in Section 7.2 with the consent of that party; and
- (d) was not involved in the preparation of this Prospectus or any part of it except where expressly attributed to that person.

- 7.5.3. Blackwall Legal LLP has given its written consent to being named as the solicitors to the Company in this Prospectus. Blackwall Legal LLP has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

## **7.6. Expenses of the Cleansing Offer**

- 7.6.1. The expenses of the Cleansing Offer are expected to comprise the following amounts, which are exclusive of any GST payable by the Company:

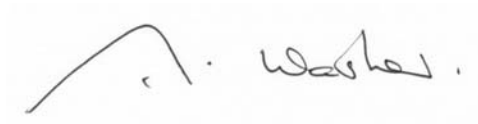
<b>Expense</b>	<b>Amount (\$)</b>
<b>Legal fees</b>	8,000
<b>ASIC lodgement fee</b>	2,350
<b>ASX listing fees</b>	-
<b>Miscellaneous</b>	1,000
<b>Total</b>	<b>\$11,350</b>

#### **7.7. Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read "Dr Mal Washer", is written over a light grey rectangular background.

**Dr Mal Washer**  
**Non-Executive Chairman**

for and on behalf of  
**AusCann Group Holdings Limited**

## 9. GLOSSARY

In this Prospectus, unless the context otherwise requires, the following terms have the following meanings:

<b>Applicant</b>	a person who applies for Shares pursuant to the Cleansing Offer.
<b>Application</b>	a valid Application to subscribe for Shares under this Prospectus.
<b>Application Form</b>	the acceptance form attached to or accompanying this Prospectus.
<b>Application Monies</b>	money submitted by Applicants in respect of Applications.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs.
<b>Board</b>	the board of Directors.
<b>CHESS</b>	ASX's Clearing House Electronic Subregistry System.
<b>Cleansing Offer</b>	has the meaning given to that term in Section 4.1.1.
<b>Closing Date</b>	6 June 2017 (unless extended).
<b>Company</b>	AusCann Group Holdings Limited ACN 008 095 207, a public Company incorporated and existing in Australia and listed on ASX.
<b>Constitution</b>	the constitution of the Company from time to time including as at the date of this Propsectus, the document adopted at a general meeting of Shareholders on 25 November 2014.
<b>Corporations Act</b>	the Corporations Act 2001 (Cth).
<b>Director</b>	a Director of the Company.
<b>Dollar, \$, A\$ or AUD</b>	the lawful currency for the time being of the Commonwealth of Australia.
<b>Glossary</b>	this glossary of terms.
<b>Issuer Sponsored</b>	Securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
<b>Listing Rules</b>	the official Listing Rules of ASX from time to time.



<b>Offer Period</b>	the period between the date of this Prospectus and the Closing Date.
<b>Option</b>	an option to acquire a Share.
<b>Official Quotation</b>	quotation of Shares on ASX.
<b>Placement</b>	the placement of 24,000,000 Shares at an issue price of \$0.50 per Share as announced to ASX on 19 May 2017.
<b>Prospectus</b>	this Prospectus dated 23 May 2017.
<b>Placement Shares</b>	the 24,000,000 Shares to be issue at an issue price of \$0.50 per Share in the placement as announced to ASX on 19 May 2017.
<b>Section</b>	a section of this Prospectus.
<b>Securities</b>	has the meaning given to that term in section 92 of the Corporations Act.
<b>Settlement Operating Rules</b>	the settlement rules of the Securities clearing house which operates CHESS.
<b>Shares or Ordinary Shares</b>	fully paid ordinary Shares in the capital of the Company.
<b>Shareholders</b>	the holders of Shares from time to time.