

15 JUNE 2017

CHANGE TO MANAGING DIRECTOR'S REMUNERATION PACKAGE

AusCann Group Holdings Ltd (ASX:AC8) ('AusCann' or 'the Company') wishes to advise changes to the remuneration package of the Company's Managing Director, Ms Elaine Darby.

The Board advises Ms. Darby's remuneration package has been updated to bring her remuneration into line with market rates. In addition, Ms Darby's new remuneration package imposes a number of financial and non-financial KPIs (Key Performance Indicators) that better align Ms Darby's performance outcomes to the Company's business plan and objectives.

The Board of AusCann was assisted in its review of Ms Darby's remuneration by an independent firm of remuneration consultants and an independent external remuneration benchmarking process was also undertaken.

In accordance with ASX Listing Rule 3.16.4, the new terms of Ms Darby's remuneration package effective 1 May 2017 are as follows:

- **Base Salary**
Base salary of \$310,000 per annum (plus a superannuation contribution per annum at 9.5% of the base salary).
- **Short Term Incentive**
A short term incentive of up to a maximum of 25% of Ms Darby's total annual base salary (including superannuation) up to a maximum of \$84,862.50 based on achievement of certain KPIs and performance objectives which are consistent with AusCann's business plan and payable in cash at the end of FY2018.
- **Bonus**
A cash bonus of \$50,000 payable at the end of FY2017, in recognition of Ms Darby's performance during FY2017.

All other terms of Ms Darby's Employment Agreement with the Company remain unchanged and are summarised below:

- **Term, position and duties**
The term of Ms Darby's employment is until such time as she resigns or her Employment Agreement is terminated. Ms Darby is employed by AusCann in the position of Managing Director. During the term of her employment, Ms Darby must render her services exclusively for AusCann.
- **Salary Review**
The Base Salary is subject to annual review.
Ms Darby is entitled to receive all reasonable expenses incurred in the fulfilment of her duties.

- Termination

Ms Darby's position may be terminated at any time by either party giving 3 months' written notice. AusCann may end her employment at any time without notice if she engages in extremely serious misconduct that is shown to demonstrably impact on AusCann's share price.

If AusCann terminates Ms Darby's employment involuntarily, she will be entitled to a severance payment for past services rendered equal to 6 months' base salary, which will be in addition to any payment made in lieu of notice or for redundancy.

- Change in control

If a change occurs in the control of AusCann, the Employment Agreement shall continue. Should Ms Darby's position change as a result of a change in control, the Employment Agreement will no longer apply to her employment unless Ms Darby and the Company agree to enter a new written employment agreement or to vary the Employment Agreement in writing.

- ENDS -

For more information please contact

AusCann

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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.