

AusCann Builds Momentum with Achievement of Major Milestones in H1 FY18

Highlights

- AusCann aims to provide Australia and select international markets with high-quality, economical and clinically-validated cannabinoid medicines
- AusCann achieved many important milestones across its strategic partnerships, medical outreach program, Chilean and Australian operations, and the regulatory landscape
- AusCann ended the half year with approximately \$12.3 million in cash and is well-funded heading into H2 FY18

Operational Highlights

- AusCann's strategic partner Tasmanian Alkaloids Pty Ltd was granted licences for cultivation, research and development, and manufacturing
- AusCann became one of the few Australian-based companies that can cultivate, manufacture, and supply final dose form Australian-produced cannabinoid medicines
- AusCann is continuing to work closely with government groups, doctors, and other health professionals to educate on the use of cannabinoid medicines
- AusCann's Joint Venture in Chile has planted its second crop with harvest due in mid CY18
- AusCann welcomed the decision by the Australian Government to allow export

Outlook

- AusCann is continuing its strong operational momentum in H2 FY18 to achieve its aim of releasing Australian final dose form cannabinoid medicines in late 2018
- AusCann has signed a Heads of Agreement (HoA) with Australian Pharmaceutical Industries Limited (ASX:API) for the distribution logistics of AusCann's cannabinoid medicines throughout Australia
- AusCann will import its cannabinoid medicines from its Canadian partner Canopy Growth Corp (TSE:WEED) for Australian patients prior to its Australian final dose form cannabinoid medicines becoming available

Wednesday, 28 February 2018 – Leading medical cannabis company **AusCann Group Holdings Limited** (ASX:AC8) (AusCann or 'the Company') has today released its financial results for the half-year ended 31 December 2017 (H1 FY18).

AusCann was established with the aim of providing Australia and select international markets with high-quality, economical and clinically-validated cannabis-derived medicines and the Company achieved a number of major milestones that brought it closer to realising this goal over H1 FY18.

Financial Overview

AusCann has made a significant investment into acquiring the necessary licenses to complete its entire supply chain and is working closely with government, lawyers, consultants and advisors to progress towards the commercialisation of medicinal cannabis products.

The Company invested approximately \$4.8 million in H1 FY18 on research and development, operating costs, joint venture expenses, consulting and legal fees and other associated expenses. Included in this investment were share-based payments valued according to accounting treatment at approximately \$2.7 million. AusCann ended H1 FY18 with approximately \$12.3 million in cash and is well-funded to maintain its operational momentum.

Progress in Australia and Chile

AusCann saw major progress in its Australian supply chain and its strategic partnerships with Tasmanian Alkaloids Pty Ltd ("Tasmanian Alkaloids") in Australia and Fundacion Daya in Chile in H1 FY18.

AusCann was granted its manufacturing licence in August 2017 [ASX Announcement: August 9, 2017], completing its supply chain, and making it one of the few Australian-based companies that can cultivate, manufacture, and supply Australian-produced cannabinoid medicines to patients.

The Company announced that Tasmanian Alkaloids, one of the world's largest manufacturers of controlled substances, was granted all of the required licences to produce final dose form cannabinoid medicines in December 2017 [ASX Announcement: December 7, 2017].

AusCann secured its second cultivation licence for its 50:50 Joint Venture ("JV") DayaCann with Fundacion Daya in Chile. DayaCann is currently the only licenced producer in Chile, a country that has a supportive regulatory framework for the production of cannabinoid medicines. DayaCann's first crop yielded over 400 kilograms of dried cannabis and the second crop has been planted and is scheduled for harvest by mid CY18. DayaCann intends to develop final dose form medicines for the treatment of pain in the Latin American market. As at 31 December 2017, the net realisable carrying value of DayaCann's assets was approximately \$839k.

Positive changes in the regulatory landscape

Post H1 FY18, the Federal Government announced the decision to allow the export of medical cannabis. AusCann has all the requisite partnerships and licences in place to establish itself as a supplier of cannabinoid medicines to select international markets.

The Commonwealth Department of Health, in conjunction with state and territory governments, coordinated the development and release of clinical guidance documents for medical prescribers of cannabinoid medicines for treating chemotherapy-induced nausea and vomiting, epilepsy, multiple sclerosis, chronic non-cancer pain and palliative care.

Medical liaison managers appointed

AusCann announced the appointment of three Medical Liaison Managers (MLMs) in September 2017 [ASX Announcement September 14, 2017].

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AusCann has in-depth knowledge of cannabinoid medicines through its Chief Medical Advisor Dr Danial Schechter and partnership with Canopy (TSE:WEED), the largest medicinal cannabis producer in North America. Each MLM has an impressive resume and track record as representatives of medications governed by the Therapeutic Goods Administration.

The MLMs are responsible for leading engagement programs in their regions, expanding relationships and providing guidance and information to key medical practitioners about cannabis-derived medicines.

AusCann Managing Director Elaine Darby: "We are very pleased with the operational momentum we achieved in H1 FY18 and the continuation of that momentum in the second half of the financial year. The completion of our supply chain has dovetailed nicely into progress we have made early in H2 FY18. We have made a strong start to the second half of the financial year with the signing of an agreement with Australian Pharmaceutical Industries for the Australia-wide distribution of our products. We look forward to updating the market on further developments as work towards our goal of supplying high-quality, economical and clinically-validated cannabinoid medicines."

ENDS

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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.