

19 July 2018

Dear Shareholder,

### **AusCann Group Holdings Ltd Share Purchase Plan**

On behalf of the Board of AusCann Group Holdings Ltd (ACN 008 095 207) (**AusCann**, or the **Company**), I am pleased to offer you the opportunity to increase your investment in AusCann through an offer of new fully paid ordinary shares in the Company (**New Shares**) via a Share Purchase Plan (**SPP**, or the **Offer**) to raise a maximum of \$8 million.

The Offer follows a share placement to institutional and sophisticated investors from North America and Australia which raised approximately \$33.4 million (before costs) (**Placement**), as announced on 5 July 2018.

AusCann is offering eligible shareholders the opportunity to apply under the Offer for up to \$15,000 worth of New Shares at an issue price of \$1.05 per New Share (**Issue Price**). Eligible shareholders will have the opportunity to buy a parcel of New Shares in AusCann without incurring brokerage or transaction costs, irrespective of the size of their existing shareholdings.

The Issue Price represents a discount of 4.5% to the issue price of the Placement (**Additional SPP Discount**), and 5.6% to the volume weighted average price of the Company's shares traded on ASX over the five days trading days prior to the announcement of the Offer on 16 July 2018. The Additional SPP Discount is given to participants under the SPP in lieu of there being no attaching options under the SPP, as there was in the Placement. For the avoidance of doubt, there are no attaching options under the SPP.

Under the Offer, AusCann will issue up to 7,619,048 New Shares. Combined, the Placement and the SPP will raise up to approximately \$41.4 million. AusCann intends to utilise the proceeds of the Placement and the SPP to fund the following:

- Clinical studies for product registration in Australia;
- Expansion of an Australian manufacturing plant for final dose form manufacturing;
- Establishment of a manufacturing facility in Chile;
- Establishment medical outreach programmes in new international markets;
- Research and development of cannabinoid pharmaceuticals; and
- Costs of the Offer and general working capital requirements.

An outline of the Offer is set out below and is governed by the enclosed terms and conditions. Please read these terms and conditions carefully and in their entirety before deciding whether to participate in the Offer.

Participation in the Offer is optional and is available exclusively to shareholders who are registered as AusCann shareholders as at 5pm (WST) on 13 July 2018 and whose registered address is in Australia or New Zealand.

If applications to participate in the SPP are received in excess of 7,619,048 Shares, the intention of the Directors is to scale back the applications on a pro rata basis. The Directors reserve the right to increase the maximum amount to be raised under the SPP (subject to the maximum permitted under the ASX Listing Rules).



In the event that fewer than 7,619,048 Shares are applied for under the SPP, the Directors reserve the right to place any shortfall to professional and sophisticated investors at the Directors' discretion. The issue of any such shortfall would be under the Company's placement capacity pursuant to ASX Listing Rule 7.1A.

The Offer of Shares under the SPP is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act. This Offer document is not a prospectus and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX and, if necessary, consult your professional adviser when deciding whether or not to accept and participate in the Offer.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to making an application under this Offer.

I commend the Offer to you as an opportunity to be part of AusCann's exciting future.

If you have any enquiries in relation to your enclosed Application Form or the Offer, please call Computershare Investor Services on 1300 850 505 (from Australia) or +61 3 9415 4000 (from overseas).

**Applications must be received by no later than at 5.00pm (WST) on Thursday, 2 August 2018.**

Yours faithfully

A handwritten signature in black ink, appearing to read "Malcolm Washer", written over a light blue horizontal line.

Dr Malcolm Washer  
Chairman  
AusCann Group Holdings Ltd

## The Offer at a glance

### Key Dates\*

Date	Details
Friday, 13 July 2018	<b>Record Date 5.00pm (WST)</b> The date on which AusCann determined Shareholders eligible to participate in the Offer, being Shareholders registered on that date with an address in Australia or New Zealand.
Thursday, 19 July 2018	<b>Opening Date</b> The date the Offer opens.
Thursday, 2 August 2018	<b>Closing Date</b> The date on which the Offer closes. Applications and payments (including BPAY) must be received by 5.00pm (WST).
Thursday, 9 August 2018	<b>Issue Date</b> The date New Shares are issued.
Friday, 10 August 2018	<b>Despatch Date</b> The date on which holding statements are sent to Shareholders who subscribed for New Shares under the Offer.
Friday, 10 August 2018	<b>Share Trading Date</b> The date on which it is expected that the New Shares will commence trading on the ASX.

\* The timetable is indicative only and AusCann may, at its discretion, vary any of the above dates other than the Record Date.

### Offer details

Item	Detail
Issue Price	The issue price is \$1.05 per New Share which represents an approximate 5.6% discount to the volume weighted average closing market price over the last 5 days on which sales in AusCann Shares were recorded immediately prior to the announcement of the SPP.
Minimum Application Amount	The minimum application amount is \$2,000.
Maximum Application Amount	The maximum application amount is \$15,000.
Permitted Application Amounts	Each Eligible Shareholder is entitled to purchase a parcel of New Shares valued at \$2,000, \$3,000, \$4,000, \$5,000, \$10,000 or \$15,000.

## QUESTIONS AND ANSWERS

### 1. **What is the Offer?**

The Offer is an opportunity for eligible Shareholders to purchase up to \$15,000 worth of New Shares each in the Company.

All New Shares issued to Shareholders under the Offer will rank equally with existing shares and will carry the same voting rights and other entitlements.

### 2. **Who is eligible to participate in the Offer?**

Shareholders who are registered as holders of AusCann Shares at 5.00pm (WST) on the Record Date of Friday, 13 July 2018 and whose registered address is in Australia or New Zealand (or any other jurisdiction where in the reasonable opinion of the Company it is lawful and practical for the Company to offer New Shares) are eligible to participate in the Offer.

### 3. **What is the issue price of the New Shares?**

The issue price is \$1.05 per New Share. This price represents an approximate 5.6% discount to the volume weighted average market price based on closing share prices over the last 5 days on which sales in AusCann Shares were recorded prior to the announcement of the Offer on 16 July 2018.

You should note that the market price of the AusCann's Shares may rise or fall between the date of this Offer and the date the New Shares are issued under the Offer. This means that the market price may be higher, equal or lower than the offer price of \$1.05 for the Shares under the Offer at the time the New Shares applied for under the Offer are issued.

### 4. **How many New Shares can I apply for under the Offer?**

Regardless of the number of shares you currently own, you are entitled to apply for a parcel of New Shares in the Company valued at any of \$2,000, \$3,000, \$4,000, \$5,000, \$10,000, or \$15,000.

If you hold existing shares in more than one capacity (for example you are both a joint holder and a sole holder), the maximum amount you can apply for under the Offer in all capacities is \$15,000.

**By applying to purchase New Shares under the Offer, you will have agreed to be bound by the terms and conditions of the Offer as set out in this offer document.**

### 5. **How do I apply for New Shares under the Offer?**

If you wish to participate in the Offer, please follow the instructions set out on the enclosed personalised application form ("Application Form") and send this form together with your cheque or money order made payable to "AusCann Group Holdings Ltd" in the enclosed reply paid envelope to:

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001

Australia

Alternatively, you can make a BPAY payment as shown on the Application Form. If you make a BPAY payment, you do not need to return the Application Form. Please note that New Zealand Shareholders are not able to make a BPAY payment.

**If you wish to participate you should ensure that your Application Form and payment is received by no later than 5.00pm (WST) on Thursday, 2 August 2018.**

Please allow adequate time for mail deliveries.

You will not be able to withdraw or revoke your application once you have sent us the completed Application Form and payment.

**6. How long is the Offer open for?**

The Offer opens on Thursday, 19 July 2018 and is expected to close on Thursday, 2 August 2018.

AusCann reserves the right to vary the Closing Date.

If you wish to participate you should ensure that your **Application Form and payment is received by no later than 5.00pm (WST) on Thursday, 2 August 2018.**

**7. Do I have to participate in the Offer?**

Participation in the Offer is optional. However, the Offer is non-renounceable (i.e. you may not transfer your right to acquire New Shares to anyone else).

If you are an Eligible Shareholder and do not wish to subscribe for New Shares under the Offer, you are not obliged to do anything. You will not receive any benefits or New Shares.

Before you apply for New Shares we recommend you seek independent financial advice from your professional advisor or stockbroker.

**8. Further assistance**

If you have any questions in relation to the Offer please contact your professional advisor or stockbroker.

If you require information on how to complete the Application Form please contact Computershare Investor Services on 1300 850 505 (from Australia) or +61 3 9415 4000 (from overseas).

SHARE PURCHASE PLAN TERMS AND CONDITIONS

These terms and conditions are the terms and conditions of the AusCann Group Holdings Ltd's (ACN 008 095 207) (**Company**) 2018 Share Purchase Plan (**Offer**) and are binding on any shareholder providing a completed Share Purchase Plan Application Form to the Company.

---

## 1. Offer

The Offer is an invitation to offer to apply for fully paid ordinary shares in the Company (**Shares**) up to a maximum subscription of \$15,000 at an issue price of \$1.05 per Share (**New Shares**) (**Offer**).

The Offer to each eligible shareholder is made on the same terms and conditions.

The Offer is non-renounceable.

---

## 2. Eligibility

You are eligible to apply for New Shares (**Eligible Shareholder**) if:

- (a) your registered address in the Company's register of members is in Australia or New Zealand or any other jurisdiction where in the reasonable opinion of the Company it is lawful and practical for the Company to offer New Shares; and
- (b) you were registered as a holder of Shares as at 5.00pm WST on Friday, 13 July 2018.

---

## 3. Issue Price

The issue price for each New Share under the Offer is \$1.05 per Share.

In accordance with the requirements of ASIC Class Order [CO 09/425], the Company confirms that the issue price is less than the market price of Shares during a 'specified period' in the 30 days before the date of the Offer (such specified period being the 5 days in which trading in Shares occurred before the date of the announcement of the Offer).

In accordance with ASX Listing Rule 7.2 Exception 15, the issue price is equal to or greater than 80% of the volume weighted average price for the 5 days in which trading in the Shares occurred before the date of the announcement of the Offer.

---

## 4. Number of New Shares

### 4.1 Application amount

If you are an Eligible Shareholder, you can apply for up to a maximum of \$15,000 worth of New Shares. Eligible Shareholders can select one of the following alternatives:

Offer	Value	Number of Shares
-------	-------	------------------

A	\$2,000	1,905
B	\$3,000	2,858
C	\$4,000	3,810
D	\$5,000	4,762
E	\$10,000	9,524
F	\$15,000	14,286

#### 4.2 \$15,000 maximum

The total costs of New Shares purchased by each Eligible Shareholder (including through joint holding(s), multiple share accounts or any holding in which they have a beneficial interest/s) must not exceed \$15,000.

The Company reserves the right to issue to an Eligible Shareholder fewer New Shares than the number specified in an Application Form for whatever reason, including to avoid the possible subscription of over \$15,000 worth of New Shares by a shareholder through multiple applications or joint holdings.

No fractions of New Shares will be issued. All fractions of New Shares have been rounded up to the nearest whole New Share.

#### 4.3 Maximum number of New Shares to be issued

- (a) **ASX Listing Rules limitation:** In accordance with ASX Listing Rule 7.2 Exception 15, the total number of New Shares under the Offer must not exceed 30% of the number of Shares currently on issue.
- (b) **Discretionary limitation:** It is presently intended that a maximum of 7,619,048 Shares will be issued pursuant to the Offer, which would raise a maximum of \$8,000,000. Applications will be accepted on a 'first in, first accepted' basis and will not be able to be withdrawn once made. The Board presently intends that Offer will close after the maximum amount of \$8,000,000 has been raised, however it reserves the right to accept oversubscriptions.
- (c) **Board discretion:** The Board reserves its right to reject or scale back any applications in whole or in part. The Board reserves absolute discretion regarding the final amount raised under the Offer (subject to the maximum permitted under the ASX Listing Rules). If there is a rejection or scale back, your application monies may be greater than the value of New Shares issued to you under the Offer, in which case the excess application monies will be refunded to you, without interest.

---

## 5. Participation costs

You must pay the issue price per New Share and any fees or charges incurred by you in completing the Application Form, for example, bank fees or fees of professional advisors. No commission is payable by the Company on the issue of the New Shares and no brokerage applies.

---

## 6. Rights Attaching

The rights and obligations of the New Shares are contained in the Constitution of the Company (which is available for inspection at the registered office of the Company during the period of the Offer). The New Shares will be issued on the same terms as all other ordinary shares in the Company and the Company will apply for the New Shares to be quoted on ASX. If the New Shares are not quoted on ASX, the New Shares will not be issued and funds will be refunded.

---

## 7. Allotment of New Shares

Subject to these terms and conditions, the New Shares will be allotted as soon as possible after the Offer Closing Date. The Company will send or cause to be sent to you a holding statement in due course.

---

## 8. Payment for New Shares

All amounts in this Offer are expressed in Australian dollars. You must pay for the New Shares by cheque in Australian dollars made payable to “AusCann Group Holdings Ltd” or by BPay® following the instructions on the Application Form and below.

You should note that the Company may elect to close the offer at any time, or extend the Closing Date. Accordingly, the Company encourages Shareholders to submit their applications as soon as practicable.

### 8.1 Payment by Cheque

To take up this Offer:

- a) Complete the enclosed personalised Application Form specifying the total subscription price for those New Shares; and
- b) Send the completed Application Form such that it is received by no later than 5pm (WST) on the Closing Date of Thursday, 2 August 2018, in the reply paid envelope provided, with your cheque made payable to **AusCann Group Holdings Ltd**, and crossed Not Negotiable to the Company’s share registry at:

Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001  
Australia

Please provide a cheque for the exact amount. If you do not provide the exact amount, the Company reserves the right to return your Application Form and cheque (in which case you will receive no New Shares) or issue you a lesser number of New Shares and (if necessary) return a portion of your funds. No interest will be paid on money returned.

## 8.2 Payment by BPay®

Alternatively, you can use the BPay® facility as set out on the Application Form. If you make a BPay® payment, you do not need to return the Application Form. Please note that New Zealand Shareholders having an Australian bank account can also use BPay®. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPay®. It is your responsibility to check that the amount you wish to pay via BPay® does not exceed your limit. Shareholders are responsible for making sure that any BPay® payments are made in time to become cleared funds in the account before 5pm (WST) on the Closing Date.

---

## 9. Risk

New Shares are a speculative investment and the market price may change between the dates you apply for New Shares and the issue of New Shares to you. Accordingly, the value of New Shares applied for may rise or fall.

This Offer is not a prospectus and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX, and, if necessary, consult your professional advisor when deciding whether or not to participate in the Offer.

---

## 10. Privacy

By receiving completed Application Forms, the Company collects personal information about shareholders. The Company will use this information for the purposes of processing the Application Form and updating the records of the Company. Unless required by the law, the Company will not disclose the personal information for another purpose without the consent of the shareholder. Except as stated by the law, Shareholders are able to access, upon request, their personal information held by the Company. For further information about how we manage your personal information or if you wish to obtain a copy of the Company's Privacy policy, please contact us.

---

## 11. Use of Funds

The Board presently intends that the funds raised from the Offer will be applied towards:

- Clinical studies for product registration in Australia;
- Expansion of an Australian manufacturing plant for final dose form manufacturing;
- Establishment of a manufacturing facility in Chile;
- Establishment medical outreach programmes in new international markets;
- Research and development of cannabinoid pharmaceuticals; and
- Costs of the Offer and general working capital requirements.

As with any intended budget or use of funds, this is a statement of current intentions as at the date of this Offer. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

---

## 12. Important Dates

The important dates in relation to this Offer are summarised below.

<b>Record Date (5pm (WST))</b>	Friday, 13 July 2018
<b>Announcement of Offer</b>	Monday, 16 July 2018
<b>Dispatch of Offer Document and Application Form</b> <b>Offer opening date</b>	Thursday, 19 July 2018
<b>Offer Closing Date (5pm (WST))</b>	Thursday, 2 August 2018
<b>Issue Date</b>	Thursday, 9 August 2018
<b>Despatch of Holding Statements</b>	Friday, 10 August 2018
<b>Quotation of New Shares</b>	Friday, 10 August 2018

These above dates are indicative only. The Company may vary the dates and times of the Offer by lodging a revised notice with ASX.

As the Offer is made on a 'first in, first accepted' basis, the Closing Date may be earlier than specified and particularly so if applications have been received for the maximum subscription amount.

New Shares issued under the Offer will be issued as soon as practicable after the Offer Closing Date. Application for quotation on ASX of the New Shares will be made immediately following the issue of those Shares.

---

## 13. Joint Holders

If you are a joint holder of existing Shares, you are taken to be a single registered holder of existing Shares for the purposes of determining whether you are an Eligible Shareholder and joint holders are entitled to participate in the Offer in respect of that single holding only.

---

## 14. Custodians

Eligible shareholders who hold Shares as a "custodian" (as defined in ASIC Class Order 09/425) (**Custodian**) may participate in the Offer on behalf of one or more persons whom the Custodian holds Shares on behalf of (**Custodian Beneficiaries**). If a Custodian applies for New Shares on behalf of a Custodian Beneficiary, the Company may not issue New Shares to the Custodian under the Offer unless the Custodian gives the following (or substantially the following) (**Custodian Certificate**) in writing to the Company. The Company will supply an appropriate Custodian Certificate upon request to the Company Secretary,

- (a) either or both of the following:
  - (i) that the Custodian holds the Shares on behalf of one or more persons that are not custodians (“Participating Beneficiaries”); or
  - (ii) that another custodian (“Downstream Custodian”) holds beneficial interests in Shares on behalf of a Participating Beneficiary, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another custodian,  
  
on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:
    - (iii) where sub-paragraph (a)(i) applies – the Custodian; and
    - (iv) where sub-paragraph (a)(ii) applies – the Downstream Custodian, to apply for New Shares under the Offer on their behalf;
- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary, and that each Participating Beneficiary’s address is located in Australia or New Zealand;
- (d) that each Custodian Beneficiary is not in the United States and that the Custodian has not sent any materials relating to the Offer to any person in the United States;
- (e) in respect of each Participating Beneficiary:
  - (i) where sub-paragraph (a)(i) applies – the number of Shares that the Custodian holds on their behalf; and
  - (ii) where sub-paragraph (a)(ii) applies – the number of Shares to which the beneficial interests relate;
- (f) in respect of each Participating Beneficiary:
  - (i) where sub-paragraph (a)(i) applies – the number or the dollar amount of New Shares they instructed the Custodian to apply for on their behalf; and
  - (ii) where sub-paragraph (a)(ii) applies – the number or the dollar amount of New Shares they instructed the Downstream Custodian to apply for on their behalf;
- (g) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
  - (i) the New Shares applied for by the Custodian under the Offer in accordance with the instructions referred to in sub-paragraph (f); and
  - (ii) any other Shares issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian

or the Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Offer;

- (h) that a copy of this offer was given to each Participating Beneficiary; and
- (i) where sub-paragraph (a)(ii) applies – the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.

---

## 15. Additional provisions

### 15.1 Amendments

The Company may amend the terms of the Offer at any time. Any material amendments will be announced to the ASX.

### 15.2 Termination

The Company may terminate or otherwise withdraw the Offer at any time. Any termination or withdrawal will be announced to the ASX, and any application monies received will be refunded without interest.

### 15.3 Interpretation

The Company may act or omit to act in relation to the Offer (including applying the terms of the Offer) in its absolute discretion. The Company may settle any difficulty of question of fact or interpretation in relation to the Offer in any matter it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Offer. The Board or any delegate may exercise the powers of the Company under the terms of the Offer.