

REGISTERED OFFICE:

Level 3, 18 Richardson Street

WEST PERTH WA 6005

Telephone: +61 1300 503 085

**AUSCANN SEALS STRATEGIC PARTNERSHIP WITH WORLD CANNABIS GIANT CANOPY GROWTH
- AND -
TWH AND AUSCANN SIGN BINDING AGREEMENT FOR ACQUISITION**

Perth, May 9, 2016 – TW Holdings Limited (**ASX:TWH**) (**Company** or **TWH**) is pleased to announce a strategic partnership has been reached between AusCann Group Holdings Limited (**AusCann**) and the world's premier medicinal cannabis company, Canopy Growth Corporation (**Canopy**).

Following the execution of a non-binding heads of agreement between TWH and AusCann for the acquisition of all of the issued capital of AusCann (as previously announced on 17 March 2016), TWH has now also entered into a binding agreement with AusCann to effect that acquisition.

About Canopy

Canopy (www.canopygrowth.com) was the first publicly traded federally regulated cannabis producer in North America and remains the largest and most diversified. It is listed on the TSX Venture Exchange and enjoys a market capitalisation in excess of A\$250,000,000.

Canopy's core brands are Tweed (<https://www.tweed.com>), the world's most recognised cannabis brand, and Bedrocan Canada (<https://www.bedrocan.ca>) which produces and sells genetically standardised cannabis varieties.

Canopy's headquarters has been famously converted from an abandoned Hershey's Chocolate Factory in Smiths Falls, Ontario.

Together with two indoor production facilities and a large greenhouse, Canopy Growth operates more than 46,400 square metres of production capacity, making it the largest legal cannabis producer in the world.

Overview of AusCann / Canopy Alliance

As part of the alliance with Canopy, AusCann has agreed to issue a 15 per cent stake in AusCann shares in exchange for access to Canopy's vast range of expertise and intellectual property in cultivation, manufacturing and supply of high quality medicinal cannabis. These shares will remain in a voluntary three year lock up/escrow. In effecting an acquisition by TWH, these new shares will be included within the consideration already allocated to AusCann shareholders as set out in more detail below.

Canopy will be granted a three year option to acquire a further 5 per cent stake in AusCann based on current fully diluted equity from the date of the lodgement of a prospectus by AusCann with the ASX and an exercise price per option equivalent to the listing prospectus price per share. As part of the proposed TWH acquisition, it is intended Canopy will acquire TWH options in replacement of that option.

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Finally, Canopy will have pro rata rights to invest in any further capital raisings including the forthcoming prospectus capital raising.

According to AusCann Managing Director Elaine Darby, the agreement will cement AusCann's leadership position in Australia's rapidly developing medicinal cannabis market.

"We are exceptionally happy with this alliance with Canopy Growth Corporation, which has been a global pioneer in the development of medicinal cannabis," said Ms Darby.

"Our aim is to establish the Australian medical community's trust in these products and to produce high quality, dependable, economical and clinically validated medicines and this partnership is a massive step toward achieving that aim."

Ms Darby said, Canopy Growth founder and executive chairman Bruce Linton will join the board of AusCann.

"I'm very pleased to enter into this new international relationship, the first of its kind for a Canadian cannabis company," said Mr Linton

As the Australian government begins to lay out a framework for legal medical cannabis, AusCann has the same opportunities and challenges that Tweed and its sister companies faced several years ago. We have confidence that the Australian medical cannabis market will grow similarly to Canada and we think the lessons we learned in our early days will prove invaluable to the team at AusCann."

Mr Linton will join the existing highly experienced board which includes Chairman Dr Mal Washer, experienced technology private equity investor Harry Karelis, former Federal Police commissioner Mick Palmer and incoming director, former WA Attorney General, the Hon Cheryl Edwardes.

TWH Chairman, Mr David Wheeler, said the agreement was confirmation that the decision to purchase AusCann was a good one for TWH shareholders.

"We are very excited about the future for the medicinal cannabis market in Australia and once again it has been shown that AusCann is a best of breed company with a strong board and management team and significant international connections and deep relationships with market leaders" said Mr Wheeler.

"Securing a partnership with Canopy Growth adds another dimension to the existing strong connections to offshore players such as Spain's Phytoplant and to a range of universities and leading biotechnology companies.

"We look forward to finalising our deal to acquire AusCann as a great opportunity for TWH shareholders to participate in a unique and growing industry."

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The strategic partnership remains subject to final approval by the TSX Venture Exchange.

Binding agreement for AusCann acquisition

The binding agreement between TWH and AusCann for the acquisition of all of the issued capital of AusCann is largely on the same terms as the non-binding heads of agreement previously announced. Key new points are as follows:

- 15% of the consideration to be provided to AusCann shareholders will be allocated to Canopy which at the time of acquisition will be a 15% holder of AusCann. The shares allocated to Canopy are intended to be subject to an anti-dilution provision which will be subject to the ASX providing a waiver of Listing Rule 6.18.
- The final capital structure of the Company after completion of the acquisition is set out below.
- Upon completion of the acquisition, Canopy Growth founder and executive chairman Bruce Linton will join the board of TWH along with other AusCann nominees

The escrow of shares to be issued, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, consolidation, capital raising and shareholders approvals remain as set out in the Company's initial announcement of 17 March 2016. Completion of the acquisition remains subject to certain conditions, outlined below.

Capital structure of the company after acquisition (on a pre-consolidation basis*)

	Ordinary shares	% of ordinary shares	Performance shares	Options
Shares currently on issue	602,362,410	15.78%	-	
Securities to be issued to AusCann shareholders excluding Canopy	1,668,192,121	43.70%	321,000,000	
Securities to be issued to Canopy	459,300,000	12.03%	88,200,000	153,100,000**
Securities to be issued to AusCann convertible noteholders	805,333,333	21.10%	154,800,000	
Securities to be issued to AusCann transaction facilitators	129,174,545	3.38%	36,000,000	
Securities to be issued to TWH transaction facilitators	153,100,000	4.01%	30,000,000	
Options to be issued to TWH directors	-	-	-	60,000,000
Total Shares upon completion of the Proposed Acquisition	3,817,426,409	100.0%		

* The number of Shares as stated above will change in line with the consolidation ratio which is proposed to be one new Share for every 20 existing Shares on issue.

** Options to be issued to Canopy will have an exercise price the same price as the shares issued under the capital raising, and a five year term.

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Conditions precedent to transaction

The acquisition remains subject to the conditions precedent including the following:

- (a) satisfaction of all necessary due diligence investigations by the parties;
- (b) Each of the shareholders of AusCann entering into a binding sale agreement with TWH on terms consistent with the provisions of the agreement and otherwise acceptable to AusCann;
- (c) TWH receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of TWH and AusCann;
- (d) TWH undertaking a capital raising to raise at least \$2.5 million or such other minimum amount as agreed between the parties provided that such minimum amount will be sufficient to satisfy any conditions imposed by ASX as contemplated under clause (c) above **(Capital Raising)**;
- (e) TWH undertaking a consolidation of its issued share capital on the basis of one new share for every 20 existing shares on issue, or such other ratio as is agreed between the parties; and
- (f) TWH holding a meeting of TWH shareholders to obtain all approvals under the Corporations Act and the Listing Rules that are required to give effect to the transactions contemplated by the Heads of Agreement.

Other material terms of the binding agreement remain as previously announced in respect of the non-binding agreement on 17 March 2016.

For further information, please contact:

David Wheeler
Non-Executive Chairman
TW Holdings Limited
Phone: +61 419 342 152

Elaine Darby
Managing Director
AusCann Group Holdings Limited
Phone: +61 458 372 511

John Beveridge
Monsoon Communications
Phone: +61 3 9620 3333
Email: johnb@monsoon.com.au