

## ASX ANNOUNCEMENT



### Cann Group lists on the ASX in \$13.5m IPO

**4 May 2017** – Melbourne-based Cann Group Limited (ASX:CAN) will list on the Australian Securities Exchange (ASX) today after raising \$13.5m in a fully-underwritten initial public offering (IPO).

Focused on breeding, cultivating and manufacturing medicinal cannabis for sale and use within Australia, the agribusiness company issued 45 million new shares at \$0.30 per share, for a market capitalisation of \$31.5 million upon listing.

As the first company in Australia to be issued with a licence under the federal government's new regulatory system for medicinal cannabis use, Cann is well advanced to be a leading player in the developing new medicinal cannabis industry. The company has now received licences for both research and cultivation of medicinal cannabis from the Australian Government's Office of Drug Control (ODC).

The licenses allow Cann Group to legally cultivate medicinal cannabis for patient use and conduct research on the use of cannabis for medicinal purposes. Permit applications under both licences are currently being finalised, and the company plans to take the first plants to harvest before the end of this year.

Using the funds raised from the IPO, Cann Group will expand into a second facility within Melbourne that will incorporate research and development activities, along with significant capacity for cultivation. The funds will also be used to support clinical studies and for working capital.

In addition to Australian institutional and professional investors, the capital raising was supported by Canada's Aurora Cannabis Inc., which took a cornerstone position in the IPO by subscribing for 19.9% of all Cann Group shares (\$6.5m investment). Aurora is Canada's second largest listed medicinal cannabis company (C\$868m market cap) and will provide expertise to support Cann Group's growth strategy in Australia.

Cann Group has established key industry relationships with organisations that will assist in the development of the company's business model. These include Agriculture Victoria, for the supply of elite cannabis genetics and access to cultivation and extraction technologies, and the CSIRO, which will undertake analysis of cannabis extracts supplied by Cann Group.

Cann Group's board and management team have extensive agribusiness experience and includes non-executive director Allan McCallum (Chairman of Tassal, Director of Medical Developments, ex-Graincorp & ex-Incitech Pivot) and CEO Peter Crock (ex-Nufarm senior manager).

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Mr McCallum, Chairman of Cann Group, said the company's goal is to become a world-class, Australia-focused medicinal cannabis company.

"Our competitive strengths lie in the research and development, cultivation, production and manufacturing associated with the medicinal cannabis value chain," said Mr McCallum.

"We see substantial future growth associated with what we view as a high value agribusiness opportunity."

There is growing recognition and increased mainstream acceptance of the claimed benefits of medicinal cannabis for a substantial range of diseases and certain other medical conditions, supported by increasing scientific evidence of the role of cannabinoids in a range of medical applications.

As the medical evidence continues to evolve, it is expected that demand for safe, efficacious medicinal cannabis products will grow. Cann Group's objective is to be recognised as the leading developer and supplier of regulated medicinal cannabis in Australia.

Canaccord Genuity (Australia) and PAC Partners were joint lead managers to the equity raising and IPO.

**For further information please contact:**

Peter Crock  
Cann Group Limited  
+61 (0) 3 9095 7088  
contact@canngrouponlimited.com

Matthew Wright  
NWR Communications  
+61 (0) 451 896 420  
matt@nwrcommunications.com.au

**About Cann Group**

Cann Group is building a world-class business focused on breeding, cultivating and manufacturing medicinal cannabis for sale and use within Australia. The company has established research and cultivation facilities in Melbourne and is striving to provide access to medicinal cannabis for Australian patients. Cann Group has executed collaboration agreements that will enable it to establish a leading position in plant genetics, breeding, extraction, analysis and production techniques required to facilitate the supply of medicinal cannabis for a range of diseases and medical conditions. It was issued with Australia's first medicinal cannabis research licence in February 2017, in addition to Australia's first medicinal cannabis cultivation licence in March 2017.

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