

16 March 2016

**TWH TO ACQUIRE AUSTRALIA'S LEADING MEDICINAL CANNABIS GROUP  
AUSCANN GROUP HOLDINGS LTD**

- **TWH has entered into a non-binding heads of agreement in relation to acquiring 100% of the issued capital of AusCann Group Holdings Ltd ("AusCann")**
- **AusCann was established in 2014 to bring together a leading team of executives focused upon building an Australian-based, globally connected medicinal cannabis company**
- **AusCann has played a lead role over many years in the debate around legalising medicinal cannabis in Australia**
- **AusCann Directors comprise high profile and seasoned individuals with backgrounds in government, medicine, law enforcement, bio-pharmaceutical and capital markets**
- **AusCann has significant offshore relationships in place positioning AusCann at the forefront of world's best practice in medicinal cannabis**
- **Deal terms provide significant potential for future value creation**

TW Holdings Limited (**TWH**) is pleased to announce it has entered into a non-binding heads of agreement in relation to the acquisition of all of the securities in unlisted Australian company AusCann Group Holdings Ltd (**AusCann**) (**Proposed Acquisition**). The key terms of the Proposed Acquisition are set out in Annexure A.

**Overview of AusCann**

AusCann Group Holdings Ltd ("AusCann") was established in 2014 to bring world's best practice into Australia for the cultivation and manufacture of high value medicinal cannabis products. It's founding shareholders and directors comprise a group of high profile and seasoned executives with backgrounds in government, medicine, law enforcement, bio-pharmaceuticals and capital markets.

The company's approach is to build strong and long-lasting partnerships and collaborations with leading groups across the globe to ensure that AusCann remains at the forefront of the continually evolving medical cannabis landscape in Australia.

These collaborations include partnerships with European breeding companies, leading universities in Australia, clinical stage biotech companies and US-based groups dealing direct with patients and with a deep understanding of treatment regimes including dosing and protocols.

AusCann continues to play a leading role in the national debate around providing a regulated scheme for patients in need to access cannabis-based medicines.

*"We are focused on remaining at the forefront of this globally evolving industry and maintaining our position as Australia's leading medicinal cannabis group. We are very much focused on our Australian heritage but connected globally to other leading players ensuring world's best practice in this exciting new area of medicine is available to all patients in need in Australia."* stated AusCann's Chairman Dr. Mal Washer.

*"We are excited to have been able to secure this relatively unique opportunity for TWH shareholders. The medicinal cannabis field is attracting many players and we believe AusCann represents the best of breed company with an impressive team of directors, executives and shareholders behind it."* said TWH Chairman Mr David Wheeler.

More information can be found at [www.auscann.com.au](http://www.auscann.com.au)

#### **New Board and Management Team**

Upon completion of the Proposed Acquisition, the current TWH directors will resign from the Board and the following persons will be appointed:

- (a) **Dr Mal Washer** (Non-Executive Chairman) – medical doctor and former Federal Member of Parliament
- (b) **Ms Elaine Darby** (Managing Director) – science/law background and extensive experience with clinical trials and regulatory environments
- (c) **Mr Harry Karelis** (Executive Director) – science/finance background with extensive capital markets experience particularly in start-up environments
- (d) **Mr Mick Palmer AO APM** (Independent Non-Executive Director) – former Head of the Australian Federal Police
- (e) **Hon Cheryl Edwardes** (Independent Non-Executive Director) – lawyer and former Attorney General and Environment Minister in Western Australia

#### **Change of Name**

Following completion of the transaction, the Company will change its name to "AusCann Group Holdings Limited".

#### **Escrow**

The Shares issued to AusCann shareholders will be subject to any applicable escrow restrictions in accordance with the ASX Listing Rules.

**Re-compliance with ASX Listing Rules Chapters 1 and 2**

Since the Proposed Acquisition will result in a significant change to the nature and scale of TWH's activities, the Proposed Acquisition will require TWH shareholders' approval under ASX Listing Rule 11.1.2 and will also require TWH to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

**Consolidation**

In order to re-comply with the ASX Listing Rules, TWH intends, subject to shareholder approval, to undertake a consolidation of its issued capital with a view to Shares being valued at a price to satisfy re-compliance with the ASX Listing Rules. Any Shares to be issued to AusCann shareholders, as specified in Annexure A, will be consolidated at the same ratio.

**Capital Raising**

To enable TWH to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its growth strategy post-completion of the Proposed Acquisition, TWH plans, subject to shareholder approval, to conduct a capital raising under a full form prospectus to raise at least A\$3 million.

**Shareholder approvals**

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Proposed Acquisition will be sent to TWH shareholders in due course. It is expected that TWH will convene a meeting to facilitate shareholder approval in late May 2016.

On the date of the meeting, TWH securities will be suspended and, subject to TWH shareholder approval being obtained, will remain suspended until the company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Proposed Acquisition has completed.

**Pro Forma Share Capital Structure**

The indicative share capital structure of TWH post-acquisition of AusCann (on a pre-consolidated basis, based on the current AusCann securities on issue and before the proposed capital raising) will be as follows:

Shares	Number	Percentage interest
Shares currently on issue	602,362,410	14.1%
Shares to be issued to AusCann shareholders and convertible noteholders	3,062,000,000 *	71.8%
Performance Shares	600,000,000	14.1%
<b>Total Shares upon completion of the Proposed Acquisition</b>		<b>100.0%</b>

\* Shares to be issued to convertible noteholders will make up 805,333,333 (or approximately 26.3%) of these shares

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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. The consolidation ratio may however change after discussion between AusCann and TWH.

**Indicative Timetable**

An indicative timetable for completion of the Proposed Acquisition is set out below:

<b>Event</b>	<b>Date</b>
Announce Transaction	16 March 2016
Commence preparation of Notice of Meeting and Prospectus	March 2016
Lodge Notice of Meeting with ASX	End April 2016
Finalise Formal Agreement Dispatch Notice of General Meeting	May 2016
Suspension of TWH securities from trading on ASX at opening of trading	End May 2016
Hold General Meeting	End May 2016
Lodge Prospectus with ASIC and ASX	June 2016
Completion of Proposed Acquisition and issue of Shares	July 2016
TWH to re-list as "AusCann Group Holdings Limited"	End July 2016

Please note that this timetable is indicative only and the directors of TWH reserve the right to amend the timetable as required with the approval of AusCann.

For further information, please contact:

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## **Annexure A**

### **Key terms of the Proposed Acquisition**

TWH and AusCann have entered into a non-binding heads of agreement (**Heads of Agreement**).

The key terms of the Heads of Agreement are as follows:

- 1. Conditions Precedent:** Completion of the Proposed Acquisition is subject to and conditional upon a number of conditions precedent, including:
  - (a) satisfaction of all necessary due diligence investigations by the parties;
  - (b) AusCann or each of the shareholders of AusCann entering into a binding sale agreement with TWH on terms consistent with the provisions of the Heads of 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 \$3 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.
- 2. Consideration:** Subject to satisfaction of the conditions precedent, at completion, TWH will issue the following securities (on a pre-consolidation basis):
  - (a) 3,062 million Shares at a deemed issue price of A\$0.0055 each to AusCann shareholders and A\$0.004125 (a discount in accordance with the terms of the convertible notes) each to AusCann convertible noteholders on a pro rata basis; and
  - (b) 600,000,000 performance shares convertible into Shares subject to the combined entity gaining a licence to grow medical marijuana in Australia or any other jurisdiction within 18 months of completion of the acquisition.
- 3. Board composition:** At completion of the Proposed Acquisition, TWH will appoint Dr Mal Washer, Elaine Darby, Harry Karelis, Mick Palmer and Cheryl Edwardes as directors of TWH. All existing directors will resign.
- 4. Change of name:** Following successful completion of the Proposed Acquisition, TWH will change its name to "AusCann Group Holdings Limited".
- 5. Fee:** In consideration for the entry into of the Heads of Agreement, TWH has paid an option exclusivity fee of \$250,000 to AusCann, which fee is refundable in certain limited circumstances.
- 6. Exclusivity:** For a period of six months after execution of the Heads of Agreement, AusCann will refrain from doing anything to procure or allow (other than to comply with legal obligations) persons other than TWH from acquiring equity interests in AusCann. This exclusivity obligation is binding.

- 7. Formal Documents:** the parties agree to negotiate in good faith formal binding agreements to be entered into by TWH, AusCann and each of the AusCann shareholders on terms consistent with the Heads of Agreement or as otherwise agreed between the parties.

The Heads of Agreement otherwise contains clauses typical for non-binding agreements of this nature.

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