



ASX ANNOUNCEMENT

25 OCTOBER 2017

CANN GROUP GRANTED LICENCE VARIATIONS TO INCREASE CAPACITY FOR MEDICINAL CANNABIS CULTIVATION

25 October 2017 – Cann Group Limited (ASX: CAN) is pleased to announce it has obtained approval from the Office of Drug Control (ODC) to vary its existing Medicinal Cannabis Licence and Cannabis Research Licence for its two Victorian facilities.

The licence variations allow the Company to utilise the full expanded capacity at its Southern Facility and extend its cultivation, production and research activities to the new Northern Facility (subject to the issuance of cultivation permits by the ODC).

Cann Group - through its wholly owned subsidiary Cannoperations Pty Ltd - was issued with Australia's first Cannabis Research Licence (granted 21 February 2017) and Medicinal Cannabis Licence (granted 7 March 2017) which together authorise the cultivation, production and supply of cannabis for medicinal and research purposes from its Southern Facility. Subsequently this was followed by Cann Group's medicinal cannabis permit and cannabis research permits (issued 29 May 2017).

Following the issuance of its licences, Cann Group commenced construction works to expand the cultivation, processing, drying and storage capacity at its Southern Facility and separate works relating to the adherence of regulatory requirements at its Northern Facility.

The Northern Facility incorporates administration, research and development facilities, and state of the art Physical Containment Level 2 (PC2) certified greenhouse cultivation areas. The cultivation areas are climate controlled, automated and configured as a series of individual cultivation compartments, which allows the separation of different cannabis varieties during cultivation and harvest.

Cann Group CEO Peter Crock said approval of the licence variations will result in increased availability of high quality medicinal cannabis to manufacturers to produce medicinal cannabis products for Australian patients and extend Cann Group's research and development programs.

"We are on track to be 'plant-ready' at the Northern Facility by the end of this year and aim to hold the necessary cultivation permits required to start cultivation at that time.

"The commissioning of the expanded facilities will represent another important milestone in our business strategy as we look to reinforce our leadership position in the Australian medicinal cannabis industry."

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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. Aurora Cannabis Inc – Canada's second largest listed medicinal cannabis company – is a cornerstone investor in Cann, with a 19.9% shareholding.

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