

## AusCann Strengthens Key Partnerships in March Quarter

### Highlights

#### Australia

- AusCann welcomed the Australian Government's decision to allow cannabinoid medicines to be exported
- AusCann has entered an agreement with Australian Pharmaceutical Industries Limited (ASX:API), Australia's leading wholesaler of pharmaceutical products
- AusCann and Tasmanian Alkaloids have commenced operations to produce final dose cannabinoid pharmaceuticals for the domestic and international markets
- AusCann to scale up its existing medical liaison team and increase education programs for doctors in cannabinoid medicine

#### Chile

- Chilean health authorities have approved a special access scheme that will give Chilean patients immediate access to medicinal cannabis
- AusCann's joint venture in Chile is harvesting its second crop

#### Canada

- AusCann is working with Canopy Growth Corporation (TSX:WEED) to become principal suppliers of medical cannabis products to the Australian market

**Thursday, 26 April 2018** – Leading medical cannabis company **AusCann Group Holdings Limited** (ASX:AC8) ('AusCann' or 'the Company') has today released its financial results for the quarter ended 31 March 2018 (Q3 FY18).

AusCann is pleased to announce that it has further strengthened its key partnerships and progressed operations during the quarter.

### Operations

AusCann and Tasmanian Alkaloids entered into an exclusive strategic partnership in May 2017 [ASX Announcement: May 17, 2017] to jointly establish the cultivation, manufacturing, and distribution operations for medical cannabis in Australia and overseas. The partnership received a manufacturing licence from the Office of Drug Control (ODC) to commence manufacturing operations in December 2017 and now holds all the required licences and also has Therapeutic Goods Administration (TGA) certified manufacturing facilities to cultivate and manufacture final dose form cannabinoid medicines.

AusCann expects to plant its first Australian crop using imported genetics in Tasmania in 2018 and to have products available in early 2019. AusCann and Tasmanian Alkaloids will initially target the domestic market but are also exploring the potential for the export of their cannabinoid medicines.

Regarding international markets, during the quarter AusCann welcomed the Federal Government's announcement that it will allow manufactured cannabinoid medicines to be exported from Australia [ASX Announcement: January 4, 2018]. The AusCann and Tasmanian Alkaloids partnership is well positioned to benefit from this decision.

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In preparation of domestic distribution, AusCann signed a Heads of Agreement (HoA) with Australian Pharmaceutical Industries Limited (ASX:API), Australia's leading distributor of pharmaceutical products in the quarter [ASX Announcement: January 22, 2018].

The HoA established strong distribution channels for AusCann's cannabinoid medicines produced locally with Tasmanian Alkaloids and imported from Canopy Growth Corporation (TSX:WEED) ("Canopy") in Canada.

### **Distribution**

Post the quarter, AusCann announced it would begin importing medical cannabis products from its Canadian partner with Canopy.

AusCann will initially import the Canopy-supplied AusCann branded products for chronic and neuropathic pain control known as AC 5:5, AC 0:9.5, and AC 15:0, with each name representing the ratio of tetrahydrocannabinol (THC) to cannabidiol (CBD) in each product.

Canopy and AusCann are working together on developing an arrangement where Canopy will also supply AusCann with Spectrum Cannabis branded products for AusCann to distribute into the Australian market alongside existing AusCann products. Spectrum Cannabis is Canopy Growth's international medical brand, operating under a simple colour-coded system to classify its medical cannabis products.

The intention is for AusCann and Canopy to undertake the distribution of both AusCann and Spectrum products through existing and future distribution networks, in accordance with all applicable laws.

### **Chile**

During the quarter, AusCann announced that its joint venture partner Fundación Daya had worked with the Chilean National Institute of Public Health to establish a special access scheme (SAS) which enables Chilean patients immediate access to medicinal cannabis products.

AusCann and Fundación Daya's joint venture, DayaCann, is now supplying cannabis to Knop Laboratories which is locally producing a medical cannabis product for patients in the SAS scheme. Looking ahead, DayaCann aims to produce and supply final dose form medicines for the treatment of pain in the Latin American market.

AusCann is also pleased to note that DayaCann's second medicinal cannabis crop is progressing well and harvest is expected in the next few months. The harvest from last year produced a yield of over 400kg of dried cannabis product and the second crop was planted using the highest yielding strains from the first crop.

### **Financial Overview**

The Company invested approximately \$1.5 million in Q3 FY18 on research and development, operating costs, joint venture expenses, consulting and legal fees and other associated expenses. AusCann ended Q3 FY18 with approximately \$11.89 million in cash and is well-funded to maintain its operational momentum in Q4FY18 and beyond.

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**AusCann Managing Director Elaine Darby:** "We are very pleased with the operational progress we have this quarter. We are looking forward to supplying Australian patients now with the AusCann Canadian medicines and with Australian high-quality, cost-effective, clinically-validated cannabinoid medicines early next year."

**ENDS****For more information, please contact:****AusCann**

Elaine Darby  
Managing Director  
elaine.darby@auscann.com.au  
+61 458 372 511

**For Investment Enquires**

Stewart Washer  
Stewart.washer@auscann.com.au  
+61 418 288 212

**For Media Enquiries**

Julia Maguire  
Director, The Capital Network  
julia@thecapitalnetwork.com.au  
+61 419 815 386

**ABOUT AUSCANN**

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based pharmaceutical company that aims to produce high quality, economical, and clinically validated cannabinoid medicines. AusCann is bringing together leading expertise and operations across all aspects of the medical cannabis value chain, beginning with cultivation and production, through to manufacture and distribution of products. Through partnerships with industry experts, existing leading market participants and doctors, AusCann is building operations and educating the medical community about the benefits of cannabinoid medicines. Incorporated in 2014, AusCann is currently the only ASX listed company with the full set of necessary licences to grow and manufacture cannabinoid medicines in Australia. The Company is initially targeting medications for neuropathic and chronic pain in Australia and Chile, whilst exploring global export opportunities.

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

AusCann Group Holdings Limited

**ABN**

72 008 095 207

**Quarter ended ("current quarter")**

31 March 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	
1.2 Payments for		
(a) research and development	(416)	(1,396)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(44)	(117)
(d) leased assets	-	-
(e) staff costs	(470)	(884)
(f) administration and corporate costs	(616)	(1,664)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	40	159
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,505)</b>	<b>(3,901)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(10)	(150)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.2</b> Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3</b> Cash flows from loans to other entities	(283)	(534)
<b>2.4</b> Dividends received (see note 3)	-	-
<b>2.5</b> Other (provide details if material)	-	-
<b>2.6</b> <b>Net cash from / (used in) investing activities</b>	<b>(293)</b>	<b>(684)</b>

<b>3.</b> <b>Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	1,404	1,404
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10</b> <b>Net cash from / (used in) financing activities</b>	<b>1,404</b>	<b>1,404</b>

<b>4.</b> <b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	12,290	15,077
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,505)	(3,901)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(293)	(684)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,404	1,404

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>11,896</b>	<b>11,896</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	8,896	9,920
5.2	Call deposits	3,000	3,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,896</b>	<b>12,290</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A'000</b>
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Payment of Directors' fees and expenses.

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter \$A'000</b>
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Biologica Ventures Pty Ltd – consulting fees, travel and meeting costs incurred on behalf of AusCann. Dr Stewart Washer, who is related to AusCann Directors Dr Malcolm Washer and Ms Elaine Darby, is a Director of Biologica Ventures Pty Ltd.

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	326
9.2 Product manufacturing and operating costs	150
9.3 Advertising and marketing	31
9.4 Leased assets	-
9.5 Staff costs	501
9.6 Administration and corporate costs	917
9.7 Other (provide details if material)	114
<b>9.8 Total estimated cash outflows</b>	<b>2,039</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

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### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
(Company secretary)

Date: 26 April 2018

Print name: Susan Hunter

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.
2. This quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. This quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. Management has identified a minor error in the year to date comparative numbers and these have been restated to reflect the December 2017 Half Year Report plus the quarterly cash flows for March 2018 as presented.

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