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**CANN**  
GROUP LIMITED

# Investor presentation

April 2019



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This Presentation references contractual arrangements between Cann and Agriculture Victoria Services, Victoria Government Department of Health & Human Services, IDT Australia, Aurora Cannabis, Aurora Larssen Projects (ALPS), Anandia Labs, La Trobe University and the Commonwealth Scientific and Industrial Research Organisation (CSIRO). These parties, their personnel and advisers, do not take any responsibility for the contents of this Presentation, including without limitation the accuracy and completeness of any representation made, or the merits of the investment to which it relates nor infer any endorsement of the offer contained with this Presentation by virtue of being referred to in the Presentation. The references to research and development activities in the Presentation appear as a matter of record only.

# Vision

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To consolidate Cann Group's position as Australia's leading, fully-integrated medicinal cannabis company, with a growth platform serving domestic, regional & global markets



# Cann Group is an industry leader in Australia

- First Australian recipient of research & medicinal cannabis cultivation licences & permits
- Two cultivation & R&D facilities currently operational in Victoria
- Site purchased for major Stage 3 expansion near Mildura, Victoria – shipping date set for first construction materials
- Offtake agreement secured with major Canadian producer Aurora Cannabis covering current & future planned production capacity (beyond Australian demand)
- Aurora holds strategic 22.9% stake
- Key relationships with Aurora Cannabis, Agriculture Victoria, CSIRO, La Trobe University, Anandia Labs, NSW DPI & IDT Australia add substantial value in areas including genetics, analysis & research, manufacturing capability & industry know-how



# Major expansion program comprising world class facility

- Mildura site purchased for \$10.75m for construction of facility comprising world scale greenhouse & associated support areas
- Expected production capacity of up to 50,000kg of dry flower per annum
- \$130m construction cost – to be funded using mix of debt (progressing) & existing balance sheet equity
- Site provides both build & operational cost benefits – high sunshine hours & dry climate lower energy costs
- Potential to partner with growing renewable energy producers in NW Victoria
- Design & engineering plans completed by Aurora Larssen Projects (ALPS) ideally suited to the new site



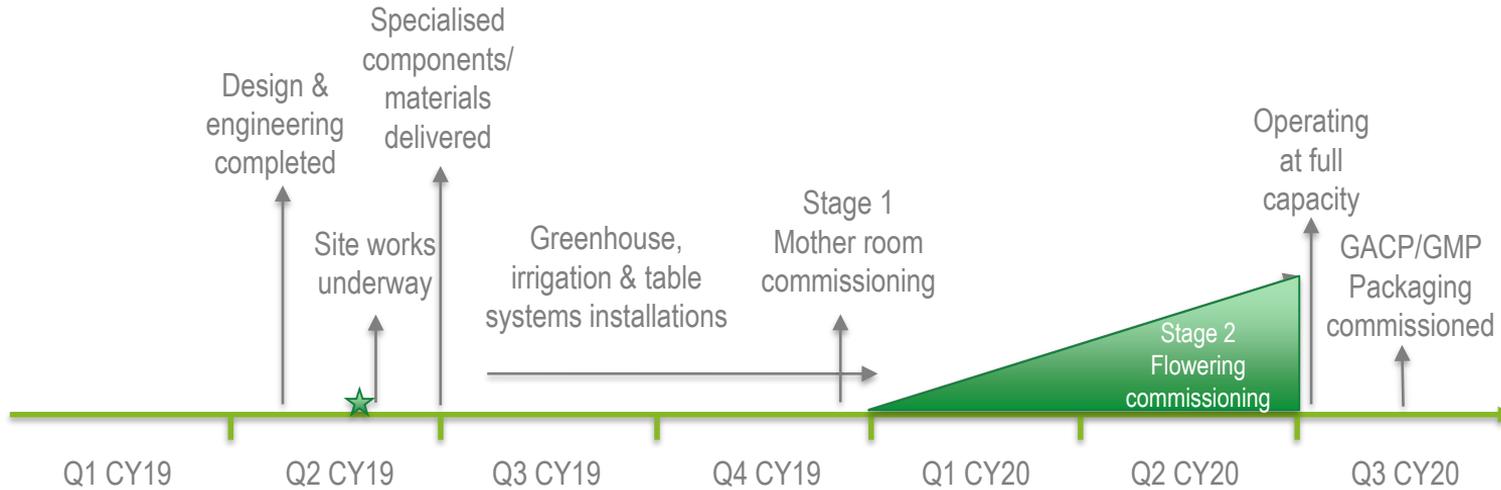
Image from Aurora Sky facility in Canada – Cann's expansion program will see the company build the next generation in glasshouse design & technology in Australia

# Major expansion program comprising world class facility



Image from Aurora Sky facility in Canada – Cann’s expansion program will see the company build the next generation in glasshouse design & technology in Australia

# Mildura facility provides a clear pathway to sustained profitability



Expected to produce up to 50,000 kg per annum at full capacity<sup>1</sup> which will generate revenues of approximately \$160-200 million at the current wholesale price of cannabis dry flower.

★ Today

1: Indicative; variety dependent

## Offtake agreement with Aurora Cannabis Inc.

- Aurora is one of the world's largest cannabis companies with sales & operations in 24 countries across five continents
- Five-year offtake agreement underpins Cann's investment risk in its major expansion program
- Covers Cann's total current & planned future capacity (in excess of Australian supply requirements)
- Cann to supply GMP processed dry flower, extracted resin & manufactured medicinal cannabis products
- Necessary export licence from the ODC secured; Cann to seek relevant export permits & corresponding import permits as required
- Exported product will help meet growing global demand for GMP grade medicinal cannabis
- Currently testing export pathways using supply from Cann's Southern & Northern facilities



**AURORA**<sup>®</sup>

**Aurora Cannabis  
(TSXV:ACB), one of  
world's largest cannabis  
companies, holds a  
22.9% strategic  
shareholding in Cann**

# Manufacturing partnership with IDT Australia

- IDT Australia (ASX:IDT) providing manufacturing support in relation to cannabis-based product formulations
- Intended for supply to patients in Australia & overseas
- IDT brings excellent capabilities & experience in the manufacture of cGMP quality pharmaceuticals
- Extraction equipment now installed & currently being commissioned for full GMP compliance



Existing pharmaceutical equipment at IDT Australia

# Existing facilities add critical long term value

## Southern Facility

- Proven capability to produce medicinal grade cannabis
- Continues to operate at full-capacity
- Harvested material is being supplied for manufacture of resin for formulating & supply to the Victorian Government Department of Health
- International genetics (pictured) now being harvested



## Northern Facility

- Combining commercial & research cultivation capabilities
- Focus on tissue culture program
- Supports a number of research programs to be conducted by Cann, both independently & with third party research bodies



# Proven cultivation capability & accelerated breeding program

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- Most experienced cultivator in Australia – continuous since May 2017
- 38 crops now harvested
- Accelerated breeding program focused on delivering independent genetics
- From a base of 24 imported varieties
- Provides Cann with a key intellectual property position
- Key platform for scale up into Cann's third facility in Mildura

# Supply agreement with Victorian DHHS

- Contract with Victorian DHHS for the supply of cannabis plant extract (resin)
- For use in Victorian Government's compassionate access scheme for children with severe & intractable epilepsy
- Agreement term – April 2019-30 June 2020
- Revenue stream for Cann – full commercial terms remain confidential

THE AUSTRALIAN  
BUSINESS REVIEW

NEWS OPINION BUSINESS REVIEW NATIONAL AFFAIRS SPORT LIFE TECH ARTS TRAVEL HIGHER ED MEDIA PROPERTY

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## Cann Group wins deal to supply medical cannabis to Victoria

By SAMANTHA BAILEY  
BUSINESS REPORTER  
Follow @SammyAnneBailey

1:09PM OCTOBER 29, 2018

NO COMMENTS



Cann Group CEO Peter Crock, examining cannabis cuttings at an undisclosed location in Victoria. Pic: AFP

Medical cannabis company Cann Group has secured a supply deal with the Victorian Department of Health and Human Services.

# Key partnerships complement in-house skills & capabilities

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NSW Minister for Agriculture Adam Marshall inspects Cann Group medicinal cannabis plants, supplied for trial work in the NSW DPI's secret facility

- Research collaboration agreement with CSIRO
- Accelerated breeding program underway with Agriculture Victoria
- Collaborating with New South Wales Department of Primary Industries as industry partner for medicinal cannabis research program
- Cann Group is the key commercial partner in the Australian Research Council funded La Trobe University Medicinal Agriculture Hub
- Ongoing collaboration with Aurora Cannabis Inc & Anandia Labs



# Strategic investment in New Zealand's PureCann

- Cann secures strategic ownership stake in Pure Cann New Zealand Limited
- NZ\$6 million investment secures a 20% ownership stake
  - 10% on or before 30/8/19
  - 10% upon earlier of new NZ regulations coming into force and Pure Cann's approval of construction of NZ cultivation facility
  - Option to increase stake to 30%
- Pure Cann is seeking to establish a leading position in the NZ market in anticipation of legislative changes
- NZ government committed to introduction of regulations, licensing requirements & quality standard for the medicinal cannabis sector
- Technical services agreement between the parties to accelerate Pure Cann's plans & path to market
- Focus on developing organic production systems



# Cann's patient access pathways

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## Paths to market



**Emerald Clinics**



CANNVALATE



**cannabis access  
clinics**

**COMPASS**  
CANNABIS CLINIC



**PHARMA  
PROGRAMS**

## Clinical trial involvement



**Olivia  
Newton-John**

Cancer Wellness & Research Centre

**pancare**  
FOUNDATION

# Substantial & rapidly growing global market

- Estimated global legal market – US\$20 billion<sup>1</sup> (~US\$232 billion projected by 2027<sup>2</sup>)
- More than 50 countries have legalised medicinal cannabis – momentum continues with another ~10 expected this year<sup>3</sup>
- Recreational use in markets such as Canada placing pressure on supply of medicinal cannabis
- Registered patient numbers growing in various geographies



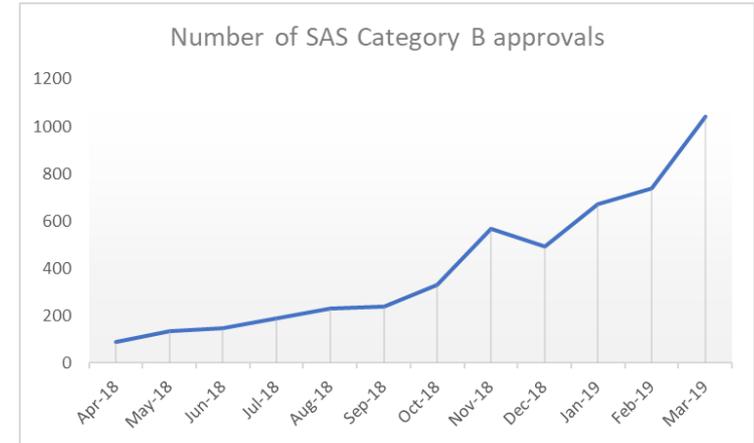
<sup>1</sup> <https://www.grandviewresearch.com/industry-analysis/legal-marijuana-market>

<sup>2</sup> Bryan, Garnier & Co

<sup>3</sup> Prohibition Partners

# Australian opportunity

- Access legalised in 2017, state hurdles being removed
- Special Access Scheme (SAS) allowing patient prescription – patient approval rates seeing rapid growth with 1,042 approvals in March 2019
- SAS applications rarely being rejected
- 32 medicinal cannabis clinical trials registered in Australia as active or pending<sup>1</sup>
- Industry body established, Medicinal Cannabis Industry Australia (MCIA), to represent interests of members & other stakeholders in the Australian market
- Potential \$1 billion per annum local industry at 1.2% of population using cannabis for medicinal purposes<sup>2</sup>



**MCIA**

Medicinal Cannabis Industry Australia

<sup>1</sup> [www.australianclinicaltrials.gov.au](http://www.australianclinicaltrials.gov.au)

<sup>1</sup> [www.clinicaltrials.gov](http://www.clinicaltrials.gov)

<sup>2</sup> Canaccord Genuity

# Export opportunity

- 342,103 registered patients<sup>1</sup> + recreational use in Canada (forecast demand 650,000kg<sup>2</sup>) means shortage it has available for export
- European markets opening up – cannabis an authorised medicine in more than 25 European countries
- Germany has legalised & is reimbursing patients – almost 50,000 patients registered<sup>3</sup>
- Late 2018 – European Parliament recommends European commission starts harmonisation process for legal framework of medicinal cannabis across all member states
- Medicinal cannabis legalisation in the UK

The screenshot shows a CNBC news article header with navigation links for Markets, Business, Investing, Tech, Politics, and CNBC TV. The article is categorized under 'ECONOMY' and features the headline 'Australia to permit medicinal cannabis exports in bid to capture lucrative market'. It is published on Thursday, Jan 4, 2018, at 3:02 AM EST, and is attributed to Reuters. Social media sharing options for Facebook, Twitter, LinkedIn, and Email are visible. Below the article title, a 'KEY POINTS' section lists three bullet points: Australia's plan to become the fourth country to legalize medicinal marijuana exports; the move's aim to capture a \$55 billion market; and the fact that recreational use remains illegal in Australia.

<sup>1</sup> Health Canada

<sup>2</sup> Canada Parliamentary Budget Office

<sup>3</sup> New Cannabis Ventures

# Blue-chip board & management with extensive, broad experience



**ALLAN MCCALLUM, CHAIRMAN**

- Allan has extensive experience in the agribusiness sector as well as significant tenures with biotechnology companies
- Chairman of Tassal (ASX:TGR) and former Non Executive Director of Medical Developments International (ASX:MVP)
- Former Director of IncitecPivot (ASX:IPL) & Graincorp Limited (ASX:GNC)



**PHILIP JACOBSEN, NON-EXECUTIVE DIRECTOR / DEPUTY CHAIRMAN**

- Experienced public company director
- Co-founded Premier Artists & Frontier Touring Company
- Very strong financial management background & success in building businesses in evolving & competitive markets
- Director of Liberation Music, Premier Artists, The Harbour Agency and former Chairman of MCM Entertainment



**DOUG RATHBONE, NON-EXECUTIVE DIRECTOR**

- Doug is an Industrialist with vast experience in chemicals & agrochemicals industry / international business. He has expertise in specific functional areas & has chemical engineering & commerce background
- Formerly CEO & Managing Director at Nufarm (ASX:NUF), & earlier, Managing Director of Nufarm Australia, with over 35 years in total with the company
- Former Director of CSIRO
- Non-Executive Director of Leaf Resources (ASX:LER)



**GEOFF PEARCE, NON-EXECUTIVE DIRECTOR**

- More than 40 years' experience, including owning & growing Scental Pacific Pty Ltd which was sold to the Smorgon family Geoff created & built a contract manufacturing business Beautiworx Australia Pty Ltd, (sold to BWX Limited in January 2014). CEO of Beautiworx & director of BWX in the lead-up to ASX listing in 2015
- Chairman of Probiotec (ASX:PBP)
- Proven experience in business development & an in-depth knowledge of manufacturing, packaging & distribution



**NEIL BELOT, NON-EXECUTIVE DIRECTOR**

- Neil is Chief Global Business Development Officer of Aurora Cannabis Inc. (TSXV:ACB) – Cann's largest shareholder. He is responsible for developing & executing business opportunities on behalf of Aurora
- Neil was an Executive Director of the Canadian Medical Cannabis Industry Association & the Gas Portfolio & Energy Services Manager at the Housing Services Corporation, both Canadian entities



**PETER CROCK, CHIEF EXECUTIVE OFFICER**

- Peter joined Cann Group as CEO in April 2016, resetting the business plan as directed by the board, & led the company through the licence application and IPO process
- Experienced senior manager with strong skills in marketing & technology development
- 28 years with Nufarm Group, most recently working in the rapidly evolving "Ag Tech" space. Other senior management roles covering R&D, IT, marketing & business development
- Extensive experience working with regulators locally & overseas

# Corporate structure

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METRIC	VALUE (26/4/19)
Share price	\$2.36
Shares on issue (fully diluted)	142.65m
Market capitalisation	\$336.7m
Cash	\$62.9m (31/3/19)
Enterprise value	\$273.8m

# Outlook

News flow over the coming months includes:

- Debt funding progressing
- Supply of resin to Victorian Department of Health
- IDT manufacturing (pending ODC approval)
- Clinical study involvement
- Focus on Australian patient supply
- Testing of export pathways with Aurora
- Progress Mildura facility





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## CONTACTS:

**Clive Fanning**  
**Head of Investor Relations**  
Cann Group Limited  
+61 (0)498 000 762  
[contact@canngrouponlimited.com](mailto:contact@canngrouponlimited.com)

**Matthew Wright**  
**Investor / Media Relations**  
NWR Communications  
+61 (0)451 896 420  
[matt@nwrcommunications.com.au](mailto:matt@nwrcommunications.com.au)