

CANN GROUP LIMITED

ACN 603 949 739

Notice of Annual General Meeting and Explanatory Statement

TIME: 11.00am (Melbourne time)

DATE: Wednesday, 14th November 2018

**PLACE: Exhibition Room at the offices of William
Buck, Level 20, 181 William Street,
Melbourne VIC 3000**

This Notice of Meeting and Explanatory Statement should be read in its entirety
If Shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional adviser without delay.



12 October 2018

Dear Shareholder

ANNUAL GENERAL MEETING

I am pleased to invite you to attend the Annual General Meeting of Cann Group Limited to be held at 11.00am on Wednesday 14 November 2018, in the Exhibition Room at the offices of William Buck, Level 20, 181 William Street, Melbourne and have enclosed the Notice of Annual General Meeting and Explanatory Notes.

If you are unable to attend the meeting in person, I encourage you to return the enclosed proxy form or to cast your vote online in accordance with the instructions contained in the Notice of Annual General Meeting. The proxy form should be returned in the envelope provided, or faxed to our Share Registry on 02 9287 0309 (within Australia) or +61 2 9287 0309 (outside Australia), so that it is received by 11.00am on Monday 12 November 2018.

I look forward to your attendance at the meeting.

Yours faithfully

Allan McCallum
Chairman

Notice of Annual General Meeting 2018

Notice is hereby given that the Annual General Meeting of Cann Group Limited ABN 25 603 949 739 ("the Company") will be held in the Exhibition Room at the offices of William Buck, Level 20, 181 William Street, Melbourne at 11am on Wednesday 14 November 2018 to transact the business set out below.

Members should refer to the accompanying Explanatory Notes for further information concerning the business to be transacted at this meeting.

Business of the Annual General Meeting

1. Financial Statements and Reports

To receive the financial report, directors' report and auditor's report for the Company and its controlled entities for the financial year ended 30 June 2018.

(Please note that no resolution will be required to be passed on this matter and there is no requirement for shareholders to approve these reports).

2. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following non-binding advisory resolution as an ordinary resolution:

"That the Remuneration Report for the financial year ending 30 June 2018 be adopted."

(Please note that this resolution is advisory only and does not bind the Company or the Directors)(Refer to How To Vote section for Voting Exclusions applying to this resolution).

3. Re-election of Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr Philip Jacobsen, a Director who retires from office in accordance with the Company's Constitution and being eligible, be re-elected a Director of the Company."

4. To fix Directors remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That for the purposes Rule 55.1 of the Company's Constitution, the total aggregate annual remuneration payable to non-executive Directors of the Company be fixed at \$500,000 (inclusive of superannuation)."

(Refer to How To Vote section for Voting Exclusions applying to this resolution).

5. Approval of Long-Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That:

- (a) the Cann Group Limited Long Term Incentive Plan for employees of the Company ("2018 Long-Term Incentive Plan"), a summary of the terms of which are described in the Explanatory Notes which form part of this Notice of Annual General Meeting, be approved for the purposes of sections 260C(4) of the Corporations Act and for all other purposes; and*
- (b) the grant and issue of all securities under the 2018 Long-Term Incentive Plan, a summary of the terms of which are described in the Explanatory Notes which form part of this Notice of Annual General Meeting, be approved as an exception to ASX Listing Rule 7.1 for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes."*

(Refer to How To Vote section for Voting Exclusions applying to this resolution).

By Order of the Board

Richard Baker
Company Secretary
12 October 2018

HOW TO VOTE

Voting entitlement

The Board has determined in accordance with regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the Annual General Meeting, shares will be taken to be held by those persons who hold them at **7.00pm (AEDT) on Monday 12 November 2018**. This means that if you are not the registered holder of a share at that time you will not be entitled to vote at the Annual General Meeting in respect of that share.

Attending the Annual General Meeting

If you attend the Annual General Meeting, please bring your personalised proxy form with you. The barcode at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the Annual General Meeting but representatives from Link Market Services Limited will need to verify your identity. You will be able to register from 10.30am on the day of the Annual General Meeting.

Voting by proxy

Each shareholder who is entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on behalf of that shareholder as an alternative to attending the Annual General Meeting in person. The proxy need not be a shareholder of the Company.

Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands. A shareholder who is entitled to cast two or more votes may appoint one or two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion, or number, of shareholder's votes, each proxy may exercise half the shareholder's votes (disregarding fractions).

Directed and Undirected Proxies

If you choose to appoint a proxy, the Board encourages you to direct your proxy how to vote on each resolution, by marking either '**For**', '**Against**' or '**Abstain**' for the item of business on the proxy form.

If you sign the enclosed proxy form and do not appoint the chairperson or specify an individual or body corporate as your proxy, you will have appointed the chairperson as your proxy by default. In that case, your shares will be voted on the proposed resolutions in accordance with your directions on the proxy form.

If you do not direct the chairperson how to vote your shares, the chairperson will vote undirected proxies on, and in favour of, all of the proposed resolutions including Item 2 (Adoption of Remuneration Report), Item 4 (To fix Directors' remuneration) and Item 5 (Approval of Long-Term Incentive Plan). Where the chairperson is appointed as your proxy, you will be taken to have expressly authorised the chairperson to cast your votes on Item 2 (Adoption of Remuneration Report), Item 4 (To fix Directors' remuneration) and Item 5 (Approval of Long-Term Incentive Plan).

If you appoint as your proxy any other Director, or any of their closely related parties, they will vote undirected proxies in favour of all of the proposed resolutions except Item 2 (Adoption of Remuneration Report) and Item 4 (To fix Directors' remuneration). They will not cast any votes in respect of Item 2 (Adoption of Remuneration Report), Item 4 (To fix Directors' remuneration) and Item 5 (Approval of Long-Term Incentive Plan) that arise from undirected proxies.

"Key management personnel" of the Company for the financial year ended 30 June 2018 are identified in the Remuneration Report, which forms part of the Company's 2018 Annual Report. The "closely related parties" of the Company's Key Management Personnel are defined in the Corporations Act 2001 (Cth) ("Corporations Act"), and include certain of their family members, dependants and companies they control.

You may appoint the chairperson of the Annual General Meeting as your proxy by nominating him in the proxy form. If you return your proxy form but do not nominate the identity of your proxy, the chairperson will automatically be your proxy. If you return your proxy form but your nominated proxy does not attend the Annual General Meeting, then your proxy will revert to the chairperson. For a resolution determined on a poll, if your nominated proxy is either not recorded as attending the Annual General Meeting or does not vote on the resolution, the chairperson is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution.

Lodging your Proxy

A proxy appointment form is enclosed in this Notice of Annual General Meeting. For the appointment of a proxy to be effective for the Annual General Meeting, the following documents must be received no later than 48 hours before the scheduled time for the Annual General Meeting; that is by **11.00am on Monday 12 November 2018**:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointor's attorney - the authority under which the appointment was signed or a certified copy of the authority.

Documents may be lodged online, by posting, delivery or facsimile to the Company's Share Registry at:

Link Market Services Limited

Online: www.linkmarketservices.com.au

By Post:

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

Delivery to Link Market Services Limited*:

1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9.00am-5.00pm)

Facsimile:

(+61 2) 9287 0309

If you have any queries and wish to contact Link Market Services Limited, please call (+61) 1300 554 474.

Bodies corporate

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at the Annual General Meeting. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at the Annual General Meeting or in voting on a resolution. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with Section 250D of the Corporations Act.

Attorneys

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or certified copy of it) must be received no later than 48 hours before the scheduled time for the Annual General Meeting; that is by 11.00am (AEDT) on Monday 12 November 2018.

Voting exclusion statements

Item 2 – Adoption of Remuneration Report

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration is included in the 2018 Remuneration Report is excluded from voting; and
- (b) any closely related party of such a Key Management Personnel.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of this voting exclusion, Key Management Personnel are the Directors and those other persons who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, as listed in the Remuneration Report for the year ended 30 June 2018. A "closely related party" of such a Key Management Personnel means:

- a spouse or child of such a Key Management Personnel;
- a child of such a Key Management Personnel;
- a dependant of such a Key Management Personnel or of the spouse of such a Key Management Personnel; or
- a company such a Key Management Personnel controls.

Item 4 – To fix Directors’ remuneration

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- (a) a Director; and
- (b) an associate of a Director.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Item 5 – Approval of Long-Term Incentive Plan

The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- (a) an Eligible Employee of the Company (except one who is ineligible to participate in the Long Term Incentive Plan); and
- (b) any closely related party of such an Eligible Employee.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of this voting exclusion, Eligible Employee means a full time or part time employee of the Company. A “closely related party” of such an Eligible Employee means:

- a spouse or child of such an Eligible Employee;
- a child of such an Eligible Employee;
- a dependant of such an Eligible Employee or of the spouse such an Eligible Employee; or
- a company such an Eligible Employee.

EXPLANATORY NOTES

These Explanatory Notes, which accompany and form part of the Notice of Annual General Meeting, have been prepared to assist shareholders with their consideration of the resolutions set out in the Notice of Annual General Meeting dated 10 October 2017.

1. Financial Statements and Reports

During this item there will be a reasonable opportunity for shareholders to ask questions and comment on the financial report, directors' report, auditor's report for the Company and its controlled entities for the for the financial year ended 30 June 2018, and on the business, operations and management of the Company. No resolution will be required to be passed on this matter.

Further, in accordance with section 250PA of the Corporations Act, a shareholder who is entitled to cast a vote at the Annual General Meeting may submit a written question to the Company's auditor if the question is relevant to:

- (a) the content of the auditor's report; or
- (b) the conduct of the audit of the financial report,

by giving the question to the Company by no later than Wednesday 7 November 2018. The auditor will then compile the questions relevant to the content of the Auditor's Report or the conduct of the audit of the Financial Report into a question list. At or before the start of the Annual General Meeting, the Company will make the question list reasonably available to the Shareholders attending the Annual General Meeting.

Shareholders who have not elected to receive a hard copy of the Company's 2018 Annual Report can view or download it from the Company's website at investors.canngroupplimited.com/investors/?page=annual-reports.

2. Adoption of Remuneration Report

The Remuneration Report for the year ended 30 June 2018 is set out in the 2018 Annual Report.

Pursuant to section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote at the Company's Annual General Meeting. The vote on the proposed resolution is advisory only and does not bind the Company or its Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Pursuant to the Corporations Act, if 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") to decide whether a general meeting of shareholders is to be held within 90 days of the date of that AGM to consider the election of the Company's Directors. If a spill resolution is passed (that is, more than 50% if votes cast in favour), all of the Company's Directors will cease to hold office at the end of that General Meeting, unless re-elected at that meeting.

During this item there will be a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which is contained within the 2018 Annual Report.

The chairman of the meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in FAVOUR of adopting the Remuneration Report.

Item 3 Re-election of Director

Mr Jacobsen was appointed as a Director on 30 January 2015 and subsequently re-elected as a Director by shareholders at the 2015 Annual General Meeting and is required to retire from office under the Company's Constitution. Being eligible, he has offered himself for re-election and is seeking re-election by shareholders at this Annual General Meeting. His biographical details are set out below:

Philip Jacobsen, CPA

An experienced public company director, he co-founded Premier Artists in 1975 and The Frontier Touring Company in 1979. He serves as a director of Liberation Music, Premier Artists, The Harbour Agency and Jacobsen Bloodstock. Former Chair of MCM Entertainment Group, Philip brings to the Board a 45 plus year history of applying solid fiscal accounting perspectives to an emerging business model in a constantly changing, high demand market place.

The chairman of the meeting intends to vote undirected proxies in favour of the re-election of Mr Jacobsen.

Directors' Recommendation

The non-candidate Directors recommend that shareholders vote in FAVOUR of the re-election of Mr Jacobsen.

4. To fix Directors' remuneration

In order for the total aggregate annual remuneration payable to Non-Executive Directors of the Company to be increased, Rule 55.1 of the Company's Constitution must be complied with. Rule 55.1 of the Constitution provides that the Company must pay the amount of remuneration to Non-Executive Directors of the Company and its related entities as determined by the Company in general meeting.

Currently, the Non-Executive Directors of the Company are entitled to receive a combined maximum annual aggregate remuneration of \$175,000, noting the Directors of the Company are entitled to apportion and distribute this aggregate Non-Executive Directors remuneration as they determine providing they do not exceed the aggregate amount previously approved by Shareholders.

The aggregate remuneration that may be applied to pay the Non-Executive Directors of the Company has not been increased since October 2016, before the Company was admitted to the Official List of ASX. Shareholder approval is sought to increase the total aggregate annual remuneration payable to Non-Executive Directors of the Company and its related entities to a maximum aggregate amongst all Non-Executive Directors of \$500,000 (to be divided between Non-Executive Directors of the Company as the Board determines).

Note:

The Company will disregard any votes cast on this Resolution by:

- a Director; and
- any associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman intends to vote all undirected proxies in FAVOUR of adopting the increase to the combined maximum annual aggregate remuneration of Non-Executive Directors.

5. Approval of Cann Group Limited 2018 Long-Term Incentive Plan

This resolution seeks shareholder approval for the Cann Group Limited 2018 Long-Term Incentive Plan ("LTIP" or "Plan") for the purposes of ASX Listing Rule 7.2 exception 9(b), the Corporations Act and for all other purposes.

The Company wishes to establish the new LTIP pursuant to which it can offer Performance Rights to eligible employees (being full time or part time employees of the Company) (this does not include the Non-Executive Directors of the Company). The Company has an administrator or trustee for the purposes of the Plan to administer the LTIP ("Plan Administrator").

The purpose of LTIP is to ensure that the Company has appropriate mechanisms to continue to attract, motivate and retain the services of employees of a high calibre and to improve the longer-term performance of the Company. The LTIP is designed to align the remuneration of the participants in the LTIP with the long term interests of the Company's shareholders. The alignment of interests is important in ensuring that participants in the LTIP are focused on achieving particular milestones, as determined by the Board, while the Company is able to attract and retain the best employees.

The Board, as considered by the Company's Remuneration Committee, will seek to ensure that the granting of Performance Rights to participants under the LTIP is made at levels that will appropriately position their total remuneration in the market to ensure remuneration remains reasonable and is appropriate having regard to the circumstances of Company.

Under the LTIP, the Board may offer to eligible employees the opportunity to be granted Performance Rights in the Company as the Board may decide and on the terms set out in the rules of the LTIP, a summary of which follows below. The LTIP provides for the granting of Performance Rights which will vest if the applicable Performance Conditions are satisfied. On vesting, each Performance Right entitles the participant to the issue or transfer of one fully paid ordinary share in the Company ("Share").

Under the LTIP, subject to the satisfaction of the applicable performance conditions, the Company will allocate the relevant number of Shares to which a participant is entitled under the terms of the LTIP by issuing that number of Shares to the participant or by procuring the Plan Administrator to acquire that number of Shares (whether by subscription or an on-market or off-market acquisition) on behalf of the participant. Where allocated Shares are acquired by the Plan Administrator on behalf of a participant, the Company will provide the necessary funding to the Plan Administrator in order to enable it make such acquisition and pay any associated costs including any brokerage fees.

If the performance conditions applicable to a participant are not met, within the applicable performance period not exceeding 30 June 2021, then the Performance Rights held by that participant will lapse.

In addition, a copy of the LTIP is available for review by Shareholders at the registered office of the Company until the date of the Meeting. Shareholders are invited to contact the Company if they have any queries or concerns.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specific exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period without shareholder approval.

If this resolution is passed, the Company will be able to allocate Performance Rights (in relation to a maximum performance period of 3 years commencing on 1 July 2018 and ending on 30 June 2021) and the associated underlying Shares under the LTIP to participants without affecting the Company's ability to separately issue up to 15% of its total ordinary shares in any 12-month period (without having to obtain further shareholder approval). The Directors believe this will provide the Company with the flexibility necessary to raise additional capital as and when appropriate.

Accordingly, shareholders are asked to approve the Plan pursuant to which performance rights are able to be granted, and all resultant Shares that are able to be allocated that result from the vesting of any of the performance rights, to participants in the Plan in accordance with the terms of the Plan as an exception to ASX Listing Rule 7.1 (Exception 9(b) in ASX Listing Rule 7.2) within the three years of the Plan being approved by shareholders.

Approval for the purposes of the Corporations Act – Financial Assistance

Under Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
 - (i) the interests of the company or its shareholders; or
 - (ii) the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B; or
- (c) the assistance is exempted under section 260C.

Section 260C of the Corporations Act provides for certain specific instances of exempted financial assistance, including a special exemption for employee share schemes that have been approved by a resolution passed at a general meeting of the company (section 260C(4)).

To the extent that the Company provides funds to the Plan Administrator of the LTIP to acquire Shares (and pay any associated costs) on behalf of participants under the LTIP, the Company will be providing financial assistance for the purposes of section 260A.

Whilst the Directors do not believe that the provision of this financial assistance will materially prejudice the interests of the Company or its shareholders or the Company's ability to pay its creditors, the Directors have recommended that the shareholders approve the LTIP to ensure that the LTIP qualifies for the special exemption under section 260C(4) of the Corporations Act and for all other purposes of any other relevant provisions of the Corporations Act.

The chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Directors' Recommendation

The Directors unanimously recommend that shareholders vote in FAVOUR of this resolution.

A summary of the terms of the LTIP is set out below.

Summary of Cann Group Limited Long-Term Incentive Plan

Eligible Employee and Participant	Eligible Employee means a full time or part time employee of the Company who is invited by the Board to participate in the LTIP. A Participant is an Eligible Employee whose application has been accepted and has been granted Performance Rights.
Performance Right	Means a right to be allocated a Share under the Plan.
Performance Condition and Performance Period	Performance Condition means, in relation to a Performance Right, the performance conditions prescribed by the Board that must be satisfied as a condition for a Participant to be allocated a Share in respect of a Performance Right.

	<p>Performance Period means the period of time prescribed by the Board over which the Performance Conditions must be satisfied as a condition for a Participant to be allocated a Share in respect of a Performance Right. The maximum end date for a Performance Period under the Plan will be 30 June 2021.</p>
Purpose	<p>The purpose of the LTIP is to:</p> <ul style="list-style-type: none"> (a) to attract, motivate and retain Eligible Employees; (b) to provide an incentive to Eligible Employees to drive continuing improvement in the Company's performance; (c) to provide market competitive reward mechanisms in line with the expectations of Australian shareholders having regard to the Company's circumstances; and (d) to provide Eligible Employees with the opportunity to acquire an ownership interest in the Company.
LTIP Administration	<p>The LTIP will be administered by the Board or the Plan Administrator. The Board may exercise any power of discretion conferred on it by the LTIP rules in its sole and absolute discretion. The Board may delegate its powers and discretion arising under the LTIP. The Plan Administrator means the person or entity selected by the Board to carry out the day to day administration of the Plan and to perform the functions allocated to that role for the purposes of the LTIP rules.</p>
Eligibility	<p>The Board may in its absolute discretion make an Offer to an Eligible Employee on the terms and conditions determined by the Board.</p>
Offer and application	<p>An Offer to the Eligible Employee must be in writing and specify:</p> <ul style="list-style-type: none"> (a) the maximum number of Performance Rights which the Eligible Employee may apply for; (b) any applicable performance conditions and the performance period; (c) the minimum holding periods (if any) in relation to any or all of the Shares allocated; and (d) any other terms and conditions relating to the Offer which in the opinion of the Board are fair and reasonable but not inconsistent with the LTIP rules. <p>The Application must:</p> <ul style="list-style-type: none"> (a) be in writing; and (b) be completed in the name of the Eligible Employee and not in the name of anyone else.
Performance Rights not transferable	<p>The Performance Rights granted under the Plan are personal to the participant and cannot be sold, transferred, mortgaged, charged, hedged, made subject to any margin lending arrangement or otherwise disposed of dealt with or encumbered in any way. Breach of this provision will result in the Performance Rights lapsing immediately, so that no Shares will be allocated in respect of those Performance Rights.</p>
Allocation of Shares	<p>If the Performance Conditions applicable to Performance Rights held by a Participant are satisfied in whole or in part over the Performance Period(s) applicable to those Performance Rights, the Company must allocate to the Participant the number of Shares to which the Participant is entitled under the terms of the Offer, by</p> <ul style="list-style-type: none"> (a) issuing that number of Shares, or (b) procuring that the Plan Administrator acquires that number of Shares. <p>Shares allocated are to be acquired by the Plan Administrator and registered in the name of that Participant but subject to a Holding Lock to ensure that the Shares are held in the Plan subject to the LTIP rules. The Participant shall be the beneficial owner of the Shares.</p> <p>If the Performance Conditions applicable to Performance Rights held by a Participant are not satisfied over the Performance Period(s) applicable to those Performance Rights, those Performance Rights will lapse and the Participant will be treated as having never held any right or interest in those Performance Rights.</p>
Acquisition Price	<p>A participant will not be required to pay for any Performance Rights or for any resultant or underlying Shares allocated under the Plan that result from the vesting of any of the Performance Rights. The Company will meet all of the acquisition costs it or the Plan Administrator incurs in allocating the Shares to which the participant may become entitled on vesting of Performance Rights under the Plan.</p>

Maximum Number of Performance Rights and Shares	<p>Performance rights and the resultant or underlying Shares must not be issued under this Plan if the number of Shares to be issued when aggregated with:</p> <ul style="list-style-type: none"> (a) the number of Shares that would be issued if each outstanding offer with respect to Shares, units of Shares and options (including performance rights) to acquire unissued Shares or units of Shares, being offers made or options acquired pursuant to an employee share or option scheme extended only to employees or directors of the Company and its associated bodies corporate, were accepted or exercised (as the case may be); and (b) the number of Shares issued during the previous 5 years pursuant to any employee share or option scheme extended only to employees or directors of the Company and its associated bodies corporate, but disregarding any offer made, or option acquired or Share issued by way of or as a result of: <ul style="list-style-type: none"> (c) an offer to a person situated at the time of receipt of the offer outside Australia; (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act 2001; (e) an offer that did not require the giving of a Product Disclosure Statement because of section 1012D of the Corporations Act 2001; (f) an offer made under a disclosure document or Product Disclosure Statement, would exceed 5% of the total number of issued Shares as at the time of the offer.
Disposal Restrictions and Restriction Period	<p>A Share allocated to a participant must not be sold, transferred, mortgaged, charged or otherwise disposed of, deal with or encumber unless the participant has submitted a Notice of Withdrawal and such notice has been approved or deemed to have been approved. A Notice of Withdrawal may be submitted following the earlier of:</p> <ul style="list-style-type: none"> (a) the time the participant receives written consent from the Board to the request made by the participant for the sale or transfer of Shares under the LTIP; or (b) a capital event. <p>A Notice of Withdrawal is deemed to have been submitted and approved immediately upon:</p> <ul style="list-style-type: none"> (a) the participant ceasing to be an employee; or (b) the seventh anniversary of the grant date of the Performance Rights in respect of which the Shares have been allocated. <p>The Company may apply a holding lock for the purpose of preventing a breach of the abovementioned Disposal Restrictions, subject to compliance with the Australian Securities Exchange Listing Rules. The Company may apply a holding lock to prevent any Share being sold, transferred, withdrawn, mortgaged, charged encumbered or otherwise disposed of.</p>
Rights attaching to Shares	Shares allocated under the LTIP rank equally with all other existing Shares in all respects including voting rights and entitlement to participate in dividends and in future rights and bonus issues.
Cessation of employment	<p>Generally, if a participant ceases to be an employee of the Company before the end of a Performance Period the Performance Rights will lapse.</p> <p>Subject to the absolute discretion of the Board to determine otherwise, where a participant ceases to be an employee of the Company after the first 12 months of a Performance Period by reason of retirement, redundancy, death or total and permanent disablement, the participant will be allocated Shares for the Performance Rights he or she holds in relation to that Performance Period on a pro-rata basis according to the proportion of the Performance Period completed as at the cessation date and subject to satisfaction of the relevant Performance Conditions over the duration of the Performance Period.</p>
Capital Event/Change of Control	Subject to the absolute discretion of the Board to determine otherwise, if a Capital Event (i.e. change of control by share acquisition) or other similar event occurs before the end of a Performance Period, a participant will be allocated Shares for the Performance Rights he or she holds in relation to that Performance Period on a pro-rata basis according to the proportion of the Performance Period completed

	as at the date of the Capital Event and subject to satisfaction of the relevant Performance Conditions over the period from the start of the Performance Period to the date of the Capital Event.
Forfeiture of Performance Rights and Shares	All Performance Rights will lapse and all Shares a participant holds in the Plan will be forfeited if he or she is dismissed for cause or if the Board determines that the participant has acted fraudulently or dishonestly, or are in serious breach of duty to the Company, or have committed any act of harassment or discrimination, or in the Board's reasonable opinion the participant has brought the Company into disrepute or otherwise caused it damage or harm.
No quotation of Performance Rights	The Performance Rights will not be quoted on the ASX.
Waiver of Performance Conditions	Subject to the ASX Listing Rules, the Board may, in relation to a Performance Right, waive in whole or in part, on terms it considers appropriate, any of the Performance Conditions or other terms or conditions applicable to the Performance Right.
Amendments to the LTIP	<p>The Board may at any time amend all or any of the provisions of the LTIP subject to the consent of 75% of all Participants, if the amendment would prejudicially affect the rights of the Participants, except the Board may make an amendment primarily:</p> <ul style="list-style-type: none"> (a) for the purpose of complying with present or future law; (b) to correct any manifest error or mistake; (c) to take into consideration possible adverse tax implications in respect of the LTIP; or (d) to enable the Company to comply with the Listing Rules or instruments of relief issued by the Australian Securities and Investments Commission from time to time relating to employee share schemes.
Termination of the LTIP	The Board of the Company may, in its absolute discretion, terminate the LTIP in whole or in part in respect of some or all of the Eligible Employees, without any liability whatsoever on the Company, however no action may be taken that would prejudicially affect the existing rights of participants under the LTIP rules.

Further information regarding the Company's corporate governance arrangements and the Board's role can be found on the Company's website at investors.cannngrouplimited.com/investors/.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Cann Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐ the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Wednesday, 14 November 2018 in the Exhibition Room at the offices of William Buck, Level 20, 181 William Street, Melbourne (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2, 4 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

2 Adoption of Remuneration Report

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Re-election of Director - Mr Philip Jacobsen

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Approval to fix Directors remuneration

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Approval of Long-Term Incentive Plan

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CAN PRX1801C



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Monday, 12 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**