



ASX ANNOUNCEMENT

26 April 2019

Cann Group announces completion of strategic investment in Pure Cann New Zealand Limited

Highlights

- **Cann Group makes strategic investment to acquire 20% ownership of Pure Cann, a New Zealand-based medicinal cannabis company**
- **Technical Services Agreement provides for the mutual sharing of IP between Cann Group and Pure Cann, and will have a strong focus on organic production systems**
- **Cann Group and Pure Cann will work to capitalise on the growing domestic demand for medicinal cannabis in New Zealand, and explore potential export opportunities as Pure Cann develops its own proposed cultivation and production facilities**

26 April 2019 – Cann Group Limited (ASX: CAN, “Cann Group”) has completed a strategic investment in Pure Cann NZ Limited (“Pure Cann”), a New Zealand based medicinal cannabis company. Pure Cann is poised to establish a leading position in anticipation of regulatory changes that will permit the cultivation and broader supply of medicinal cannabis in New Zealand.

The New Zealand Government anticipates introducing new regulations, licensing requirements and quality standards governing medicinal cannabis usage by the end of this calendar year.

Cann Group’s strategic investment of NZ\$6 million in Pure Cann secures a 20% ownership stake, to be made over stages with the initial 10% to be completed on or before 30 August 2019 and a further 10% upon the earlier of the new NZ regulations coming into force and Pure Cann’s Board approving the construction of its commercial cultivation facility. Cann Group also has an option to increase that position to 30%.

The terms of this investment are governed by a formal Subscription Agreement and a formal Shareholders’ Agreement.

Cann Group CEO Peter Crock said: “The strategic investment will allow the two companies to work collaboratively to capitalise on the growing domestic demand for medicinal cannabis in New Zealand and explore potential export opportunities as Pure Cann develops its own proposed cultivation and production facilities.

“We have been extremely impressed with Pure Cann’s business plan and the calibre and expertise of the people associated with the company. Pure Cann is backed by some of New Zealand’s leading executives, with experience in the horticulture, nutraceutical and pharmaceutical sectors. Pure Cann’s management team has significant experience, and recognises the importance of regulation in building a sustainable medicinal cannabis industry for New Zealand.

“Pure Cann is proposing to develop a range of organic medicinal cannabis products to serve patient needs in New Zealand and potential export markets. We are confident that Pure Cann will be able to leverage New Zealand’s global reputation for developing world leading premium and natural products.”



Cann Group and Pure Cann have entered into a Technical Services Agreement (“TSA”) with the objective of accelerating Pure Cann’s growth plans and path to market. The TSA also provides for the mutual sharing of intellectual property between Cann Group and Pure Cann.

Commenting on the strategic investment, Pure Cann Executive Chairman Rob Fyfe said: “This is a pivotal moment for New Zealand’s medicinal cannabis industry. As the leading medicinal cannabis company in Australia, Cann Group’s strategic investment in Pure Cann not only acknowledges the confidence and potential of Pure Cann as a company, but also of New Zealand and our broader pedigree in horticulture and agriculture.

“The strategic investment and Technical Services Agreement together ensure that Pure Cann is now fully funded and, more importantly, allows us to leverage the cultivation, production and technical leadership of Cann Group. This will allow Pure Cann to quickly become a leader in New Zealand’s rapidly growing medicinal cannabis industry, and sit alongside the best in the world.”

Cann Group will also potentially supply product to Pure Cann in advance of the commissioning of Pure Cann’s own production facilities in New Zealand.

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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 – one of Canada’s largest listed medicinal cannabis companies – is a cornerstone investor in Cann, with a 22.9% shareholding.