



ASX Announcement

7 November 2019

Pre-quotation disclosure

The following information is provided to ASX Limited for release to the market in connection with the admission to the official list and official quotation of 48,625,000 fully paid ordinary shares (**Shares**) in Cronos Australia Limited (ASX:CAU) (**Company**) in connection with the Company's initial public offering of 40,000,000 Shares at an issue price of \$0.50 per Share (**Offer**) pursuant to a prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 15 October 2019 (**Prospectus**).

The Offer closed on 25 October 2019 and the Company raised \$20,000,000 under the Offer. Allotment of 48,750,000 new Shares and 2,000,000 Broker Options completed on 7 November 2019.

The Company confirms that it has received cleared funds for the complete amount of the issue price of every Share issued to every successful applicant for Shares under the Offer. The Company confirms that it has a free float of at least 20%.

Capitalised terms used but not defined in this announcement are as defined in the Prospectus.

1. Shares issued under Offer

1.1 The Offer comprised an Institutional Offer, Chairman's List Offer and Broker Firm Offer. There was no general public offer of Shares.

The number of Shares issued under each of the Institutional Offer, Chairman's List Offer and Broker Firm Offer is set out below:

	Number of securities issued
Institutional Offer	17,850,000 Shares
Chairman's List Offer	5,370,000 Shares
Broker Firm Offer	16,780,000 Shares

The following offers were also made pursuant to the Prospectus:

- the offer of 2,000,000 Broker Options to Bell Potter Securities Limited (as lead manager to the Offer) (see section 2(d)); and
- the offer of 8,750,000 Shares to the investors that advanced, after 30 June 2019, \$3,500,000 in aggregate to the Company pursuant to convertible loan agreements between the Company and each such investor (**Pre-IPO Investors**).

1.2 The basis of allocation of Shares under the Prospectus and the procedures by which applicants can determine their precise allocations is as follows:

- (a) Institutional Offer: The allocation of Shares among applicants in the Institutional Offer was determined by the lead manager in consultation with the Company. The lead manager has advised successful applicants under the Institutional Offer of their precise allocations.
- (b) Chairman's List Offer: Applicants under the Chairman's List Offer were eligible to receive a guaranteed allocation up to and including the amount indicated on their Chairman's List Offer invitation or such lesser amount validly applied for. Beyond this, the allocations were at the discretion of the Company subject to an aggregate allocation under the Chairman's List Offer of 5,370,000. The Company has advised successful applicants under the Chairman's List Offer of their precise allocations.
- (c) Broker Firm Offer: The allocation of Shares to brokers under the Broker Firm Offer was determined by the Company and the lead manager. It was a matter for the brokers as to how they allocated Shares amongst their eligible clients. Applicants under the Broker Firm Offer can determine their precise allocation by contacting their broker or by calling the lead manager between 9:00am and 5:30pm (AEDT), Monday to Friday or the Offer Information Line on 1800 176 125 (within Australia) or +61 1800 176 125 (outside Australia) from 8:30am to 5:30pm (AEDT), Monday to Friday.

1.3 The intended date for the despatch of:

- (a) in relation to all holdings on the CHESS sub-register, a notice from CAU under ASX Settlement Operating Rule 8.9.1;
- (b) in relation to all other holdings, issuer sponsored holding statements; and
- (c) any refund money,

is 8 November 2019.

2. Confirmation of number of securities issued under prospectus

The Prospectus disclosed that the Company intends to issue certain securities immediately after completion of the Offer.

The Company confirms that it has issued on 7 November 2019 the following securities to the following persons:

- (a) 8,750,000 fully paid Shares to holders of convertible notes in respect of the principal amounts on the convertible notes;
- (b) 1,026,400 options to acquire Shares for nil consideration (**EIP Options**) to key executives of the Company under the Company's Equity Incentive Plan:

Executive	Number of securities	Vesting Conditions	Start of exercise period	Exercise price	Expiry date
Thomas Howitt (Chief Financial Officer)	86,300 Class A EIP Options	Conditional on remaining employed by the Company at the time that the respective EIP Options vest	12 months from the date of grant	\$0.50	All EIP Options expire on the fourth anniversary of the date of grant
	181,200 Class B EIP Options		24 months from the date of grant	\$0.67	
	297,500 Class C EIP Options		36 months from the date of grant	\$0.83	

Executive	Number of securities	Vesting Conditions	Start of exercise period	Exercise price	Expiry date
Lior Harel (General Counsel and Company Secretary)	70,500 Class A EIP Options	Conditional on remaining employed by the Company at the time that the respective EIP Options vest	12 months from the date of grant	\$0.50	
	147,900 Class B EIP Options		24 months from the date of grant	\$0.67	
	243,000 Class C EIP Options		36 months from the date of grant	\$0.83	

- (c) 120,000 performance rights to receive Shares to key executives of the Company for nil consideration (**Performance Rights**):

Executive	Number of securities	Vesting Conditions	Vesting Date
Thomas Howitt (Chief Financial Officer)	60,000 Performance Rights	Conditional on remaining employed by the Company at the Vesting Date	Immediately upon the Company's admission to the official list of the ASX
Lior Harel (General Counsel and Company Secretary)	60,000 Performance Rights	Conditional on remaining employed by the Company at the Vesting Date	Immediately upon the Company's admission to the official list of the ASX

- (d) 2,000,000 options to the lead manager of the Offer (**Broker Options**), as follows:

Lead Manager	Number of securities	Vesting conditions	Start of exercise period	Exercise price	Expiry date
Bell Potter Securities Limited	2,000,000 Broker Options	N/A	Each Broker Option is exercisable from the date of its issue	\$0.65	31 December 2021

3. ASX-imposed escrow

The ASX has determined that the following securities will be subject to ASX-imposed escrow:

Holder	Number of securities subject to ASX restrictions	Restriction period applicable to those securities
Cronos Global Holdings Inc	40,000,000 Shares	24 months from the date of official quotation of the securities of the Company on the official list of ASX
NewSouthern Investment Holdings 1 Pty Ltd	20,000,000 Shares	24 months from the date of official quotation of the securities of the Company on the official list of ASX
NewSouthern Investment Holdings A Pty Ltd	20,000,000 Shares	24 months from the date of official quotation of the securities of the Company on the official list of ASX

Holder	Number of securities subject to ASX restrictions	Restriction period applicable to those securities
Seascope Avenue Pty Ltd	125,000 Shares issued on conversion of the Holder's convertible loan agreement with the Company	24 months from the date of issue of the restricted securities
Bell Potter Securities Limited	2,000,000 Broker Options and any Shares issued as a result of the exercise of the Broker Options	24 months from the date of issue of the restricted securities

4. Bookbuild

The Company confirms that, in relation to the funds raised pursuant to the institutional bookbuild process undertaken prior to the date of the Prospectus (**Bookbuild**):

- the total number of Shares allocated under the Bookbuild is 17,850,000 at an issue price of \$0.50 per Share;
- a material number of Shares have not been taken up under the Bookbuild by persons who are promoters or related parties of the Company;
- there were no concessionary fee or other arrangements entered into which have had the result that the effective issue price paid by some allottees differed materially from the price determined by the Bookbuild as announced by the Company;
- there were no arrangements entered into which have had the result that some allottees received a material benefit for agreeing to participate in the Bookbuild at the price determined by the Bookbuild as announced by the Company and which is not received by other allottees; and
- there were no arrangements entered into with associated of the Company or the lead manager to avoid a shortfall, or the appearance of a shortfall, in the Bookbuild.

5. Company's capital structure

As at the date of this announcement, the Company's capital structure is as follows:

Holders	Shares	%	Broker Options [^]	%
Existing holders	80,000,000	62.13%	-	-
Investors under the Offer	40,000,000	31.07%	-	-
Pre-IPO Investors - Tranche One	7,500,000	5.83%	-	-
Pre-IPO Investors - Tranche Two	1,250,000	0.97%	-	-
Lead Manager	-	-	2,000,000 *	100%
Total	128,750,000	100%	2,000,000 ^	100%

* The Broker Options will be unlisted.

[^] The Company has also granted the EIP Options and the Performance Rights referred to above at section 2.

6. Waivers granted to the Company

The ASX has granted waivers to the Company in respect of the following Listing Rules:

(a) Listing Rule 1.1, condition 12

The ASX has granted the Company a waiver to the extent necessary to permit the Company to have on issue 120,000 performance rights issued under the Company's Deferred Short Term Incentive Plan for nil consideration. The performance rights will represent approximately 0.09% of the Company's issued capital on an undiluted basis post-admission to the ASX, which is not considered material and the existence of which is not considered to undermine the integrity of the 20 cent rule.

(b) Listing Rule 10.1

The ASX has granted the Company a waiver to the extent necessary to permit the Company not to seek shareholder approval in relation to the rental payments made during the initial term of the lease with Glenbrook Pastoral Pty Ltd (**Lease Agreement**).

The waiver is subject to the following conditions:

- i. The Company's initial public offering prospectus, in ASX's opinion, adequately discloses the material terms of the Lease Agreement.
- ii. A summary of the material terms of the Lease Agreement is made in each annual report of the Company during the term of the Lease Agreement.
- iii. Any material variation to the terms of the Lease Agreement is subject to security holder approval under listing rule 10.1, should listing rule 10.1 apply to the Lease Agreement at that time.
- iv. The exercise of any option for renewal of the Lease Agreement or any agreement to extend the term thereof, will be subject to security holder approval under listing rule 10.1, should listing rule 10.1 apply to the Lease Agreement at that time.

(c) Listing Rule 10.14

The ASX has granted the Company a waiver to the extent necessary to permit the Company to issue in aggregate 440,000 rights to acquire shares (**NED Rights**) in the Company to Anna Burke AO, Shane Tanner and Daniel Abrahams (**Non-Executive Directors**), under the Non-Executive Director Fee Sacrifice Rights Plan (**NED Plan**) without seeking shareholder approval.

The waiver is subject to the following conditions:

- i. The Company's initial public offering prospectus contains the information required by Listing Rule 10.15A.
- ii. Details of any NED Rights to be issued under the NED Plan will be published in any annual report of the Company relating to a period in which the NED Rights were issued.
- iii. The date by which the Company will issue the NED Rights must not be later than 3 years from the date of admission to the official list.

7. Further information

The Company has arranged for security information centre toll free lines to meet the reasonably anticipated demand for information about allocations and to handle applicant queries. The Offer Information Line is contactable on 1800 176 125 (within Australia) or +61 1800 176 125 (outside Australia) from 8:30am to 5:30pm (AEDT), Monday to Friday.

More information on the Company can be found on the ASX's website at www.asx.com.au using the Company's ASX code "CAU" or the Company's website www.cronosaustralia.com, by calling the Company's enquiry line on 1300 799 491 or by emailing info@cronosaustralia.com.