

CRONOS

A U S T R A L I A

ASX ANNOUNCEMENT

CRONOS AUSTRALIA LIMITED SUBSIDIARY EXECUTES DISTRIBUTION AGREEMENT WITH SIGMA COMPANY LIMITED

Highlights

- PEACE NATURALS™ imported medicinal cannabis products to be distributed by Sigma Company Limited, a subsidiary of Sigma Healthcare Limited (ASX:SIG, 'Sigma').
- Distribution anticipated to be through Sigma's national retail pharmacy network.
- Potential for additional products and brands developed by Cronos Australia to be distributed in the future through Sigma's national retail pharmacy network.

Melbourne, 15 November 2019 - Cronos Australia Limited (ASX:CAU, 'Cronos Australia' or 'Company') announced today that its wholly owned subsidiary, Cronos Australia – Operations Pty Ltd has executed a distribution agreement ('Distribution Agreement') with Sigma Company Limited a subsidiary of Sigma Healthcare Limited (ASX:SIG, 'Sigma').

The agreement provides for national distribution of medicinal cannabis products in Australia. It is intended that the PEACE NATURALS™ medicinal cannabis products that Cronos Australia expects to import from Canada through Cronos Group Inc. (NASDAQ: CRON, TSX: CRON) ('Cronos Group') will be the first products to be distributed under the Distribution Agreement.

It is anticipated that future products and brands that Cronos Australia develops will also be distributed in Australia under the Distribution Agreement through Sigma's extensive national retail pharmacy network. Sigma's retail pharmacy network includes Amcal+ and Guardian Pharmacies.

The Distribution Agreement marks a significant milestone in the Company's route to revenue, enabling the distribution and sale of PEACE NATURALS™ medicinal cannabis products that are expected to be imported by the Company.

The Company's strategy remains focused on:

- Developing branded products to own and/or supply a portfolio of successful cannabinoid brands – including CBD and THC products
- Leveraging our relationship with our largest shareholder, Cronos Group, a leading global cannabinoid company, for cannabinoid-related IP and know how
- An Asia Pacific focussed growth strategy (subject to approval under applicable law), after securing a beachhead in Australia
- An asset-light business model, where cultivation and manufacturing is outsourced

Cronos Australia management is focused on initiatives fundamental to delivery on its strategy including:

- The importation of PEACE NATURALS™ medicinal cannabis products
- Development of CBD, THC and other cannabinoid products and brands for sale in Australia, and select export markets in the Asia Pacific region (subject to approval under applicable law)
- Build out sales channels in Australia to drive first revenue from the sale of PEACE NATURALS™ products

****ENDS****

About Cronos Australia Limited

Cronos Australia was established to take advantage of opportunities relating to the emerging cannabis industry both domestically and internationally. The vision of Cronos Australia is to become a leading health and wellness company in the Asia Pacific region through the distribution of premium cannabinoid products and brands, including CBD and THC. The Company is executing on a branded product strategy that focusses on the downstream activities in the value chain, underpinned by an asset-light business model with an Asia Pacific focussed growth strategy. The Company's largest shareholder is Cronos Group Inc. (NASDAQ: CRON, TSX: CRON).

Authorised by

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