

9 September 2022

Ms. Melissa Kostopoulos
Compliance Adviser, Listings Compliance (Melbourne),
ASX Compliance Pty Ltd,
Level 4, North Tower,
525 Collins Street,
Melbourne Vic. 3000

Dear Ms. Kostopoulos,

RESPONSE TO QUERY

We refer to your letter dated 7 September 2022 entitled *Appendices 3Y - Change of Director's Interest Notice Query* and provide the following responses to the questions raised in the letter. We have responded to your questions as numbered in your letter.

1. *Please explain why the Appendices 3Y were lodged late.*

On 31 December 2021, a total 1,999,998 executive performance rights that were issued as part of the merger of Cronos Australia Limited (**Company**) with CDA Health Pty Ltd were converted into ordinary shares, having vested on 16 December 2021. A further 60,000 performance rights that vested on 7 November 2019 were also converted into ordinary shares on that date (collectively, the **First Tranche Conversion**).

On 5 January 2022, the Company lodged an Application for Quotation of Securities in respect of the 2,059,998 ordinary shares that had been issued pursuant to the First Tranche Conversion. As all six recipients of the ordinary shares were members of the Company's Key Management Personnel, the Company provided in the Application the full name of each recipient and the number of shares that had been issued to them under the First Tranche Conversion.

As the details of the recipients and the shares they received had been disclosed to ASX at that time, the Company inadvertently believed that an Appendix 3Y for each Director who had received shares was not required to be lodged at that time.

On 31 August 2022, a further 1,666,665 executive performance rights that were issued as part of the Company's merger with CDA Health Pty Ltd were also converted into ordinary shares (**Second Tranche Conversion**). Once again, on 2 September 2022, an Application for Quotation of Securities was lodged which disclosed the names of the five recipients who were members of the Company's Key Management Personnel and the number shares that had been issued to them pursuant to the Second Tranche Conversion.

At the time of the Second Tranche Conversion, following discussions with the Company's lawyers, the Company identified the oversight at the time of the First Tranche Conversion and the Company also lodged on 2 September 2022 the Appendices 3Y in respect of the three Directors who had received shares. In order to ensure that the total holdings of all three Directors were current at that date and to inform the market of the previous issue, details of the previous issue pursuant to the First Tranche Conversion were also included in these three Appendices as a separate line item.

2. *What arrangements does CAU have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?*

The Company takes its disclosure obligations to the ASX very seriously and works hard to ensure that all necessary forms are prepared to a professional standard and lodged within the required timeframes. By way of example, Directors are formally required to provide the Company with details of all movements in their shareholdings as soon as possible after they occur.

The Company is confident that the oversight in relation to the First Tranche Conversion does not reflect a weakness in the Company's compliance processes and considers it to be an isolated event. The Company believes that its current practices are adequate to ensure compliance with the ASX Listing Rules and that it has appropriate processes in place to reduce the chances of a similar oversight happening in the future.

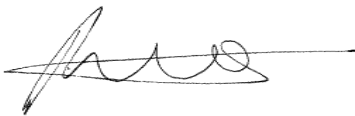
While the Company regrets the fact that the Appendices 3Y were not lodged at the time of the First Tranche Conversion, it does note that the full names of all recipients and the number of shares they received were disclosed to ASX at the time in the Application for Quotation of Securities lodged on 5 January 2022.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does CAU intend to take to ensure its compliance with Listing Rule 3.19B?*

On the basis of the comments made above, the Company does not believe that additional steps are required to ensure its ongoing compliance with Listing Rule 3.19B.

We trust that the above is satisfactory. However, should you have any further questions, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rodney D. Cocks', with a long horizontal line extending to the right.

Rodney D. Cocks
Chief Executive Officer



7 September 2022

Reference: 59064

Mr Thomas Howitt
Company Secretary
Cronos Australia Limited
Suite 8, Level 3
299 Toorak Road
South Yarra Vic 3141

By email: tom@cronosaustralia.com

Dear Mr Howitt

Cronos Australia Limited ('CAU'): Appendices 3Y – Change of Director's Interest Notice Query

ASX refers to the following:

1. CAU's Appendices 3Y lodged on the ASX Market Announcements Platform ('MAP') on 2 September 2022 (the 'Notices') for Mr. Guy Rothwell Headley, Mr. Rodney Damon Cocks and Dr. Benjamin David Ngahuia Jansen (the 'Directors');

2. Listing Rule 3.19A which requires an entity to tell ASX the following:

3.19A.1 *'The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.

3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.'*

3. Listing Rule 3.19B which states that:

'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'

The Notices indicate that a change in the Directors notifiable interests occurred on 5 January 2022. It appears that the Notices should have been lodged with ASX by 12 January 2022. Consequently, CAU may have breached

Listing Rules 3.19A and/or 3.19B. It also appears that the Directors may have breached section 205G of the *Corporations Act 2001* (Cth).

Request for Information

Under Listing Rule 18.7, we ask that you answer each of the following questions having regard to Listing Rules 3.19A and 3.19B and *Guidance Note 22: Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*.

1. Please explain why the Appendices 3Y were lodged late.
2. What arrangements does CAU have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does CAU intend to take to ensure compliance with Listing Rule 3.19B?

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Tuesday, 13 September 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CAU's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CAU to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceMelbourne@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CAU's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in *Guidance Note 16 Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in CAU's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CAU's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CAU's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Regards

Melissa Kostopoulos

Compliance Adviser, Listings Compliance (Melbourne)