



CANN GROUP LIMITED
ACN 603 949 739
(Company)

TERMS AND CONDITIONS OF LEAD MANAGER OPTIONS

1. Entitlement

Each option (**Option**) entitles PAC Partners Securities Pty Ltd (**PAC Partners**) or a holder of an Option in accordance with clause 6 below (each, a **Holder**), to subscribe for one fully paid ordinary share in the capital of the Company (**Share**), subject to adjustment under these terms.

The Holder has no right to, or interest in, a Share unless and until it is issued to the Holder on exercise of the Option.

2. Issue price

No amount is payable on issue of the Options.

3. Exercise price

The exercise price of each option is A\$0.24, subject to adjustment under these terms (**Exercise Price**).

4. Option period

Each Option may be exercised in whole or in part at any time before the third anniversary of the date the Option is issued (**Expiry Date**). An Option not exercised, automatically expires at 5.00pm, Melbourne time, on the Expiry Date.

5. Certificate / Holding Statement

The Company must give each Holder a certificate or holding statement stating:

- (a) the number of Options issued to the Holder;
- (b) the exercise price of the Options; and
- (c) the date of issue of the Options.

6. Transferability

Each Option (and any interest in it) may only be transferred by PAC Partners to parties involved in PAC Partners' engagement with the Company in accordance with the mandate dated 13 June 2023 between the Company and PAC Partners, at the discretion of PAC Partners.

Any other unauthorised transfer will not be recognised by the Company except with the prior consent of the Company.

7. Participation rights, bonus issues, rights issues and reorganisations

7.1 Participation

A Holder is not entitled to participate in any new issue to existing holders of securities in the Company in respect of their Options except to the extent they:

- (a) have exercised their Options before the record date for determining entitlements to the new issue of securities; and
- (b) participate as a result of holding Shares on exercise of those Options.

7.2 Notice of new issue

In accordance with the ASX Listing Rules, the Company must give a Holder notice of:

- (a) the proposed terms of any new issue to existing holders of securities in the Company; and
- (b) the right to exercise their Options under clause 7.1.

7.3 Bonus issues

If the Company makes a bonus issue of Shares or other securities to shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then:

- (a) the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Holder would have received if the Holder had exercised the Option before the record date for determining entitlements to the issue; and
- (b) there will also be no change to the Exercise Price of the Option.

7.4 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), there shall be no adjustment to the number of underlying Shares over which the Option is exercisable or the Exercise Price of the Option.

7.5 Reorganisation

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Holder (including the number of Options to which each Holder is entitled to and the Exercise Price) shall be adjusted to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

7.6 Calculations and adjustments

Any calculations or adjustments which are required to be made under this clause 7 will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder.

7.7 Notice of change

The Company must within a reasonable period and otherwise in accordance with ASX Listing Rules if they apply, give to each Holder notice of any change under clause 7 to the Exercise Price of any Options held by the Holder or the number of Shares which the Holder is entitled to subscribe for on exercise of an Option.

7.8 No breach

Notwithstanding anything in these terms, the Company shall not be required to take any action which would be in breach of any applicable law, regulation or if applicable, the ASX Listing Rules.

8. Method of exercise of Options

8.1 Method and payment

To exercise Options, the Holder must give the Company or its share registry, at the same time:

- (a) a written notice (in the form approved by the board of the Company from time to time) (**Exercise Notice**) specifying the number of Options being exercised (**Exercise Options**); and
- (b) payment of the Exercise Price for the Exercise Options by way of electronic funds transfer, bank cheque or by other means of payment approved by the Company.

8.2 Exercise all or some Options

- (a) An Holder may only exercise Options in multiples of 1,000 unless the Holder exercises all Options held by them.
- (b) Options will be deemed to have been exercised on the latest of the date:
 - (i) the Exercise Notice; and
 - (ii) the Exercise Price,is received by the Company or the share registry.

8.3 Issue of shares

Within 5 business days after receiving an Exercise Notice and payment by the Holder of the Exercise Price for each Option, the Company must issue the Holder the number of Shares specified in the Exercise Notice.

9. Ranking of shares issued on exercise of Options

Subject to the Company's constitution, all Shares issued on the exercise of Options rank in all respects (including rights relating to dividends) *pari passu* with the existing Shares as at the date of issue.

10. Quotation

- (a) The Company does not intend to apply to ASX Limited for official quotation of the Options.
- (b) The Company will apply to ASX Limited for official quotation of the Shares issued on exercise of Options promptly after their issue.

11. Governing law

These terms and the rights and obligations of Holders are governed by the laws of Victoria. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.