

23 June 2023

Name
Position / title
Company name
Company address

Dear Shareholder,

Notice to ineligible foreign shareholders regarding pro-rata non-renounceable rights offer plus free attaching options

On 15 June 2023, Cann Group Limited (**CAN** or **Company**) announced a non-renounceable pro-rata rights offer (**Entitlement Offer**) of one (1) new fully paid ordinary share (**New Shares**) at \$0.12 (12 cents) each for every four (4) existing fully paid ordinary shares held by CAN shareholders in Australia or New Zealand (**Eligible Shareholders**) at 7:00 pm Melbourne time on Tuesday, 20 June 2023 (**Record Date**) together with one (1) option for every two (2) New Shares subscribed for (**New Options**). The Entitlement Offer will raise up to approximately \$11.7 million before associated costs and is only being made to Eligible Shareholders.

The key objective of the Offer is to raise the additional capital required to fund our accelerated growth initiatives and to realise the significant increase in production. Over the past few years, we have built a world-class facility at Mildura, witnessed remarkable production progress and achieved several significant milestones, including planting the biggest crop in our history in May 2023. We firmly believe that this Offer will enable us to accelerate our growth trajectory and strengthen our market position, including by enabling Cann to pursue an increase in production to reach 12.5 tonnes on an annualised basis.

The funds from the Offer will assist Cann in executing a number of scale up activities including:

- enhanced automation for GMP manufacturing facilities;
- accelerated staffing levels for scale up activities.
- laboratory and Quality Control enhancements;
- research and development, including the development of THC containing capsule; and
- environmental, social and governance feasibility projects – including solar and waste.

Funds will also be used towards the working capital of the Company as well as the costs of the Offer.

A prospectus in relation to the Entitlement Offer has been prepared by CAN in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and was lodged with the Australian Securities and Investments Commission and Australian Securities Exchange (**ASX**) on 15 June 2023 (**Prospectus**). The Prospectus is available to view on the ASX website and the Company's website at <https://www.canngrouplimited.com/>. Further details regarding

the Offer have also been announced to the ASX and are available on the ASX's website and are set out in the Prospectus.

You are receiving this letter as you did not satisfy the eligibility criteria to participate in the Entitlement Offer. Further information on the Entitlement Offer, including the eligibility criteria to participate and how your Entitlements will be dealt with, is set out below.

Details of Entitlement Offer

The Entitlement Offer is available only to Australian or New Zealand residents as at the Record Date.

As well as the offer noted above, the Entitlement Offer includes a Top Up Facility under which Eligible Shareholders who subscribe for their Entitlement in full, can apply to take up New Shares, at the same price of \$0.12 (12 cents) per New Share, in-excess of their pro-rata entitlement, together with one (1) free attaching New Option for every two (2) New Shares subscribed for and issued (**Top Up Facility**).

Applications under the Top Up Facility will only be considered to the extent there is a shortfall under the Entitlement Offer and will be determined at the discretion of the Board and will be subject to the terms set out in the Prospectus.

New Shares (and accompanying New Options) not subscribed for under the Entitlement Offer (including under the Top Up Facility) will form the shortfall which may be placed by the Lead Manager to sophisticated and professional investors in consultation with the Company as set out in the Prospectus.

Effect of Entitlement Offer

Assuming the Entitlement Offer is fully subscribed and there is no other change to the issued capital of the Company, approximately 97 million New Shares and 48 million New Options will be granted to subscribers so that the capital structure of the Company will be as shown in the table below.

	Number of Shares	Number of Options	Number of Performance Rights
Balance as at the date of this Prospectus Offer⁽¹⁾	388,614,865	6,120,000	2,930,858
Offer⁽¹⁾	97,153,716	50,576,858 ²	-
TOTAL	485,768,581	56,696,858	2,930,858

(1) Assuming no existing options or performance rights are exercised prior to the Record Date, all Entitlements are accepted either under the Offer or the Shortfall Placement.

(2) Includes 2,000,000 options to be issued to the Lead Manager

The Entitlement Offer is currently scheduled to close at 5:00pm (Melbourne time) on Tuesday, 18 July 2023 (unless varied or extended).

Ineligible Shareholders

In accordance with ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, the Company has decided that it is unreasonable to extend the offers under this Entitlement Offer to shareholders with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**), having regard to:

- (a) the small number of Ineligible Shareholders;
- (b) the small number and value of the new shares Ineligible Shareholders would be offered; and
- (c) the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions.

Accordingly, Ineligible Shareholders are not eligible to participate in the Entitlement Offer.

Unfortunately, you do not satisfy the eligibility criteria for an Eligible Shareholder. As a result, the Company will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares and New Options under the Entitlement Offer.

Further Information

This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue New Shares and New Options to you, nor an invitation for you to apply for New Shares and New Options. You are not required to do anything in response to this letter.

If you have any questions about the Entitlement Offer, please contact Cann Group Limited Company Secretary, Ms Deborah Ambrosini, by telephone on +61 3 9095 7088 or by email at deborah.ambrosini@canngrouponlimited.com.

On behalf of Cann Group Limited, we thank you for your continued support.

Yours sincerely,



Allan McCallum, AO
Chairman
Cann Group Limited