



CANN
GROUP LIMITED

PROSPECTUS

CANN GROUP LIMITED
ACN 603 949 739



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PROSPECTUS

For a non-renounceable pro rata entitlement issue of approximately 156 million New Shares on the basis of one (1) New Share for every three (3) Shares held by Eligible Shareholders at the Record Date at an issue price of 4 cents per New Share, together with one (1) free attaching New Option for every three (3) New Shares subscribed for and issued to raise up to approximately \$6.25 million (before costs) (Entitlement Offer).

This Prospectus also contains an offer of 7 million New Options to the Lead Manager (**Lead Manager Offer**).

The Entitlement Offer and Lead Manager Offer are currently expected to close at 5:00pm Melbourne time on Thursday, 24 October 2024. Valid Applications must be received before that time. Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement under the Offer.

Eligible Shareholders may also apply for Top Up Securities under the Top Up Offer.

The Offer is not underwritten.

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISOR.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE.

THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES NOR FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT INFORMATION

General

This Prospectus is dated and was lodged with ASIC on 7 October 2024.

Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the Prospectus Date (being the expiry date of this Prospectus).

The Company will apply to ASX within seven days of the Prospectus Date for Quotation by ASX of the New Shares offered under this Prospectus.

The Company does not intend to apply for Quotation by ASX of the New Options and Lead Manager Options offered under this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at 262-276 Lorimer Street, Port Melbourne during normal business hours. The Company will provide a copy of this Prospectus to any person upon request. The Company will also provide copies of other documents on request (refer to Sections 8.1 and 8.13). This Prospectus is also available electronically at www.canngrouplimited.com but without the Entitlement and Acceptance Form.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

Entitlement and Acceptance Form

The Entitlement and Acceptance Form accompanying this Prospectus is important.

Applications for New Securities under the Offer can only be submitted via the Entitlement and Acceptance Form provided with a copy of this Prospectus by the Company. If acceptance is by BPAY® (for Eligible Shareholders with an Australian bank account), there is no need to return the Entitlement and Acceptance Form. If paying by electronic funds transfer (for Eligible Shareholders with a registered address in New Zealand only), you must return the Entitlement and Acceptance Form after making your payment in accordance with the instructions in the Entitlement and Acceptance Form.

The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement. Please refer to the instructions in Section 5 regarding the acceptance of your Entitlement and completion of the Entitlement and Acceptance Form. Applications for Top Up Securities can be made using the Entitlement and Acceptance Form.

By returning the Entitlement and Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Eligibility

Each personalised Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Overseas Shareholders

This Prospectus does not, and is not intended to, constitute an offer of securities in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

The Offer is not being extended, and Securities will not be issued, to Shareholders with a registered address which is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to make the Offer to existing Shareholders in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside the above jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Nominees and custodians may not distribute this Prospectus and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia except where the Company has determined it is lawful and practical to make the Offer and has provided its written consent.

New Zealand

The New Securities are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* (including clause 11 of schedule 1 in respect of the Options) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information which would be included in a prospectus for an initial public offering.

Exposure Period

No exposure period applies to the Offer.

Speculative Investment

An investment in the New Securities should be considered highly speculative. Refer to Section 6 for details of the key risks applicable to an investment in the Company.

Eligible Shareholders wishing to apply for New Securities should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the New Securities.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Eligible Shareholder. Before making any investment in the Company, each Eligible Shareholder should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Securities have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the New Securities will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Securities in the future.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 6. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The pro forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus unless specifically referenced.

Data

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to Melbourne time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 10.

Enquiries

If you have any questions in relation to the Offer, please contact your stockbroker, solicitor, accountant or other professional adviser.

If you have questions in relation to the calculation of your Entitlement, how to complete an Entitlement and Acceptance Form or how take up your Entitlement, please call Cann Group Company Secretary, Mr Steven Notaro on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia) between 8:00am and 5:00pm (Melbourne time) Monday to Friday until the Closing Date.

CORPORATE DIRECTORY

Directors

Dr Julian Chick	Non-executive Chairman
Jennifer Pilcher	CEO & Managing Director
Doug Rathbone, AM	Non-executive Director
Robert Barnes	Non-executive Director

Company Secretary

Steven Notaro	Company Secretary
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Registered Office

262-276 Lorimer Street
Port Melbourne, Victoria 3207

Tel: 03 9095 7088
Email: contact@canngrouplimited.com
Website: www.canngrouplimited.com.au

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Telephone: +61 1300 554 474
Email: registrars@linkmarketservices.com.au

ASX Listing

The Company is listed on the ASX with the ticker code: CAN

Lead Manager

Alpine Capital
Level 4, 627 Chapel Street
South Yarra, VIC 3141

INDICATIVE TIMETABLE FOR OFFER

Event	Date
Lodgement of Prospectus with ASIC and ASX	Monday, 7 October 2024
Lead Manager Offer opens	Monday, 7 October 2024
"Ex" Date	Wednesday, 9 October 2024
Record Date (at 7:00pm Melbourne time)	Thursday, 10 October 2024
Offer Opening Date	Tuesday, 15 October 2024
Entitlement and Acceptance Form dispatched to Eligible Shareholders	Tuesday, 15 October 2024
Last day to extend the Offer Closing Date	Monday, 21 October 2024
Offer and Lead Manager Offer Closing Date (at 5:00pm Melbourne time)	Thursday, 24 October 2024
New Shares under the Offer quoted on a deferred settlement basis	Friday, 25 October 2024
Notification of results of Offer	Tuesday, 29 October 2024
Issue of New Shares and New Options under Offer and deferred settlement trading ends	Thursday, 31 October 2024
Anticipated date for despatch of holding statements for New Shares and New Options under Offer	Friday, 1 November 2024
Anticipated trading of New Shares under Offer on ASX commences	Friday, 1 November 2024
Last day for issuing Lead Manager Options (subject to successful Shortfall Placement)	Friday, 24 January 2025

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for the issue of the New Securities under the Offer. The Directors also reserve the right not to proceed with the whole or part of any of the Offer at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board, I am pleased to present this Prospectus and to offer you to acquire new securities in Cann Group Limited (**Cann** or **Company**) through participation in this Offer.

The Company is pleased to offer Eligible Shareholders the opportunity to participate in the Offer on the basis of one (1) New Share for every three (3) Shares held at the Record Date at an issue price of \$0.04 per New Share. Eligible Shareholders will also receive one (1) free attaching New Option for every three (3) New Shares subscribed for under the Offer.

The decision to raise capital at this time was a decision not taken lightly by the Board. It was driven by the significant business development potential of the Company and the desire to continue to scale the Mildura facility.

The key objective of the Offer is to raise the additional capital required to fund increased production at our Mildura facility.

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

- Dried flower production target for FY2025 of 5-6 tonnes; and
- Broadening our Botanitech product range, including supporting the launch of several new SKUs in Q2 FY2025.

Funds will also be used towards the working capital, including the servicing of lines of credit, of the Company as well as the costs of the Offer.

Please refer to Section 6 for further risks associated with an investment in the Company. Further information about the Group and its operations is contained in publicly available documents lodged by the Company with ASIC and ASX. This Prospectus should be read in conjunction with this material.

Accompanying this Prospectus is your personalised Entitlement and Acceptance Form. Please refer to Section 5 for further information on how to take up your entitlement.

If you have any questions, please call Cann's Company Secretary, Mr Steven Notaro on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia) between 8:00am and 5:00pm (Melbourne time) Monday to Friday until the Closing Date.

As a Board, we appreciate the continued support of all our Shareholders. We encourage you to consider participating in the Offer, as it presents a unique chance to invest in the future of Cann Group Limited and contribute to our continued success. Your support and continued belief in our business is invaluable to us.

Yours faithfully



Dr Julian Chick
Chairman

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1. Investment Overview

The below information is a selective overview of the Offer and Lead Manager Offer only. Participants should read the Prospectus in full before deciding to invest in New Securities.

1.1. Offer

Topic	Summary	Further information
What is the Offer?	The Offer comprises the 'Entitlement Offer', the 'Top up Offer' and the 'Shortfall Placement'	Below in this section
What is the Entitlement Offer?	<p>A pro rata non-renounceable offer of one (1) New Share for every three (3) Shares held by Eligible Shareholders at the Record Date at an issue price of \$0.04 per New Share together with one (1) free attaching New Option for every three (3) New Shares subscribed for and issued to raise up to approximately A\$6.25 million (before costs).</p> <p>The Entitlement Offer is non-renounceable which means that Entitlements cannot be traded.</p>	Section 3.1
What is the Top Up Offer?	Eligible Shareholders who take up their Entitlement to New Securities in full under the Entitlement Offer are able to apply for additional New Securities on the same basis. New Securities which are not taken up by Eligible Shareholders and Ineligible Shareholders under the Entitlement Offer will be allocated to those Eligible Shareholders who have applied under the Top Up Offer.	Section 3.5
What is the Shortfall Placement?	Any New Shares (and accompanying New Options) equivalent in number to those not taken up and under the Offer may be offered to professional and sophisticated investors under a shortfall offer by way of private placement no later than 3 months after the close of the Entitlement Offer, at the Board's discretion, and at an issue price that is to be no less than \$0.04 per New Share.	Section 3.7
What is the purpose of the Offer?	<p>The purpose of the Offer is to raise up to approximately A\$6.25 million (before costs) to facilitate the following company activities:</p> <ul style="list-style-type: none"> • achieving our dried flower production target for FY2025 of 5-6 tonnes; • continue to broaden our Botanitech product range, including supporting the launch of several SKUs in Q2 FY2025 • general working capital; and • costs of the Offer. 	Section 2.4

Topic	Summary	Further information
What is the Strategic Plan?	<p>Cann Group is committed to expanding its cultivation and production activities at its Mildura facility with the aim of growing its revenue base and transitioning to profitability.</p> <p><u>Production</u></p> <p>The focus is on expanding and maximising production in cultivation zones 1 and 3, which were completed as part of Stage 1A of the Mildura facility build in 2022. Zones 1 and 3 have capacity to produce approximately 10 tonnes of dried cannabis flower per annum. At capacity, Cann is well positioned to achieve positive cash flows.</p> <p><u>Commercial</u></p> <p>Cann's commercial strategy is to provide medicinal cannabis to the market firstly via its own Botanitech brand. Botanitech is currently sold in a variety of forms to meet patient demand, such as inhalable flower, oils, and vapes. All forms are available in various THC and CBD combinations. Cann Group conducts its own packing and filling via its GMP Mildura facility and consequently most of the entire production chain through to finished goods is handled in-house.</p> <p>In addition to Botanitech, Cann will be focussing on producing product for its white label customers, and also bulk dried flower sales. Both of these are important sources of revenue for Cann going forward.</p> <p><u>Financial</u></p> <p>Following the restructure of Cann's operations earlier this year, Cann now has a more manageable cost base, from which it can drive towards profitability. Cann will continue to investigate options for debt restructuring to provide Cann with the opportunity to deliver its production and commercial strategies outlined above.</p>	Section 2.2
Who can participate in the Offer?	The Offer is being extended to Shareholders as at 7:00pm (Melbourne time) on the Record Date with a registered address in Australia and New Zealand (and who are not in the United States and are not acting for the account or benefit of a person in the United States).	Section 3.16
Who can participate in the Top Up Offer?	The Top Up Offer is only extended to Eligible Shareholders who take up their Entitlement to New Securities in full.	Section 3.5
Who can participate in the Shortfall Placement?	Upon invitation from the Company or the Lead Manager, certain sophisticated and institutional investors may be able to apply for Shortfall Securities under a Shortfall Placement after the close of the Offer.	Section 3.7
What is the effect of the Offer on control of the Company?	As at the Prospectus Date, the Company does not have any substantial holders (being shareholders who hold 5% or more of the shares in the Company). Therefore, it is not expected that the Offer will have any effect on the control of the Company.	Section 4.4

Topic	Summary	Further information
<p>What are key risks associated with an investment in the Company?</p>	<p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 6.</p> <p>In undertaking its business activities, the Company will be exposed to risks, which include, but are not limited to:</p> <ul style="list-style-type: none"> • Agricultural risks: Risks inherent with agricultural businesses apply to Cann's business, including lower than expected yields, disease, mould and insects and other pests. • Production risks: Cann's ability to produce cannabis and manufacture cannabis products, and to increase its production in the future, may be adversely impacted by a number of production factors, including plant design errors, non-performance by third party contractors, increases in materials or labour costs and/or limits on availability of materials or labour, production performance falling below expected levels of output or efficiency, human error, the agricultural factors described above, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, any rise in energy and utilities costs and limits on availability of such utilities. • Funding risks: The failure to raise the necessary funding, whether as debt or equity, could result in the delay or indefinite postponement of Cann's business expansion and other elements of its strategic plan. There can be no assurance that additional funding or other types of financing will be available if needed or that, if available, the terms of such funding will be available on favourable terms. In addition, debt funding may materially increase Cann's debt levels and gearing. This may increase Cann's funding costs, reduce its financial performance and increase the risk of Cann being in default or being unable to pay its debts when due in the future. • Import risks: If overseas suppliers are unable to meet the requirements to enable Cann to import the necessary volumes of flower e.g. by not providing the required documentation, by not providing flower of the necessary standard, or by not complying with shipping and customs requirements, this would impact Cann's ability to import the products and meet customer demands, which would ultimately have a negative impact on Cann's revenues and prospects. • R&D funding: An important source of funding for Cann is the R&D tax refund it receives each year. There can be no assurance that the R&D tax refund scheme will remain in place, or that Cann will continue to be entitled to access it in the future. Therefore, if Cann were to not receive an R&D tax refund, this would negatively impact Cann's financial performance as well as increase its working 	<p>Section 6</p>

Topic	Summary	Further information
	<p>capital requirements, potentially causing it to seek additional funding.</p> <ul style="list-style-type: none"> Operating losses risks: Cann continues to incur operating losses. Cann may not be able to achieve profitability and may continue to incur significant losses in the future. In addition, Cann will increase its operating expenses as it grows its business. If Cann's revenues do not increase to offset these expected increases in expenditures and operating expenses, it will not be profitable. Anticipated or expected sales may not be achieved, and even if achieved, may not result in Cann being profitable. There is no assurance that Cann will be successful in achieving a return on shareholders' investments and the chances of success must be considered in light of the proposed expansion of its operations. Regulatory Approvals: Cann's ability to continue its business is dependent on holding certain authorisations, licences and permits and adherence to all regulatory requirements related to such activities. Any failure to comply with the conditions of those approvals and licences, or to renew the approvals and licences after their expiry dates, would have a material adverse impact on the financial position, financial performance and/or prospects of Cann. Product Approvals: Cannabis products are currently regulated as medicines in Australia. Generally, medicines imported into, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods (ARTG), which is administered by the Therapeutic Goods Administration (TGA) or through the Special Access Scheme (SAS), Authorised Prescriber (AP) scheme or clinical trial exemptions. Cann cannot guarantee that any or all of its medicinal cannabis products will be approved for supply to patients under these pathways or that these pathways will remain available. Any failure to continue to be able to access these pathways would have a material adverse impact on the financial position, financial performance and/or prospects of Cann. Compliance with licence conditions: A licence to cultivate, produce and/or manufacture under the <i>Narcotic Drugs Act 1967</i> (Cth) is subject to a number of conditions, which if not maintained may result in a suspension or revocation of the licence or permit. Such conditions include ensuring that all staff engaged are suitable, that directors and officers (and the business itself) is a fit-and-proper person and that certain security and reporting measures are maintained. Any failure to maintain these licenses would have a material adverse impact on the financial position, financial performance and/or prospects of Cann. 	

Topic	Summary	Further information
	<ul style="list-style-type: none"> • Product Development: Cann may not be successful in developing effective and safe new products to market in time to be effectively commercialised, or in obtaining any required regulatory approvals or funding, which may impact its growth initiatives relating to product development with an associated material adverse effect on its prospects. • Diversionary risk and theft: Given the nature of Cann's cannabis products and despite meeting or even exceeding the TGA and ODC security requirements, there remains a risk of shrinkage as well as theft. • Industry confidence: There is a risk that incidents beyond the control of Cann could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence or preferences for cannabis or medicinal cannabis products, including serious adverse effect incidents involving medicinal cannabis, negative medical or scientific findings, or material breaches of a law or regulation by Cann or a competitor. • Competition risks: Should the size of the Australian medicinal cannabis market increase, the overall demand for products and number of competitors will, or is likely to, increase as well, and in order for Cann to be competitive, Cann will need to invest significantly in research and development, new product and market development, marketing, new client identification, distribution channels and client support. If Cann is not successful in obtaining sufficient resources to invest in these areas, Cann's ability to compete in the market could be adversely affected and this could have a material adverse effect on its business, financial position, financial performance and/or prospects. • Third party manufacture risks: Cann is currently reliant on a single source of manufacturing to manufacture certain of Cann's products. There are other potential commercial manufacturers that Cann could use to meet its manufacturing requirements. However, if Cann needed to engage a new manufacturer, the process of transitioning to a new manufacturer would likely take several months, so there would be a risk that Cann's manufacturing abilities would be adversely impacted during the transition period, with a negative associated impact on Cann's financial performance. <p>The Company is also exposed to certain industry-specific risks, including (but not limited to):</p> <ul style="list-style-type: none"> • General regulatory risk: Companies which operate in the medicinal cannabis industry are subject to a highly regulated environment and numerous laws and regulations. Changes to such laws, regulations and directives may cause adverse effects on a business operating in this industry, its financial position, financial performance and/or prospects. 	

Topic	Summary	Further information
	<ul style="list-style-type: none"> • Market risks: There is a risk that the demand for the supply of medicinal cannabis products may decrease due to various market factors, with an associated adverse effect on a business operating in this industry, its financial position, financial performance and/or prospects. • Clinical trial outcomes: There are various clinical trials being conducted in Australia and internationally in relation to medicinal cannabis. An adverse finding from an approved or recognised clinical trial is likely to or may have a material adverse effect on a company's prospects of conducting clinical trials in the medicinal cannabis sector, with an associated adverse effect on the financial position, financial performance and/or prospects of a company and the medicinal cannabis industry generally. <p>The Company is also exposed to general risks, including (but not limited to) the following:</p> <ul style="list-style-type: none"> • Nature of investment: There are inherent risks associated with investment in any listed company. The New Shares under the Offer do not guarantee payment of dividends, return on capital or maintenance of capital or value. No assurances can be given that the New Shares will trade at or above the Offer Price at any time, or that they may be sold at any price. The value of the New Shares may vary depending on the financial and operating performance of Cann and external factors over which Cann and its directors have no control, including changes to market sentiment. • Dilution risk: If Cann needs to raise additional equity in the future, this may dilute the shareholdings of existing shareholders, who may not have the opportunity to participate in that raising. • General economic conditions: Adverse changes in economic conditions such as to interest rates, exchange rates, inflation, government policy, taxation law, investor sentiment towards particular market sectors, demand for and supply of capital, national and international economic conditions (including any trade conflicts between major countries, terrorism, war, social upheaval or other hostilities) amongst others are outside Cann's control and have the potential to have an adverse impact on Cann (including Cann's financial performance and/or financial position) and its operations. • Tax legislation & accounting standards: Changes in tax laws or accounting standard from time to time can have an adverse impact on the financial performance, financial position and/or prospects of a company. • Cyber security: A company may suffer material losses from cyber-attacks or other information security breaches. As cyber threats continue to evolve, a company may be required to expend additional resources to continue to 	

Topic	Summary	Further information
	<p>modify or enhance protective measures or to investigate and remediate any security vulnerabilities, with an adverse impact on its financial performance.</p> <ul style="list-style-type: none"> • Privacy: A company may collect or be provided with information which is considered personal or sensitive, and the company is responsible for protecting that information from privacy breaches and mandatory reporting obligations under the Notifiable Data Breaches scheme contained within the <i>Privacy Act 1988</i> (Cth) (Privacy Act). A breach of its obligations under the Privacy Act may have an adverse effect on the company's business, reputation, financial position, financial performance and/or prospects. 	
What is the effect of the Offer on the Company?	The maximum number of Securities that will be issued under the Offer is 156,312,161 New Shares and 52,104,054 New Options (subject to rounding).	Section 4.1
Is the Offer subject to a minimum subscription?	No	Section 3.3
Is the Offer underwritten?	No	Section 2.6
What has been the response to the Offer by major shareholders?	Cann does not have any major shareholders (i.e. Shareholders who own 5% or more of the Company).	Section 4.4
What are the terms of the New Options	<p>The New Options have an exercise price of \$0.08 and will expire 24 months after their date of issue.</p> <p>The terms and conditions of the New Options are detailed in Section 7.2.</p>	Section 7.2

Topic	Summary	Further information
How do I accept my Entitlement?	<p>If you wish to accept all or part of your Entitlement and you are an Eligible Shareholder, you must:</p> <ul style="list-style-type: none"> complete your Entitlement and Acceptance Form that accompanies this Prospectus and send it together with payment by cheque, bank draft or money order to: PO Box 8012 Camberwell North LPO 3123; or if you are an Eligible Shareholder with a registered address in Australia, follow the instructions in your Entitlement and Acceptance Form to pay via BPAY®; or if you are an Eligible Shareholder with a registered address in New Zealand, follow the instructions in your Entitlement and Acceptance Form to pay by electronic funds transfer, then return your Entitlement and Acceptance Form. 	Section 5.1
Can I sell or transfer my Entitlement under the Offer?	No, Entitlements are non-renounceable, which means that neither Ineligible Shareholders, nor Eligible Shareholders who do not wish to exercise all or a portion of their Entitlements, may sell their Entitlements (in which case those Entitlements will be forfeited).	Section 3.2
Can I subscribe for more than my Entitlement?	<p>Yes, if you take up your Entitlement in full, you can apply for additional New Securities under the Top Up Offer.</p> <p>There is no limit to the amount of New Securities you may subscribe for under the Top Up Offer.</p>	Section 3.5
How will Top Up Securities be allocated?	<p>The allocation policy in relation to the Top Up Offer is as follows:</p> <ul style="list-style-type: none"> if the number of Top Up Securities applied for is less than the number of Top Up Securities available, then each Eligible Shareholder who has applied for Top Up Securities will receive the number of Top Up Securities applied for; and if the number of Top Up Securities applied for is greater than the number of Top Up Securities available, then each Eligible Shareholder who has applied for Top Up Securities will receive such number of Top Up Securities applied for as reflects the pro rata number of Top Up Securities applied for as a proportion of those available. <p>In applying the allocation policy set out above, the Company may issue to an Eligible Shareholder a lesser number of Top Up Securities than the number applied for. If the number of Top Up Securities issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.</p>	Section 3.6

Topic	Summary	Further information
Who is the Lead Manager?	Alpine Capital has been appointed as Lead Manager.	Section 8.5
Enquiries concerning Prospectus	Enquiries relating to this Prospectus should be directed to Cann Group Limited Company Secretary, Mr Steven Notaro, on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia).	Section 3.21

1.2. Lead Manger Offer

Topic	Summary	Further information
What is the Lead Manager Offer?	By this Prospectus the Company is offering 7,000,000 New Options to the Lead Manager associated with the fulfilment of the Shortfall Placement.	Section 3.12
What is the offer price for Lead Manager Offer?	The New Options issued to the Lead Manager will be issued for nil cash consideration as part of their consideration for their lead manager services to the Company in relation to the associated with the fulfilment of the Shortfall Placement described in Section 3.12.	Section 3.12
Am I eligible to participate in the Lead Manager Offer?	Only the Lead Manager is eligible to participate in the Lead Manager Offer.	Section 3.12
Can I transfer my entitlement to participate in the Lead Manager Offer?	No. The Lead Manager cannot transfer its right to acquire New Options to anyone else.	Section 3.12
How many New Options will I Receive if I Participate in the Lead Manager Offer?	The Lead Manager may not apply for (and the Company will not issue) more than 7,000,000 New Options under the Lead Manager Offer.	Section 3.12
What are the terms of New Options under the Lead Manager Offer?	Each New Option is offered for no additional consideration and is exercisable at a price of \$0.08 until the expiry date at 5.00pm (Melbourne time) on date that is 24 months from their issue date. The Company will not apply for quotation of the New Options on ASX. The full terms of the New Options are set out in Section 7.2.	Section 7.2
How do I participate in the Lead Manager Offer?	Only the Lead Manager may apply for New Options under the Lead Manager Offer by completing the Lead Manager Application Form.	Section 3.12

Topic	Summary	Further information
Are the New Options under the Lead Manager Offer conditional?	The New Options under the Lead Manager Offer are issued subject to successful completion of the Shortfall Placement	Section 3.12
When will I receive my New Options under the Lead Manager Offer?	The New Options are expected to be issued on to Lead Manager (subject to successful Shortfall Placement) on or before Friday, 24 January 2025.	Section 3.12

2. Company Overview

2.1 Overview

The principal activities of the Company are cultivation of medicinal cannabis for both medicinal and research purposes pursuant to the licenses and permits issued to the Group and the development and manufacture (via third party arrangements) of finished product formulations.

The Company is based in Melbourne, Australia, with its major production facility located in Mildura, Victoria.

2.2 Strategic Plan

Cann Group is committed to expanding its cultivation and production activities at its Mildura facility with the aim of growing its revenue base and transitioning to profitability.

Production

The focus is on expanding and maximising production in cultivation zones 1 and 3, which were completed as part of Stage 1A of the Mildura facility build in 2022. Zones 1 and 3 have capacity to produce approximately 10 tonnes of dried cannabis flower per annum. At capacity, Cann is well positioned to achieve positive cash flows.

Commercial

Cann's commercial strategy is to provide medicinal cannabis to the market firstly via its own Botanitech brand. Botanitech is currently sold in a variety of forms to meet patient demand, such as inhalable flower, oils, and vapes. All forms are available in various THC and CBD combinations. Cann Group conducts its own packing and filling via its GMP Mildura facility and consequently most of the entire production chain through to finished goods is handled in-house.

In addition to Botanitech, Cann will be focussing on producing product for its white label customers, and for bulk dried flower sales. Both of these are important sources of revenue for Cann going forward.

Financial

Following the restructure of Cann's operations earlier this year, Cann now has a more manageable cost base, from which it can drive towards profitability. Cann will continue to investigate options for debt restructuring to provide Cann with the opportunity to deliver its production and commercial strategies outlined above.

2.3 Funding

Offer

The Offer will raise up to approximately \$6.25 million, depending on the level of acceptances received by the Company.

2.4 Use of Funds

The Company proposes to use the funds raised through the Offer as set out in Table 2.4.1, below.

The primary objective of the Offer is to raise the required additional capital necessary to fund the Company's growth initiatives and to increase its production, which is outlined in the strategic plan in section 2.2 above.

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

The table below is a statement of the proposed application of the funds as at the Prospectus Date.

Table 2.4.1 - Use of funds

Use of funds (in \$m)	\$6.25m raised (fully subscribed)	\$4.7m raised (75% subscribed)	\$3.1m raised (50% subscribed)
Importation program for Botanitech curated & vape range	1,008,000	756,000	-
Manufacturing costs for Botanitech oil range	751,654	563,741	375,827
Cultivation costs for dried flower	1,560,000	1,170,000	780,000
Repayment of partial principal & interest on loans	1,965,000	1,440,000	1,440,000
Costs of the Offer	186,138	162,691	139,244
Working capital	781,694	596,934	391,172
Total funds raised	6,252,486	4,689,365	3,126,243

As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions and the Company reserves the rights to vary the way the funds are applied.

2.5 Future of Cann Group

Cann Group's strategic plan is to expand its cultivation and production activities with the ultimate aim of growing its revenue base. The Company firmly believes that this Offer will enable it to accelerate the growth trajectory and strengthen its current market position to take advantage of the continually developing and expanding market.

2.6 No underwriting

The Offer will not be underwritten.

2.7 Removal of Secondary Trading Restrictions

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5).

The Company was suspended from trading on the ASX for more than five trading days in the last twelve months. Specifically for the period commencing 1 March 2024, under Listing Rule 19.11A(b) in relation to the disclaimer conclusion of the independent auditor in its review of the Company's half year financial report for the period ended 31 December 2023, and ending 4 June 2024 when the Company was reinstated following the Company's compliance with ASX's reinstatement conditions.

As a result, is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides an exemption from the general requirement in section 707(3) of the Corporations Act where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

Before deciding to invest in the New Securities, Eligible Shareholders should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 6), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

The secondary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to the New Shares issued or to be issued by the Company on or prior to the Closing Date of the Offer so that the holders of those New Shares, if they choose to, may sell those New Shares within the twelve months following their issue, without the issue of a prospectus.

The Company is not issuing the New Shares with the purpose of the persons to whom they are issued selling or transferring the New Shares, or granting, issuing or transferring interests in, or options over the New Shares within twelve months of the issue, however this Prospectus provides them with the ability to do so should they wish.

A further secondary purpose of this Prospectus is to enable the Company to take advantage of *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 (INS 2016/80)* which allows the on-sale of any Shares issued on the exercise of the New Options in the future without the need for the Company to issue a 'cleansing notice' each time such Shares are issued.

3. Details of the Offer

3.1 Offer

The Offer is a non-renounceable pro rata entitlement issue of one (1) New Share for every three (3) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.04 per New Share together with one (1) free attaching New Option for every three (3) New Shares subscribed for and issued, to raise up to approximately \$6.25 million (before costs) (**Offer**).

Under this Prospectus, Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia and New Zealand are eligible to participate in the Offer.

As at the Prospectus Date, the Company has securities on issue as set out in Table 3.1.1 below.

Table 3.1.1 - Securities on issue at Prospectus Date

Class of Security	Number
Quoted Shares	468,666,483
Options	21,289,840
Performance Rights	1,430,352
Convertible Notes	711,963
Unquoted Shares ¹	270,000

¹Unquoted Shares represent performance rights that have been converted after the vesting conditions were met, however they remain unquoted until the earlier of 24 months or the employee leaving the Company. Holders of these shares are entitled to participate in the Offer.

The holders of existing Options, Performance Rights or Convertible Notes will not be entitled to participate in the Offer in accordance with their terms of issue.

Assuming no Options, Performance Rights or Convertible Notes are exercised or converted before the Record Date, up to approximately 156.3 million New Shares and 52.1 million New Options may be issued under the Offer (subject to rounding).

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Security, such fraction will be rounded up to the nearest whole New Security.

All of the New Shares will rank equally with the Shares on issue at the Prospectus Date. All Shares issued on the conversion of the New Options will rank equally with the Shares on issue at the time of issue.

Refer to Section 7.1 for a summary of the rights attaching to New Shares and Section 7.2 for a summary of the rights attaching to New Options.

3.2 Entitlements Trading

Entitlements are non-renounceable, which means that neither Ineligible Shareholders, nor Eligible Shareholders who do not wish to exercise all or a portion of their Entitlements, may sell their Entitlements (in which case those Entitlements will be forfeited).

3.3 Minimum subscription

There is no minimum subscription for the Offer.

3.4 Opening and closing dates - Offer

The Company will accept Entitlement and Acceptance Forms and Application Monies in respect of the Offer from Eligible Shareholders from the Opening Date until 5:00pm (Melbourne time) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

Please note that payment made by BPAY® must be received no later than 5:00pm (Melbourne time) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date of the Offer without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

3.5 Top Up Offer

Any New Securities under the Entitlement Offer which are not applied for will form the Top Up Securities. The offer to issue Top Up Securities is a separate offer under this Prospectus (**Top Up Offer**).

Under this Prospectus, the Company Offer to issue the Top Up Securities to Eligible Shareholders at the same price of \$0.04 per New Share as that offered under the Offer together with one (1) free attaching New Option for every three (3) New Shares subscribed for and issued.

The Top Up Shares will have the same rights as the New Shares as detailed in Section 7.1. The Top Up Options will have the same rights as the New Options as detailed in Section 7.2.

The Top Up Offer is only extended to Eligible Shareholders who take up their Entitlement to New Securities in full.

Eligible Shareholders may apply for Top Up Securities by completing the relevant section of their Entitlement and Acceptance Form (refer to Section 5.3 for further details).

3.6 Top Up allocation policy

The allocation policy in relation to the Top Up Offer is as follows:

- if the number of Top Up Securities applied for is less than the number of Top Up Securities available, then each Eligible Shareholder who has applied for Top Up Securities will receive the number of Top Up Securities applied for; and
- if the number of Top Up Securities applied for is greater than the number of Top Up Securities available, then each Eligible Shareholder who has applied for Top Up Securities will receive such number of Top Up Securities applied for as reflects the pro rata number of Top Up Securities applied for as a proportion of those available.

In applying the allocation policy set out above, the Company may issue to an Eligible Shareholder a lesser number of Top Up Securities than the number applied for. If the number of Top Up Securities issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

3.7 Shortfall Placement

Upon invitation from the Company or the Lead Manager, certain sophisticated and institutional investors may apply for Shortfall Securities under a Shortfall Placement. If the Company decides to offer a Shortfall Placement, the Shortfall Securities will be allocated within three months after the Closing Date.

3.8 Risks of the Offer

As with any securities investment, there are risks associated with investing in the New Securities. Having regard to the matters detailed in Section 2.4 and the risks applicable to the Company and its business detailed in Section 6, Eligible Shareholders should be aware that an investment in the New Securities offered under this Prospectus should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the New Securities, Eligible Shareholders should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 6), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

3.9 Entitlement and Acceptance Form, BPAY® Payments and electronic funds transfer

Eligible Shareholders may apply for New Securities under the Entitlement Offer, and Top Up Securities under the Top Up Offer, by following the instructions in their personalised Entitlement and Acceptance Form to be issued with a copy of this Prospectus. See Section 5 for further information regarding how to accept all or part of your Entitlement, and applying for Top Up Securities.

Acceptance of:

- a completed Entitlement and Acceptance Form; or
- a BPAY® payment; or
- an electronic funds transfer and a completed Entitlement and Acceptance Form (for shareholders with a registered address in New Zealand only),

by the Company creates a legally binding contract between the Eligible Shareholder and the Company for the number of Securities accepted by the Company. An Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Securities.

If an Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

3.10 Issue and Dispatch

All New Securities under the Offer are expected to be issued on or before the dates specified in the Indicative Timetable.

It is the responsibility of Eligible Shareholders to determine their allocation prior to trading in New Securities. Eligible Shareholders who sell New Securities before they receive their holding statements will do so at their own risk.

Shortfall Securities may be issued within three months after the Closing Date.

3.11 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Securities are issued. All Application Monies will be returned (without interest) to the extent that New Securities are not issued.

3.12 Lead Manager Offer

The Company entered into the Lead Manager Mandate with Alpine Capital Pty Ltd, AFSL 422477 as described in Section 8.5.

As further described in Section 8.5, part of consideration for the lead manager services provided associated with the fulfilment of the Shortfall Placement, the Company agreed to deliver to the Lead Manager (or its nominee/s) 7,000,000 New Options following the successful completion of the Shortfall Placement (which forms the Lead Manager Options under this Prospectus).

The Lead Manager Offer under this Prospectus is only made available to the Lead Manager and a personalised Lead Manager Application Form will be sent to the Lead Manager.

The New Options are be offered to the Lead Manager are on the same terms as the New Options to be issued under the Offer and will be exercisable at \$0.08 on or before 24 months from the date of their issue and issued on the terms set out in Section 7.2.

3.13 ASX quotation

An application will be made to ASX no later than seven days after the Prospectus Date for Quotation of the New Shares offered under this Prospectus.

If ASX does not grant Quotation of the New Shares within three months after the Prospectus Date (or such period as ASIC allows), no New Shares will be issued or allotted under the Offer and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

The Company does not intend to apply for Quotation by ASX of the New Options (including Lead Manager Options) offered under this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Quotation is not to be taken in any way as an indication of the merits of the Company or the New Securities.

3.14 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and/or all or part of the Offer (including the Top Up Offer), in which case, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

3.15 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Eligible Shareholders will not receive a certificate but will receive statements of their holding of Securities (one in relation to New Shares, one in relation to New Options).

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

CHESS statements or Issuer Sponsored statements will routinely be sent to securityholders at the end of any calendar month during which the balance of their security holding changes. Securityholders may request a statement at any other time, however, a charge may be made for additional statements.

3.16 Ineligible Shareholders

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand (**Ineligible Shareholders**).

The Company is of the view that it is unreasonable to make the Offer to Shareholders outside Australia and New Zealand due to a small number of such Shareholders and the number and value of New Securities these Shareholders would be offered, the cost of complying with applicable regulations in such other jurisdictions and the administrative burden that will place on the Company in making the Offer available to Shareholders in those other jurisdictions.

This Prospectus and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such Offer.

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach applicable laws in the relevant overseas jurisdiction. In particular, you may not accept Entitlements for persons in the United States or for the account or benefit of a person in the United States.

Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those applicable laws.

3.17 Nominees and custodians

Nominees and custodians may not distribute this Prospectus and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia and New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer.

3.18 Taxation implications

The Directors do not consider it appropriate to give Eligible Shareholders advice regarding the taxation consequences of subscribing for New Securities.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Eligible Shareholders. Eligible Shareholders should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

3.19 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2024 is contained in the Annual Report which is available on the Company's website at <https://www.canngrouplimited.com/home>.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2023 is contained in the Half Yearly Report which is available on the Company's website at <https://www.canngrouplimited.com/home>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2024 with ASX on <https://www.canngrouplimited.com/home/> are detailed in Section 8.1.

Copies of these documents are available free of charge from the Company or the Company's website <https://www.canngrouponlimited.com/home/>. Directors strongly recommend that Eligible Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

3.20 Privacy

The Company collects information about each Eligible Shareholder provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Eligible Shareholder's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Eligible Shareholder agrees that the Company may use the information provided by an Eligible Shareholder on the Entitlement and Acceptance Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on an Entitlement and Acceptance Form, the Company may not accept or process your Application.

An Eligible Shareholder has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

3.21 Enquiries concerning Prospectus

Any questions in relation to this Prospectus or the Entitlement and Acceptance Form should be directed to the Cann Group's Company Secretary, Mr Steven Notaro on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia) between the hours of 8:00am and 5:00pm (Melbourne time) Monday to Friday until the Closing Date.

4. Effect of the Offer

4.1 Capital structure on completion of the Offer

On the basis that the Company completes the Offer, the Company's capital structure will be as set out in Table 4.1.1 below.

Table 4.1.1 - Capital structure after Offer

	Number of Shares	Number of Options	Number of Performance Rights	Convertible Notes
Balance as at the Prospectus Date	468,936,483	21,289,840	1,430,352	711,963
Offer⁽¹⁾	156,312,161	52,104,054	-	-
Lead Manager Options⁽¹⁾	-	7,000,000	-	-
TOTAL	625,248,644	80,393,894	1,430,352	711,963

Notes:

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

4.2 Pro-forma statement of financial position

Set out on the following page is the Company's Consolidated Statement of Financial Position as at 30 June 2024 (audited) (**Statements**) and which have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position as a result of the Offer.

The Pro-Forma Statement of Financial Position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 30 June 2024 and the completion of the Offer except for:

- (a) at full subscription of the Offer, the issue of 156,312,161 New Shares at \$0.04 each (subject to rounding and assuming that no Options are exercised before the Record Date) to raise up to approximately \$6.25 million (before associated costs) and 52,104,054 New Options; and
- (b) estimated costs and fees of the Offer of \$186,138 assuming the offer is fully subscribed.

No allowance has been made for expenditure incurred in the normal course of business from the Prospectus Date to the Closing Date.

Table 4.2.1 - Pro-forma consolidated statement of financial position as at 30 June 2024

	Audited 30 June 2024 000's	Adjustments Proforma 000's	Unaudited Proforma as at 30 June 2024 000's
Current Assets			
Cash and cash equivalents	1,640	6,066	7,706
Trade receivables	4,084	-	4,084
Inventories & biological assets	10,189	-	10,189
Prepayments	347	-	347
Total Current Assets	16,260	6,066	22,326
Non Current Assets			
Property plant and equipment	76,444	-	76,444
Financial assets	31	-	31
Intangible assets	36	-	36
Total Non Current Assets	76,511	-	76,511
Total Assets	92,771	6,066	98,837
Current Liabilities			
Trade and other payables	5,437	-	5,437
Borrowings & convertible notes	72,045	-	72,045
Other	763	-	763
Total Current Liabilities	78,245	-	78,245
Non Current Liabilities			
Borrowings	421	-	421
Other	184	-	184
Total Non Current Liabilities	605	-	605
Total Liabilities	78,850	-	78,850
Net Assets	13,921	6,066	19,987
Shareholder Equity			
Issued Capital	182,899	6,252	189,151
Reserves	494	-	494
Accumulated losses	(169,472)	(186)	(169,658)
Total Shareholder Equity	13,921	6,066	19,987

4.3 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings will be diluted. Examples of how the dilution from the Offer may impact Shareholders are detailed in Table 4.3.1 below.

Table 4.3.1 - Dilution effect for existing Shareholders

Shareholder	Holding of Shares as at Record Date	% at Record Date	Entitlement to New Shares under the Offer	Holdings of Shares if Offer not taken up	% post Offer ⁽¹⁾⁽²⁾
Shareholder 1	468,936	0.10%	156,312	468,936	0.08%
Shareholder 2	2,344,682	0.50%	781,561	2,344,682	0.38%
Shareholder 3	4,689,365	1.00%	1,563,122	4,689,365	0.75%
Shareholder 4	9,378,730	2.00%	3,126,243	9,378,730	1.50%
Shareholder 5	16,412,777	3.50%	5,470,926	16,412,777	2.63%

Notes:

- (1) The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Top Up Offer. If all Entitlements are not accepted and some of or the entire resulting New Shares are not placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.
- (2) The table also does not address the potentially dilutionary effect of the New Options to be issued under the Offer as they do not have that effect until they are in fact exercised in the future.

4.4 Effect on the control of the Company

As at the Prospectus Date, the Company does not have any substantial holders (being shareholders who hold 5% or more of the shares in the Company). Therefore, it is not expected that the Offer will have any effect on the control of the Company.

5. Action required by Eligible Shareholder

5.1 What Eligible Shareholders may do

Your entitlement to participate in the Offer will be determined on the Record Date. The number of New Shares and New Options to which an Eligible Shareholder is entitled to is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept all of their Entitlement (refer to Section 5.2);
- (b) accept all of their Entitlement and apply for Top Up Securities (refer to Section 5.3);
- (c) accept a proportion of their Entitlement and allow the balance to lapse (refer to Section 5.4); or
- (d) not take up their Entitlement (refer to Section 5.5).

If you are an Eligible Shareholder and wish to accept all or part of your Entitlement (and apply for Top Up Securities):

- (a) carefully read this Prospectus in its entirety;
- (b) consider the risks associated with an investment in the Company (refer to Section 6) in light of your personal circumstances; and
- (c) pay the Application Monies and if required, return the completed Entitlement and Acceptance Form, each in accordance with Section 5.6, so that it is received by no later than 5:00pm (Melbourne time) on the Closing Date.

5.2 Acceptance of ALL of your Entitlement under the Entitlement Offer

If you wish to accept all of your Entitlement, then applications for New Securities must be made in accordance with the instructions in this Prospectus and on the Entitlement and Acceptance Form. **Please read the instructions carefully.**

Please pay the Application Monies (in full) and return your completed Entitlement and Acceptance Form (if required), in accordance with Section 5.6.

5.3 Acceptance of ALL of your Entitlement and applying for Top Up Securities

If you wish to accept all of your Entitlement and apply for New Securities in excess of your Entitlement by applying for Top Up Securities, then applications for Top Up Securities must be made by completing the relevant sections in the Entitlement and Acceptance Form, in accordance with the instructions in the Prospectus and on the accompanying Entitlement and Acceptance Form.

There is no limit to the amount of New Securities you may subscribe for under the Top Up Offer. Please read the instructions on the Entitlement and Acceptance Form carefully.

Please return the completed Entitlement and Acceptance Form (if required), together with the Application Monies (in full), in accordance with Section 5.6 and the instructions in your personalised Entitlement and Acceptance Form.

5.4 Acceptance of PART of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the personalised Entitlement and Acceptance Form in accordance with the instructions referred

to in this Prospectus and the instructions detailed on the form, including the number of New Securities you wish to accept and the applicable Application Monies (calculated at \$0.04 per New Share accepted). **Please read the instructions carefully.**

Please return the completed Entitlement and Acceptance Form (if required), together with the applicable Application Monies, in accordance with Section 5.6.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up that part of your Entitlement.

5.5 Entitlement not taken up

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you are not obliged to do anything. You will receive no benefit or New Securities and your Entitlement under the Offer will become Top Up Securities.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

5.6 Payment and delivery

The offer price of New Shares under the Offer is \$0.04 per New Share. For every three (3) New Shares issued, you will receive one (1) New Option for no additional consideration.

For Eligible Shareholders wishing to participate in the Offer, Application Monies must be received by the Company by 5:00pm (Melbourne time) on the Closing Date.

If paying by cheque, bank draft or money order, completed Entitlement and Acceptance Forms must be:

- accompanied by a cheque, bank draft or money order drawn in Australian dollars, made payable to 'Cann Group Limited' and crossed 'Not Negotiable'; and
- delivered by mail to:

PO Box 8012
Camberwell North LPO 3123

by no later than 5:00pm (Melbourne time) on the Closing Date.

If paying via BPAY® (for Eligible Shareholders with an Australian bank account only), you must follow the instructions on the Entitlement and Acceptance Form. You will be deemed to have accepted all or part of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company. You will not need to return the Entitlement and Acceptance Form.

If paying via electronic funds transfer (for Eligible Shareholders with a residential address in New Zealand only), you must follow the instructions in your personalised Entitlement and Acceptance Form, and then return your Entitlement and Acceptance Form to the Company via the email address specified in your Entitlement and Acceptance Form.

If paying via BPAY® or electronic funds transfer (for Eligible Shareholders with a registered address in New Zealand only), Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of Eligible Shareholders to ensure that funds are submitted through BPAY® or by electronic funds transfer (as applicable) by the date and time mentioned above.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of BPAY® payments or payments electronic funds transfer.

5.7 Representations by Eligible Shareholders

By completing and returning an Entitlement and Acceptance Form and/or paying any Application Monies by BPAY®, or electronic funds transfer in addition to the representations set out elsewhere in this Prospectus and the Entitlement and Acceptance Form, you:

- (a) represent to the Company that you are an Eligible Shareholder;
- (b) acknowledge that you have received a copy of this Prospectus and an accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offer, the provisions of this Prospectus, the Constitution and the terms of issue of the New Options;
- (d) authorise the Company to register you as the holder(s) of the New Securities allotted to you;
- (e) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (g) acknowledge that once the Entitlement and Acceptance Form is returned, and/or a BPAY® payment instruction is given in relation to any Application Monies, and / or payment is made via electronic funds transfer (as permitted under your personalised Entitlement and Acceptance Form), the Application may not be varied or withdrawn except as required by law;
- (h) if participating in the Offer, agree to accept and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form at the issue price of \$0.04 per New Share;
- (i) agree to accept and be issued up to the number of New Options calculated by reference to the number of New Shares to be issued to you;
- (j) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (k) if participating in the Offer, declare that you were the registered holder at 7:00pm (Melbourne time) on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 7:00pm (Melbourne) on the Record Date and that you are resident in Australia or New Zealand and not a US Person;
- (l) acknowledge the statement of risks in Section 6 and that an investment in the Company is subject to risk;
- (m) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from accepting New Securities and that if you participate in the Offer, that you are eligible to do so; and
- (n) represent and warrant that, by making an Application you agree that you fall within the target market as set out in the Target Market Determination.

5.8 Brokerage

No brokerage or stamp duty is payable by Eligible Shareholders who accept their Entitlement.

5.9 Enquiries concerning your Entitlement

If you have any questions in relation to your Entitlement under the Offer, please contact Cann Group's Company Secretary, Mr Steven Notaro by telephone on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia).

6. Risks

The New Securities are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Securities.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. These risks may be outside the control of the Company or the Directors and may not be able to be mitigated.

6.1 Risks specific to the Company

The current and future operations of the Company, may be affected by a range of factors, including:

(a) Agricultural risks

Cann's business involves the cultivation and processing of cannabis, an agricultural product. Risks inherent with agricultural businesses apply to Cann's business, including lower than expected yields, disease, mould and insects and other pests. Although Cann currently grows and expects to grow the significant majority of its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate, as well as catastrophic weather events such as fires, earthquakes, high winds or storms, will not adversely affect production or that inherent agricultural risks will not arise anyway. Losses in production may increase Cann's costs of goods sold, reducing margin, as well as limiting revenue due to lower amounts of product being available to sell. This would have an adverse effect on Cann's financial performance.

(b) Production risks

Cann's ability to produce cannabis and manufacture cannabis products, and to increase its production in the future, may be adversely impacted by a number of production factors. These include plant design errors, non-performance by third party contractors, increases in materials or labour costs and /or limits on availability of materials or labour, production performance falling below expected levels of output or efficiency, human error, the agricultural factors described above, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, any rise in energy and utilities costs and limits on availability of such utilities. Further power or water failures could lead to the Mildura Facility not functioning as it is designed with resultant damage to crops.

Any significant interruption or diminution in the availability of the supply chain for key inputs could materially impact Cann's ability to produce cannabis and manufacture cannabis products, which would negatively impact its business, financial performance and/or prospects.

(c) Funding risks

Cann may look to further expand its business, both organically and inorganically. This could include rolling out the further development stages the Company has proposed at the Mildura Facility. Cann may also enter into transactions to acquire medicinal cannabis or related or synergistic businesses or companies. However, any future expansion of Cann's business may well require additional capital, depending on the nature of the development or expansion. The failure to raise the necessary funding, whether as debt or equity, could result in the delay or indefinite

postponement of Cann's business expansion. There can be no assurance that additional funding or other types of financing will be available if needed or that, if available, the terms of such funding will be available on favourable terms.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.

In addition, debt funding may materially increase Cann's debt levels and gearing. This may increase Cann's funding costs, reduce its financial performance and increase the risk of Cann being in default or being unable to pay its debts when due in the future.

(d) Import risks

Some of Cann's operations depends on its ability to import cannabis products, particularly flower, from foreign jurisdictions. If overseas suppliers are unable to meet the requirements to enable Cann to import the necessary volumes of flower e.g. by not providing the required documentation, by not providing flower of the necessary standard, or by not complying with shipping and customs requirements, this would impact Cann's ability to import the products and meet customer demands, which would ultimately have a negative impact on Cann's revenues and prospects.

In addition, there is no guarantee that Australian legislation and regulations will not change in the future and prohibit the importation of cannabis or cannabis products from all or specific overseas jurisdictions which Cann imports from. This may have a material adverse impact on the financial position, financial performance and / or prospects of Cann.

(e) R&D funding risk

An important source of funding for Cann is the R&D tax refund it receives each year. There can be no assurance that the R&D tax refund scheme will remain in place, or that Cann will continue to be entitled to access it in the future. Therefore, if Cann were to not receive an R&D tax refund, this would negatively impact Cann's financial performance as well as increase its working capital requirements, potentially causing it to seek additional funding.

(f) Operating losses

Cann continues to incur operating losses. Cann may not be able to achieve profitability and may continue to incur significant losses in the future. In addition, Cann will increase its operating expenses as it grows its business. If Cann's revenues do not increase to offset these expected increases in expenditures and operating expenses, it will not be profitable. Anticipated or expected sales may not be achieved, and even if achieved, may not result in Cann being profitable. There is no assurance that Cann Group will be successful in achieving a return on shareholders' investments and the chances of success must be considered in light of the proposed expansion of its operations. Also, Cann may require additional funding to meet those losses or bridge the period of time until it becomes profitable, with the associated risks of funding noted above.

(g) Regulatory approvals

Cann's ability to continue its business is dependent on holding certain authorisations, licences and permits and adherence to all regulatory requirements related to such activities. Any failure to comply with the conditions of those approvals and licences, or to renew the approvals and licences after their expiry dates, would have a material adverse impact on the financial position, financial performance and / or prospects of Cann.

(h) **Product approvals**

Cannabis products are currently regulated as medicines in Australia. Generally, medicines imported into, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods (ARTG), which is administered by the Therapeutic Goods Administration (TGA) or through the Special Access Scheme (SAS), Authorised Prescriber (AP) scheme or clinical trial exemptions. Cann cannot guarantee that any or all of its medicinal cannabis products will be approved for supply to patient under these pathways or that these pathways will remain available. Any failure to continue to be able to access these pathways would have a material adverse impact on the financial position, financial performance or prospects of Cann.

(i) **Compliance with licence conditions**

A licence to cultivate, produce and/or manufacture under the *Narcotic Drugs Act 1967* (Cth) is subject to a number of conditions, which if not maintained may result in a suspension or revocation of the licence or permit. Such conditions include ensuring that all staff engaged are suitable, that directors and officers (and the business itself) is a fit-and-proper person and that certain security and reporting measures are maintained. Any failure to maintain these licenses would have a material adverse impact on the financial position, financial performance and / or prospects of Cann.

(j) **Product development**

Cann may not be successful in developing effective and safe new products to market in time to be effectively commercialised, or in obtaining any required regulatory approvals or funding, which may impact its growth initiatives relating to product development with an associated material adverse effect on its prospects.

(k) **Diversions risk and theft**

Given the nature of Cann's cannabis products and despite meeting or even exceeding the TGA and ODC security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of Cann's facilities could expose Cann to additional liability and to potentially costly fines, penalties and litigation, increased expenses relating to the resolution and future prevention of these breaches and may result in the possible suspension or revocation of licences and permits, and may also deter existing or potential customers from purchasing Cann's products. Any such event may have a material adverse effect on Cann's prospects.

(l) **Industry confidence**

There is a risk that incidents beyond the control of Cann could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence or preferences for cannabis or medicinal cannabis products, including serious adverse effect incidents involving medicinal cannabis, negative medical or scientific findings, material breaches of a law or regulation by Cann or a competitor. Any such event may have a material adverse effect on Cann's prospects.

(m) **Competition risks**

Should the size of the Australian medicinal cannabis market increase, the overall demand for products and number of competitors will, or is likely to, increase as well, and in order for Cann to be competitive, Cann will need to invest significantly in research and development, new product and market development, marketing, new client identification, distribution channels and client support. If Cann is not successful in obtaining sufficient resources to invest in these areas, Cann's ability

to compete in the market could be adversely affected and this could have a material adverse effect on its business, financial position, financial performance and/or prospects.

(n) **Third party manufacture risks**

Cann is currently reliant on a single source of manufacturing to manufacture certain of Cann's products. There are other potential commercial manufacturers that Cann could use to meet its manufacturing requirements. However, if Cann needed to engage a new manufacturer, the process of transitioning to a new manufacturer would likely take several months, so there would be a risk that Cann's manufacturing abilities would be adversely impacted during the transition period, with a negative associated impact on Cann's financial performance.

6.2 Industry risks

(a) **General regulatory risk**

Companies which operate in the medicinal cannabis industry are subject to a highly regulated environment and numerous laws and regulations. Changes to such laws, regulations and directives may cause adverse effects on a business operating in this industry, its financial position, financial performance and/or prospects.

(b) **Market risks**

There is a risk that the demand for the supply of medicinal cannabis products may decrease due to various market factors, which could have an associated adverse effect on a business operating in this industry, its financial position, financial performance and/or prospects.

(c) **Clinical trial outcomes**

There are various clinical trials being conducted in Australia and internationally in relation to medicinal cannabis. An adverse finding from an approved or recognised clinical trial is likely to or may have a material adverse effect on a company's prospects of conducting clinical trials in the medicinal cannabis sector, which could have an associated adverse effect on the financial position, financial performance and/or prospects of a company and the medicinal cannabis industry generally.

6.3 General risks

(a) **Nature of investment**

There are inherent risks associated with investment in any listed company. The New Shares under the Offer do not guarantee payment of dividends, return on capital or maintenance of capital or value. No assurances can be given that the New Shares will trade at or above the Offer Price at any time, or that they may be sold at any price. The value of the New Shares may vary depending on the financial and operating performance of Cann and external factors over which Cann and its directors have no control, including changes to market sentiment.

(b) **Dilution risk**

If Cann needs to raise additional equity in the future, this may dilute the shareholdings of existing shareholders, who may not have the opportunity to participate in that raising.

(c) **General economic conditions**

Adverse changes in economic conditions such as to interest rates, exchange rates, inflation, government policy, taxation law, investor sentiment towards particular market sectors, demand for and supply of capital, national and international economic conditions (including any trade conflicts between major countries, terrorism, war, social upheaval or other hostilities) amongst others are outside Cann's control and have the potential to have an adverse impact on Cann (including Cann's financial performance and/or financial position) and its operations.

(d) **Tax legislation & accounting standards**

Changes in tax laws or accounting standard from time to time can have an adverse impact on the financial performance, financial position and / or prospects of a company.

(e) **Cyber security**

A company may suffer material losses from cyber-attacks or other information security breaches. As cyber threats continue to evolve, a company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities, with an adverse impact on its financial performance.

(f) **Privacy**

A company may collect or be provided with information which is considered personal or sensitive, and the company is responsible for protecting that information from privacy breaches and mandatory reporting obligations under the Notifiable Data Breaches scheme contained within the *Privacy Act 1988* (Cth) (**Privacy Act**). A breach of its obligations under the Privacy Act may have an adverse effect on the company's business, reputation, financial position, financial performance and/or prospects.

6.4 Investment highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Securities offered under this Prospectus. Therefore, the New Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Securities pursuant to this Prospectus.

7. Rights attaching to New Shares and New Options

7.1 Rights attaching to New Shares

The New Shares issued under this Prospectus will rank *pari passu* in all respects with existing Shares on and from their date of issue.

The following is a summary of the more significant rights and liabilities attaching to New Shares to be issued pursuant to this Prospectus.

This summary is qualified by the full terms of Company's Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. A full copy of the Constitution is available from Company on request free of charge or available for inspection at the Company's registered office during normal business hours. It can also be downloaded from the Company's website (<https://www.canngrouplimited.com/> for free) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

Directors may call a meeting of Shareholders whenever they think fit, by Board resolution. Shareholders may call a meeting as provided by the Corporations Act. All Shareholders are entitled to a notice of meeting.

A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is two eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

(b) Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder and a fraction of a vote for every partly paid Share.

A poll may be demanded by the chairperson of the meeting, any five Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(c) Dividends

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to Shareholders according to their rights and interests. The Directors may, before declaring any dividend, set aside reserves out

of the profits of the Company which at the Directors' discretion may be used in the business of the Company or be invested in such investments as the Directors think fit. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

(d) **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of shares**

Generally, Shares are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

Where the Shares are classified by the ASX as 'Restricted Securities' certain restrictions on transfer will also apply.

(f) **Directors**

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is three and the maximum is 10. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director will hold office until the conclusion of the next general meeting (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election, without submitting himself or herself for re-election.

For a person to be eligible for election as a Director, a nomination for the office of Director and the written consent of the proposed director must be received at the Company's registered office not later than 35 Business Days before the meeting.

(g) **Offer of shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors.

Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares,

to issue shares with preferred, deferred or other rights on such terms and conditions as they see fit.

(h) **Variation of shares and rights attaching to shares**

The rights and privileges attached to any Shares may be varied in accordance with the requirements of the Corporations Act, and the Company's share capital may be altered in any manner permitted by law.

(i) **Unmarketable parcels**

The Company may procure the disposal of Securities where the member holds Securities of which the aggregate market value is less than a marketable parcel of Securities within the meaning of the Listing Rules (i.e. a parcel of Securities with a market value of less than \$500). To invoke this procedure, the Company must first give notice to the relevant member holding less than a marketable parcel of Securities, who may then elect not to have his or her Shares sold by notifying the Company.

(j) **Share buy-backs**

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(k) **Indemnity and insurance of officers**

Under the Constitution, the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, and against costs and expenses incurred by the officer in defending civil or criminal proceedings; unless the liability arises out of their own dishonesty, negligence, lack of good faith or breach of duty.

To the extent permitted by law, the Company may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of the Company or a subsidiary of the Company.

(l) **Changes to the constitution**

The Constitution can only be amended in accordance with the requirements of the Corporations Act.

(m) **Listing Rules**

Provided the Company remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

7.2 Rights Attaching to New Options and Lead Manager Options

The following is a summary of the terms and conditions attaching to New Options to be issued to Eligible Shareholders pursuant to this Prospectus. The terms and conditions attached to the Lead Manager Options are the same as the New Options terms and conditions outlined below:

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon the exercise of the New Option (subject to adjustment under the terms of issue).

(b) **Exercise Price and Expiry Date**

The New Options have an exercise price of \$0.08 per New Option (**Exercise Price**) and expire at 5:00pm (Melbourne time) on the date 24 months after their date of issue (**Expiry Date**).

A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date.

(d) **Quotation of the New Options**

The Company does not intend to apply for Quotation by ASX of the New Options offered under this Prospectus.

(e) **Notice of Exercise**

The New Options may be exercised by notice in writing to the Company in the manner specified on the New Option certificate (**Exercise Notice**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

New Options will be deemed to have been exercised on the latest of the date that:

- (i) the Exercise Notice;
- (ii) the Exercise Price; and
- (iii) the applicable holding statement relating to the New Options (if any),

is received by the Company or the Share Registry.

(f) **Shares Issued on Exercise**

Shares issued on exercise of the New Options rank equally with the then issued Shares.

(g) **Timing of the Issue of Shares on Exercise and Quotation**

Within five (5) business days of an Exercise Notice being given in accordance with these terms and conditions and payment of the Exercise Price for each New Option being exercised, the Company will:

- (i) issue the Shares resulting from the exercise of the New Options; and
- (ii) apply for quotation on ASX of Shares issued resulting from the exercise of the New Options.

(h) **Participation in New Issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holders will be notified of a proposed issue after the issue is announced. This will give the holders of New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the Record Date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustment for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the New Option holders will be varied in accordance with the Listing Rules.

(k) **Transferability**

The New Options are not transferable.

8. Additional information

8.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus, and the New Options are options to be issued Shares.

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms the Prospectus is only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the Company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offer:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2024 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in

paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the announcements set out in Table 8.1.1 below with ASX since the lodgement of its annual report on 13 September 2024 and prior to the lodgement of this Prospectus with ASIC.

Table 8.1.1 - ASX Announcements following last annual report

Date	Description of Announcement
13 September 2024	Appendix 4G and Corporate Governance Statement
19 September 2024	Investor Presentation, Pitt St Research Life Sciences Conference
30 September 2024	Pause in Trading
30 September 2024	Response to ASX Price Query
3 October 2024	Notice of Annual General Meeting/Proxy Form

In addition to the above, the following announcements are expected to be made on the Prospectus Date in conjunction with the Offer:

Date	Description of Announcement
7 October, 2024	Announcement of Entitlement Offer
7 October, 2024	Prospectus
7 October, 2024	Appendix 3B - Lead Manager Options
7 October, 2024	Appendix 3B - Entitlement Offer
7 October, 2024	Target Market Determination

8.2 Design and Distribution Obligations

Certain product design and distributions obligations under the Corporations Act (**DDO Obligations**) took effect from 5 October 2021. The DDO Obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a Target Market Determination that explains the target market for certain securities, any distribution conditions and any information related to reviewing and monitoring conduct in relation to the Target Market Determination.

The Company has prepared a Target Market Determination in respect of the New Options which is available on the Company's website. The New Options are subject to a distribution condition that retail investors will be provided with a copy of this Prospectus and access to

the Target Market Determination before they receive the New Options. Investors are required self-confirm that they meet the eligibility criteria of the expected target market outlined in the Target Market Determination.

8.3 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the Prospectus Date, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer;

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (a) any Director to induce him or her to become, or to qualify as, a Director; or
- (b) any Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer.

The following Directors intend to participate in the Offer:

- (a) Julian Chick;
- (b) Jenni Pilcher
- (c) Robert Barnes; and
- (d) Doug Rathbone (**Participating Directors**).

The Participating Directors have yet to confirm whether they will take up their full Entitlement.

Interest in Securities

As at the Prospectus Date, the relevant interests of the Directors and their related entities in securities in the Company, are detailed in Table 8.3.1 below.

Table 8.3.1 - Related party interests in securities

Director	Shares held	Options held	Performance rights held	Entitlement to subscribe for New Shares under the Entitlement Offer	Entitlement to subscribe for New Options under the Entitlement Offer
Julian Chick	250,000	-	-	83,333	27,778
Jennifer Pilcher	330,500	-	-	110,167	36,722
Doug Rathbone	3,596,185	82,758	-	1,198,728	399,576
Robert Barnes	200,000	-	-	66,667	22,222

Directors' Remuneration

The remuneration (including superannuation and share based payments) of existing Directors for the past two financial years (30 June year-end) are as set out in Table 8.3.2 below.

Table 8.3.2 - Directors' Remuneration

Director	Title	Financial Year to 30 June 2023	Financial Year to 30 June 2024
Julian Chick	Non-executive Chairman ¹	\$46,385	\$111,667
Jennifer Pilcher	CEO and Managing Director ²	\$80,000	\$186,737
Doug Rathbone	Non-executive Director	\$65,000	\$65,000
Robert Barnes	Non-executive Director	\$49,808	\$65,000

1. Appointed as Chairman effective 28 August 2023.

2. Appointed as CEO and Managing Director effective 1 April 2024, previously a non-executive Director.

8.4 Dividend policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

8.5 Lead Manager Mandate

The Company has entered into a mandate with Alpine Capital Pty Ltd (**Alpine Capital**) dated 25 September 2024 pursuant to which Alpine Capital has been appointed as Lead Manager to the Offer and the Shortfall Placement (**Lead Manager Mandate**).

The Lead Manager will assist the Company in marketing and facilitating demand for the Offer and the Shortfall Placement.

The Lead Manager will receive a management fee of 1.5% in respect of amounts subscribed for under the Offer and a selling fee of 4% in respect of amounts subscribed for under the Shortfall Placement.

The Lead Manager will also receive 7 million New Options following the successful completion of the Shortfall Placement (**Lead Manager Options**).

The Lead Manager Options have the same terms and conditions as the New Options issued under the Offer to Eligible Shareholders.

The term of the Lead Manager Mandate is the earlier of (i) 4 October 2025, or (ii) the completion of the Offer. In addition, Lead Manager may terminate the Lead Manager Mandate immediately should an event occur which is (a) reasonably likely to have a material adverse effect on the outcome of the Capital Raising or the aftermarket for the Company's shares (b) is reasonably likely to have a material adverse effect on the condition, trading or financial

position, performance, profits and losses, results, business or operations of the Company, or (c) has given rise to, or could give rise to, a contravention by the Lead Manager, or the Lead Manager being involved in a contravention of, the Corporations Act or any other applicable law or regulation, or a liability of the Lead Manager under any applicable law or regulation.

8.6 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, has, and has not had in the two years before the Prospectus Date, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

- (d) Link Market Services Limited conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. Link Market Services will be paid for these services on standard industry terms and conditions.
- (e) Alpine Capital is acting as Lead Manager to the Offer and the Shortfall Placement and will be paid the fee set out in Section 8.5 for that service.

The amounts disclosed above are exclusive of GST.

8.7 Related party transactions

At the Prospectus Date, no Director interests or material transactions with related parties exist that the Directors are aware of, other than those disclosed in this Prospectus.

8.8 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.135 (30 September 2024)

Lowest: \$0.028 (23 July 2024)

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.069 per Share on 4 October 2024.

8.9 Costs of the offers

The estimated costs of the Offer and Lead Manager Offer payable by the Company (exclusive of GST) are set out in Table 8.9.1 below.

Table 8.9.1 - Cost of Offer

	(\$)
ASIC lodgement fee	597
ASX quotation fee ⁽¹⁾	18,753
Professional expenses	58,000
Lead Manager fee ⁽¹⁾	93,787
Printing and other expenses	15,044
TOTAL	\$186,138

⁽¹⁾ assumes the Offer is fully subscribed

8.10 Taxation implications

The acquisition and disposal of New Securities will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the New Securities (including exercising the New Options).

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of acquiring and selling the New Securities (including exercising the New Options).

8.11 Litigation and claims

So far as the Directors are aware, other than as disclosed by the Company to ASX, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

8.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it. The parties involved in the preparation of the Prospectus are listed in Table 8.11.1.

Table 8.12.1 - Parties named in Prospectus

Name	Role
Alpine Capital Pty Ltd	Lead Manager

Name	Role
Link Market Services Limited	Share Registry

Each of the parties named in Table 8.12.1:

- (a) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- (c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

None of the parties referred to in this Section 8.12 has authorised or caused the issue of this Prospectus or the making of the Offer.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

8.13 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Constitution.

8.14 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Securities.

8.15 Electronic Prospectus

Pursuant to Regulatory Guide 107, electronic copies of disclosure documents are permitted where the electronic version is identical in format and content to the disclosure document lodged with ASIC, and contains the same information in the same sequence and with the same prominence, as the lodged disclosure document. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact the Company and the Company will send to you, free of charge to you, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Entitlement and Acceptance Form from an Eligible Shareholder if it has reason to believe that when that Eligible Shareholder was given access to the electronic Entitlement and Acceptance Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Eligible Shareholder as soon as practicable.

9. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:

A handwritten signature in black ink, appearing to read 'Julian Chick', written in a cursive style.

Dr Julian Chick
Chairman

10. Glossary

In this Prospectus, unless the context otherwise requires:

\$ means Australian dollar.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2024 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2024, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2024.

Application means a valid application made in an Entitlement and Acceptance Form for New Securities under the Offer.

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

ASX Settlement Rules means ASX Settlement Operating Rules of the ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Victoria and any other day that ASX declares is not a trading day.

Cann Group means the Company and its subsidiaries.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date referred to as such in the Indicative Timetable or such later date as determined by the Company.

Company or **Cann** means Cann Group Limited ACN 603 949 739.

Constitution means the constitution of the Company as at the Prospectus Date.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Shareholder means a Shareholder who is eligible to participate in the Offer, being a Shareholder as at 7.00pm (Melbourne time) on the Record Date who:

- (a) has a registered address in either Australia or New Zealand; and
- (b) is not in the United States and is not acting for the account or benefit of a person in the United States.

Entitlement means a Shareholder's entitlement to subscribe for New Securities under the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form attached to, or accompanying this Prospectus, that sets out the Entitlement of an Eligible Shareholder, and which can be used to apply for New Securities as well as Top Up Securities.

Entitlement Offer means the 1 for 3 non-renounceable pro-rata entitlement offer at \$0.04 per New Share together with 1 free attaching New Option for every 3 New Shares subscribed for and issued being offered pursuant to this Prospectus.

Indicative Timetable means the indicative timetable on page 6 of this Prospectus.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

INS 2016/80 means *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80*.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Lead Manager Application Form means the application form provided by the Company to the Lead Manager (or its nominees) in connection with the Lead Manager Offer with a copy of this Prospectus.

Lead Manager means Alpine Capital Pty Ltd, AFSL 422477.

Lead Manager Mandate means the mandate entered into by the Company and the Lead Manager in respect lead manager services for the Offer and Shortfall Placement.

Lead Manager Offer means the offer of New Options to the Lead Manager as set out in Section 3.12.

Lead Manager Options means New Options issued to the Lead Manager in accordance with the Lead Manager Offer.

Listing Rules means the official listing rules of ASX.

New Option means an Option offered pursuant to this Prospectus with the terms and conditions detailed in Section 7.2.

New Securities means New Shares and New Options.

New Share means a Share offered pursuant to this Prospectus.

Offer means the Entitlement Offer and the Top Up Offer.

Opening Date means the date referred to as such in the Indicative Timetable.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Prospectus Date means the date of this Prospectus.

Quotation means quotation of securities on the official list of ASX.

Record Date means the date referred to as such in the Indicative Timetable.

Section means a section of this Prospectus.

Securities means any securities including Shares or Options issued or granted by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Link Market Services Limited.

Shareholder means a registered holder of Shares.

Shortfall Options means New Options offered under the Shortfall Placement.

Shortfall Placement means as shortfall offer of any New Shares and accompanying New Options equivalent in number to those not taken up and under the Offer to professional and sophisticated investors by way of a private placement, which will take place no later than 3 months after the close of the Offer, at the Board's discretion, at an issue price that is to be no less than \$0.04 per New Share.

Shortfall Securities means those New Shares and New Options offered under the Offer which are not subscribed for by Eligible Shareholders.

Statements has the meaning given to that term in Section 4.2.

Target Market Determination means the target market determination available via the Company's website at www.canngrouplimited.com and published on the ASX regarding the New Options.

Top Up Shares means the New Shares offered under the Top Up Offer.

Top Up Offer has the meaning given to that term in Section 3.5.

Top Up Options means the New Options offered under the Top Up Offer.

Top Up Securities means the Top Up Shares and Top Up Options.

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