



**20th November 2020 | CannPal Animal Therapeutics Limited | ASX: CP1
ASX ANNOUNCEMENT**

Chairman and CEO Address for CannPal 2020 AGM

20th November 2020: Animal health company **CannPal Animal Therapeutics Limited (ASX:CP1)** ("CannPal" or "the Company") is pleased to share the following extract from the Chairman's and CEO Address for the 2020 Annual General Meeting to be held this morning.

CannPal Chairman, Mr Geoff Starr

2020 was a year for CannPal to shift focus from research to commercialisation, and despite the challenges shared by many Companies around the world due to unprecedented and challenging times, we are proud to have adapted to those challenges and maintained our momentum.

We have made progress across each of our core programs, positioning the Company to capitalise on commercialisation opportunities as a result of our focused and continued work in our third year as a listed Company.

We were delighted to announce the excellent results from the Company's clinical study for DermaCann in a cohort of dogs with Atopic Dermatitis. The results of this study will be used to support the registration of DermaCann as a veterinary medicine in a number of key markets.

This is an exciting milestone for CannPal as we believe DermaCann will be the first clinically validated medicine with cannabinoids to be approved by a federal animal health regulatory authority.

Additionally, the Company was delighted to bring to end the Company's pilot Phase 2 safety and efficacy studies for CPAT-01. This was complemented by the establishment of CannPal's first Investigational New Animal Drug file (INAD) with the Food and Drug Administration, Centre for Veterinary Medicine (FDA-CVM).

To our knowledge, CannPal is the first animal health Company to establish an INAD with the FDA for a cannabinoid based veterinary medicine, which is another significant milestone for the Company.

Finally, CannPal was delighted to be able to capitalise on the Company's 2-year research project with the CSIRO by securing the global exclusive rights to patented MicroMAX drug delivery technology for use in the field of animal therapeutics.

Since finalising the licensing agreement, CannPal has commenced a small pilot launch for the Company's first nutraceutical product for dogs in the U.S to validate the technology, which we believe could be a long-term opportunity for CannPal to build an additional revenue stream to complement the Company's prescription veterinary medicines.

This week we were also pleased to announce to the market our intention to merge with AusCann Group Holdings Ltd. There is a great logic to combining CannPal with AusCann, with the new business having enhanced capability to exercise the potential for new and stronger commercial pathways.

The synergies around local and overseas market knowledge and research and development know-how will enable faster to market solutions.

It represents a unique and compelling value proposition for both companies and I'll now hand it over to Layton who will present a few slides on the transaction.

CannPal Managing Director, Mr Layton Mills, to present on the slides attached to this release.

About CannPal Animal Therapeutics

CannPal Animal Therapeutics Limited (ASX: CP1) is an animal health Company with a mission to provide pet owners and veterinarians with access to high quality, evidence based, plant derived therapeutic products to promote better health and well-being for animals.

Presently, the Company is focused on the development of pharmaceutical and nutraceutical products for dogs, for commercialisation in various markets around the world, using compounds derived from the hemp and cannabis plant.

To learn more please visit: www.cannpal.com

This announcement has been approved and authorised to be given to ASX by Mr Geoff Starr, the Chair of CannPal Animal Therapeutics Limited.

ENDS

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**CannPal and AusCann
Transaction Overview
AGM 2020**



Transaction Overview

CannPal has entered into a scheme implementation deed pursuant to which AusCann Group Holdings Ltd (ASX:AC8) would acquire 100% of the Company's shares via a scheme of arrangement

- The offer values each CannPal share at \$0.184* (a control premium of 54% to CannPal's 1-week VWAP of \$0.12) for a total value of approximately \$17.5m;
- The deal gives CannPal access to the financial resources required to accelerate the Company's growth objectives, while maximising the value of its R&D through research synergies across human and animal health;
- CannPal's largest and founding shareholder, Merchant Opportunities Fund, which holds 19.88% of CannPal, has indicated its intention to vote in favour of the Scheme;
- The CannPal Board unanimously recommends that CannPal shareholders vote in favour of the Scheme, in the absence of a superior proposal, and subject to an independent expert concluding that the Scheme is in the best interest of CannPal shareholders.

Transaction Rationale

A combined entity with the resources and technical expertise to accelerate the commercialisation of leading cannabinoid-derived therapies for pets and people



Expanded Product Portfolio

2 products in market, 2 expected to be launched within 12 months, and a medium term product pipeline for future upside



Operational Benefits

Strengthened leadership team, shared staff and administration, operational savings, and procurement synergies across both businesses



Strong IP and R&D Synergy

A strengthened IP position with a larger patent portfolio, significant know-how, and shared R&D which can be leveraged across human and animal health



Better Investor Visibility

A larger and well capitalised ASX-listed company with enhanced liquidity, better placed to attract strategic and institutional investors

Transaction Value

The offer represents compelling value for CannPal shareholders based on historical trading prices

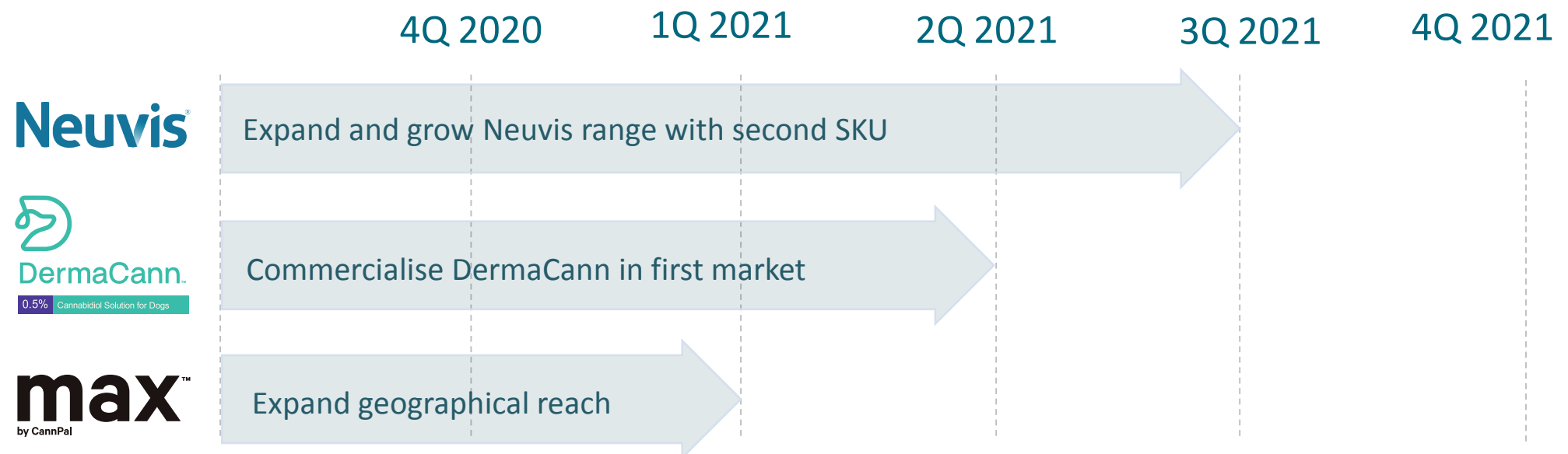
- CannPal shareholders will be offered 1.3 new fully paid ordinary shares in AusCann for every fully paid ordinary share in CannPal;
- The offer values each CannPal share at \$0.184 for a Company value of approximately \$17.5m*;
- 47.2% premium to CannPal's last close \$0.125 per share;
- 54.0% premium to CannPal's one-week VWAP of \$0.1195 per share; and
- 54.6% premium to CannPal's one-month VWAP of \$0.1190 per share.



Expanded Product Portfolio

- ✓ An expanded and complementary product portfolio comprising 2 products in market and 2 products expected to be launched within 12 months across human and animal health;
- ✓ A medium-term product pipeline for upside potential, including a Phase 2 FDA pharmaceutical program for pain and inflammation in dogs;
- ✓ A larger geographical footprint across the U.S, Australia, MEA, Germany and other key markets;
- ✓ Higher margin products, protected by Intellectual Property and/or drug-delivery technology.

A near term focus on accelerating commercialisation and generating revenue



Extracting Synergies

Leveraging synergies across both Companies to maximise research and development, reduce costs and capitalise on growth opportunities

1.

Shared Research & Development

- ✓ Potential to leverage animal research for supporting registration of AusCann pipeline products
- ✓ Cross-functional product development to maximise current and future product offerings across human and animal health
- ✓ Stronger IP position with larger patent portfolio and proprietary drug delivery technology

2.

Corporate Synergies

- ✓ A strengthened leadership team with significant know-how and complementary skills
- ✓ Shared staff and administration synergies
- ✓ Corporate cost reductions across ASX, ASIC, ATO, Legal, Investor Relations and more

3.

Attractive for Shareholders and Investors

- ✓ Non dilutive funding to accelerate CannPal growth opportunities
- ✓ A larger and well capitalised ASX listed Company with enhanced liquidity, long runway and near term investment catalysts
- ✓ Better placed to capitalise on growth opportunities and to attract institutional investors

Questions?

