

# AusCann

**AUSCANN GROUP HOLDINGS LIMITED**

**ACN 008 095 207**

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## **PROSPECTUS**

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For the offer of up to 62,500,000 New Shares to Eligible Shareholders at an issue price of \$0.016 per New Share to raise up to \$1,000,000 (before costs) under this Prospectus (**SPP Offer**).

Any New Shares not subscribed for under the SPP Offer will form the Shortfall. The offer to issue the Shortfall is a separate offer under this Prospectus (**SPP Shortfall Offer**).

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.**

**THE NEW SHARES OFFERED IN CONNECTION WITH THIS PROSPECTUS ARE OF A HIGHLY SPECULATIVE NATURE. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

*Not for release to US wire services or distribution in the United States*

# IMPORTANT INFORMATION

## General

This Prospectus is dated 25 January 2024 and was lodged with ASIC on that date with the consent of all Directors. Neither ASIC nor 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 Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus). The Company will apply to ASX for Official Quotation of the New Shares offered under this Prospectus within seven days of the date of this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at 1202 Hay Street, West Perth WA 6005 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (refer to Section 4.2).

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

This Prospectus will be made available in electronic form. Eligible persons having received a copy of this Prospectus in its electronic form may, subject to applicable laws, obtain an additional paper copy of this Prospectus (free of charge) from the Company's principal place of business by contacting the Company. The Offers are only available in electronic form to eligible persons receiving an electronic version of this Prospectus within Australia (unless otherwise determined by the Board, subject to applicable laws).

## Application Form

Applications for New Shares under this Prospectus can only be made on an Application Form that is attached to, or provided by the Company with a copy of, this Prospectus in either paper or electronic form (or alternatively, by paying the aggregate issue price for the relevant New Shares by BPAY® or EFT payment without lodging the Application Form). The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

Please read the instructions in this Prospectus and on the accompanying Application Forms regarding the acceptance of an Offer.

By completing an Application Form, lodging an Application Form with the Company or a stockbroker or otherwise arranging for payment of New Shares in accordance with the instructions on the Application Form, an Applicant acknowledges that they have received and read this Prospectus, acted in accordance with the terms of the Offer to which the Application Form relates and agree to all of the terms and conditions as detailed in this Prospectus and in the relevant Application Form.

## Foreign Jurisdictions

This Prospectus and any accompanying Application Form do not, and are not intended to, constitute an offer of Shares 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 distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

Shareholders in the United States are not eligible to participate in the Offers. Similarly, Shareholders (including trustees, nominees and custodians) who are acting for the account or benefit of persons in the United States, are not eligible to participate in the Offers on behalf of those persons.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any Shares in the United States. The New Shares to be offered and sold under the Offers have not been, and will not be,

registered under the US Securities Act of 1933, as amended (the **US Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any person acting for the account or benefit of a person in the United States except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws.

### *New Zealand*

The New Shares are not being offered or sold 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 the New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. 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.

### **Notice to nominees and custodians**

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that applying for and receiving any New Shares does not breach regulations in the relevant jurisdiction.

### **Continuously Quoted Securities**

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

### **ASIC Instrument**

In certain circumstances, a listed company may undertake a security purchase plan in accordance with *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (ASIC Instrument)*. The ASIC Instrument allows a security purchase plan to be conducted without the use of a prospectus provided that certain requirements are met.

The Company is unable to rely on the ASIC Instrument as the Company has previously been suspended from trading on ASX for more than five days in the previous 12 months. Accordingly, the Company is conducting the SPP Offer pursuant to this Prospectus.

### **Exposure period**

No exposure period applies to the Offers. The Offers are being made pursuant to *ASIC Corporations (Exposure Period) Instrument 2016/74* which exempts the Company from complying with section 727(3) of the Corporations Act to the extent that that section prohibits the Company from issuing Shares in the seven-day period after the date of lodgement of a prospectus with ASIC.

### **Re-compliance with Chapters 1 and 2 of the Listing Rules**

The Company must comply with the ASX requirements for re-quotations of the Shares on the Official List, which includes re-complying with Chapters 1 and 2 of the Listing Rules. The Company's Shares have been suspended from Official Quotation since 31 August 2022 and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of the Shares on the Official List and that the Shares will consequently remain suspended from quotation. If the Company is unable to meet the requirements of Chapters 1 and 2 of the Listing Rules and the Shares are not reinstated to the Official List by 31 August 2024, the Company will be removed from the Official List.

## **Important information on price risk to consider**

Before deciding whether to apply for New Shares, you should refer to the current market price of the Shares, which can be obtained from your stockbroker, your financial adviser or via the ASX website.

Subscription for New Shares is a highly speculative investment and the market price of Shares may change between the date you apply for New Shares and the issue of New Shares to you (if the Company elects to issue New Shares to you). Accordingly, the value of New Shares applied for is likely to rise or fall. Importantly, there is a risk that during the period between the time of the Offers and when any New Shares are issued to you (if any), the price at which Shares are traded on ASX may decrease (and it may continue to be less than the issue price of \$0.016 per New Share). You must rely on your own knowledge of the Company and previous disclosures made by the Company to ASX (including disclosure regarding risks of making an investment in the Company). In determining whether you wish to apply to participate in an Offer (if eligible) and the extent to which you apply to participate, you should seek your own personal financial and/or taxation advice referable to your personal circumstances.

## **Speculative investment**

An investment in the New Shares should be considered highly speculative. Refer to Section 3 for a non-exhaustive list of key risks applicable to an investment in the Company.

These risks, together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Persons wishing to apply for New Shares should read this Prospectus in its entirety and the Company's ASX announcements.

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

No representation, forecast or guarantee is given of whether the New Shares will make a return on the capital invested, whether dividends will be paid on Shares or whether there will be an increase in the value of the New Shares 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 date of this Prospectus, 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. Past performance is not a guide to future performance. Key risks associated with an investment in the Company are detailed (non-exhaustively) in Section 3. 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, regardless of whether new information, future events or any other factors affect the information detailed 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 detailed in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

**No advice**

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

**No cooling off rights**

Cooling off rights do not apply to an investment in New Shares offered under this Prospectus. This means that, unless required by applicable law, you cannot withdraw your Application. The Directors may at any time decide to withdraw this Prospectus and/or the Offers.

**No incorporation by reference**

Any references to documents included on the Company's website or the ASX website are for convenience only, and none of the documents or other information available on those websites is incorporated in this Prospectus by reference.

**Risk factors**

There a number of risks associated with investing in the Company and in the share market generally. The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can affect the value of an investment in the Company.

An investment in the Company is highly speculative in nature and investors should be aware that they may lose some or all of their investment. Prospective investors should read this Prospectus in its entirety, and in particular, consider the risk factors detailed in Section 3, and also read announcements released by the Company to the ASX.

**Currency**

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

**Rounding**

Any discrepancies between totals and sums and components in tables detailed in this Prospectus are due to rounding. Any potential fractional entitlements to New Shares will be disregarded (i.e., rounding down to the relevant whole number of New Shares), without refunding any relevant Application Monies in relation to such fractions.

**Time**

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

**Glossary**

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 6.

## PROPOSED TIMETABLE

Event	Date*
Record Date	5:00pm (AWST) on 24 January 2024
Lodgement of Prospectus with ASIC and ASX	25 January 2024
Opening Date of the SPP Offer	31 January 2024
Closing Date for the SPP Offer	19 March 2024
Announcement of results of SPP Offer	26 March 2024
Issue of New Shares under the SPP Offer	26 March 2024

*\*These dates are indicative only and subject to change. Subject to the Corporations Act and the Listing Rules, the Directors reserve the right to vary these dates, including bringing forward or extending the Closing Date, without prior notice.*

*\*\* Pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, ASX will automatically remove from the Official List any entity whose securities have been suspended from trading for a continuous period of two years. As the Company's Shares have been suspended from Official Quotation since 31 August 2022, in the event the Company is unable to meet the requirements of Chapters 1 and 2 of the Listing Rules, it will likely be removed from the Official List by ASX.*

# 1 Details of the Offers

## 1.1 Frequently asked questions in relation to the SPP Offer

<b>About the SPP Offer</b>	
<b>What is the SPP Offer?</b>	The SPP Offer provides Eligible Shareholders with an opportunity to apply for up to \$30,000 of New Shares without paying brokerage or other transaction costs.
<b>What is the Issue Price of New Shares?</b>	The issue price for each New Share is \$0.016, being a discount of 60% to \$0.04, being the closing price of Shares on ASX on 29 August 2022 (which was the last day on which trades of Shares occurred before the Company was suspended from trading).
<b>Why is the Company making the SPP Offer?</b>	<p>The SPP Offer gives Eligible Shareholders the opportunity to apply to invest in the Company.</p> <p>The Company presently intends to use funds raised under the SPP Offer for the purposes set out in Section 2.1.</p>
<b>Who is eligible to participate in the SPP Offer?</b>	Only Eligible Shareholders (as defined in Section 1.8) may apply to participate in the SPP Offer. Shareholders that are not Eligible Shareholders are not eligible to apply to participate in the SPP Offer.
<b>Do I have to participate in the SPP Offer?</b>	<p>No, participation is entirely voluntary. If you do not wish to apply for New Shares under the SPP Offer, no action is required on your part.</p> <p>Please note that Eligible Shareholders who do not participate will have their percentage shareholding in the Company reduced, for example as a result of any issue of New Shares to participating Eligible Shareholders.</p>
<b>How long is the SPP Offer period?</b>	The SPP Offer opens for acceptances on 31 January 2024 all Applications and payments of Application Monies must be received by no later than 5:00pm (AWST) on 19 March 2024, subject to any variation of the Closing Date by the Directors.
<b>What are the key risks of an investment in the Company?</b>	<p>The New Shares offered should be considered highly speculative because of the nature of the business activities of the Company and no assurances can be made that the Company's particular business or projects will be successful. Potential investors should consider whether the New Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors detailed in Section 3.</p> <p>In particular, the Company must comply with the ASX requirements for re-quotations of the Shares on the Official List, which includes re-complying with Chapters 1 and 2 of the Listing Rules. The Company's Shares have been suspended from Official Quotation since 31 August 2022 and will continue to be suspended until the Company satisfies the requirements of Chapters 1 and 2 of the Listing Rules.</p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of the Shares on the Official List and that the Shares will consequently remain suspended from quotation. If the Company is unable to meet the requirements of Chapters 1 and 2 of the Listing Rules and the Shares are not reinstated to the Official List by 31 August 2024, the Company will be removed from the Official List.</p>

**How do I apply under the SPP Offer?**

If you are an Eligible Shareholder and you wish to subscribe for New Shares under the SPP Offer, please pay your Application Monies in accordance with the instructions in this Prospectus (including in Sections 1.10 and 1.12) and the Application Form. The Prospectus and Application Form will be either mailed or emailed to Eligible Shareholders, depending on their registered communication preferences, on 31 January 2024.

Pursuant to the SPP Offer, Eligible Shareholders may apply for a maximum of \$30,000 worth of New Shares. Eligible Shareholders may participate by selecting one of the following options to make an application for New Shares under the SPP Offer:

Parcel	Application Monies	Number of New Shares
A	\$30,000	1,875,000
B	\$15,000	937,500
C	\$10,000	625,000
D	\$5,000	312,500
E	\$3,000	187,500
F	\$2,000	125,000
G	\$1,000	62,500

The above table details the number of New Shares that would be issued for different amounts of Application Monies (assuming there is no scale back of applications) and assuming the Company accepts the Application and elects to issue those New Shares (which election is in the Company's sole discretion). Where the amount applied for results in a fraction of a New Share, the number of New Shares issued will be rounded down to the nearest whole number.

If you do not provide the exact amount of Application Monies, the Company reserves its right to return your Application Monies or round your Application Monies down to the next valid parcel. If the Company returns all your Application Monies, no New Shares will be issued to you.

If an Eligible Shareholder applies for an amount which is not exactly divisible by the Issue Price, in calculating the number of New Shares to be issued, all fractional entitlements will be rounded down to the nearest whole number of Shares. The Company will not refund any resulting small excess in subscription monies (i.e., \$5 or less) which will be deemed to form part of the aggregate issue price for the New Shares.

The SPP Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to apply for New Shares under the SPP Offer.

Application Forms and payments under the SPP Offer are irrevocable and may not be withdrawn once the Company receives it. Applications may be scaled back or rejected, at the absolute discretion of the Company.

**When will the New Shares be allotted?**

It is expected that the New Shares will be issued on 19 March 2024. However, if the Closing Date is extended or accelerated by the Company, the date for issue may also alter.

## 1.2 The SPP Offer

The share purchase plan (**SPP**) offer is an offer to each Eligible Shareholder to apply for up to \$30,000 worth of fully paid ordinary shares (**New Shares**) at an issue price of \$0.016 per New Share (**Issue Price**) to raise up to \$1,000,000 (before costs) via the issue of up to 62,500,000 Shares (**SPP Offer**).

Eligible Shareholders may apply for New Shares under the SPP Offer, but are not required to do so.

New Shares issued under the SPP Offer will, from their time of issue, rank equally in all respects with the Company's existing Shares. Refer to Section 4.1 for a description of the rights and liabilities attaching to the New Shares.

The Company has sufficient placement capacity under Listing Rule 7.1 to undertake the SPP Offer and is not seeking Shareholder approval for the SPP Offer.

However, the Company will seek Shareholder approval at a general meeting to permit the following related parties of the Company to participate in the SPP Offer:

- (a) The Trust Company (Australia) Ltd (as custodian for Merchant Opportunities Fund), up to 1,875,000 New Shares;
- (b) Macaronis Pty Ltd <Pink Lady A/C>, up to 1,875,000 New Shares; and
- (c) Ppass Pty Ltd <Green Apple S/F A/C, up to 625,000 New Shares; and
- (d) Pepaanne Pty Ltd<The Chapman Family A/C>, up to 625,000 New Shares; and
- (e) Mr Andrew Scott Chapman <Harrison Andrew Chapman A/C>, up to 187,500 Shares; Mr Andrew Scott Chapman <Xavier Peter Chapman A/C>, up to 187,500 and Mr Andrew Scott Chapman <Maximus Vladimir Chapman A/C>, up to 187,500 Shares.

The SPP Offer is not conditional upon Shareholder approval being received for The Trust Company (Australia) Ltd (as custodian for Merchant Opportunities Fund), Macaronis Pty Ltd <Pink Lady A/C>, Ppass Pty Ltd <Green Apple S/F A/C, Pepaanne Pty Ltd<The Chapman Family A/C> or Mr Andrew Scott Chapman to participate in the SPP Offer.

It is not proposed for any other related party of the Company to participate in the SPP Offer (noting that Listing Rule 10.12, exception 4 (that would otherwise permit the New Shares to be issued to related parties under a share purchase plan without Shareholder approval) is not satisfied in this instance due to the ASIC Instrument not applying to the SPP Offer.

## 1.3 Purpose of this Prospectus

The purpose of this Prospectus is to:

- (a) make the SPP Offer; and
- (b) make the SPP Shortfall Offer.

The Company is not specifically proposing to issue the New Shares for the purpose of the persons to whom they are issued selling or transferring their New Shares, or granting, issuing or transferring interests in their New Shares.

## 1.4 Shortfall

Any New Shares not subscribed for under the SPP Offer (**Shortfall**) will form the SPP Shortfall Shares (**SPP Shortfall Shares**). The Directors will seek to place any SPP Shortfall Shares not taken up pursuant to the SPP Offer under a separate offer under this Prospectus (SPP Shortfall Offer). The SPP Shortfall Offer is a separate offer made under this Prospectus and will remain open for up to three months following the Closing Date, being 19 June 2024.

The allocation of the SPP Shortfall Shares will be at the sole discretion of the Board. The Company is only extending the SPP Shortfall Offer to specific parties on invitation from the Directors. Accordingly, do not apply for any SPP Shortfall Shares unless instructed to do so by the Directors.

#### 1.5 **Minimum subscription**

There is no minimum subscription in relation to the Offers.

#### 1.6 **Oversubscriptions**

The Company will not accept any oversubscriptions in relation to the Offers.

#### 1.7 **Not underwritten**

The Offers are not underwritten.

#### 1.8 **Shareholders eligible to apply to participate in the SPP Offer**

Eligible Shareholders will be those Shareholders that satisfy all of the below:

- (a) who were registered as a holder of Shares as at 5:00pm (AWST) on 24 January 2024 (**Record Date**);
- (b) who were recorded on the Register with an Australian or New Zealand address;
- (c) who are not resident or located in the United States, and not acting for the account or benefit of persons in the United States; and
- (d) who are not resident or located in any other jurisdiction in or into which an offer of New Shares would be unlawful,

**(Eligible Shareholder).**

The SPP Offer to each Eligible Shareholder is made on the same terms and conditions.

Your rights under the SPP Offer are personal to you and the SPP Offer is non-renounceable (i.e., you may not transfer your right to apply for New Shares to anyone else).

To apply to participate in the SPP Offer, follow the instructions in this Prospectus (including in Sections 1.10 and 1.12) and the Application Form.

If you are the only registered Eligible Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example, because you hold Shares in more than one capacity), you may only apply for one parcel of New Shares with a value of up to \$30,000 (which may be subject to scale back in accordance with Section 1.11).

If two or more persons were registered on the Register at 5:00pm (AWST) on the Record Date as jointly holding Shares, then they are taken to be a single registered holder of Shares and a certification given by any of them is taken to be a certification given by all of them. If a joint holder receives more than one SPP Offer due to multiple holdings, then the joint holder may only apply in aggregate for up to the maximum amount of \$30,000 in total (however, please refer to Section 1.14 for information on Custodians).

The Company reserves the right to reject any Application for New Shares under this Prospectus for any reason, such as to the extent it considers that the Application (whether alone or in conjunction with other Applications) does not comply with these requirements.

#### 1.9 **Opening Date and Closing Date of the Offers**

The opening date for the SPP Offer is 31 January 2024 (**Opening Date**).

The closing date for the SPP Offer is 5:00pm (AWST) on 19 March 2024 (**Closing Date**).

Late applications will not be accepted. However, the Directors reserve their right, subject to the Corporations Act and the Listing Rules, to vary the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

## 1.10 Application Forms

The Company will send this Prospectus, together with the Application Form, to selected persons whom the Directors determine are eligible to participate in an Offer.

Applications must comply with this Prospectus and the instructions on the relevant Application Form. An Application is an offer by the Applicant to the Company to apply for the amount of New Shares specified in the Application Form (or the number of New Shares the subject of the relevant Application Monies paid to the Company by BPAY® or EFT payment with or without lodging the Application Form), or any lesser number of New Shares determined by the Company, on the terms set out in this Prospectus.

The Company's decision on the number of New Shares to be issued to an Applicant under any of the Offers (or whether to refuse to issue New Shares) will be final.

### (a) SPP Offer

If you wish to subscribe for New Shares under the SPP Offer, please pay your Application Monies in accordance with the instructions in the Application Form and Section 1.12.

Pursuant to the SPP Offer, Eligible Shareholders may apply for a maximum of \$30,000 worth of New Shares. Eligible Shareholders may participate by selecting one of the following options to make an application for New Shares under the SPP Offer:

Parcel	Application Monies	Number of New Shares
<b>A</b>	<b>\$30,000</b>	1,875,000
<b>B</b>	<b>\$15,000</b>	937,500
<b>C</b>	<b>\$10,000</b>	625,000
<b>D</b>	<b>\$5,000</b>	312,500
<b>E</b>	<b>\$3,000</b>	187,500
<b>F</b>	<b>\$2,000</b>	125,000
<b>G</b>	<b>\$1,000</b>	62,500

The above table details the number of New Shares that would be issued for different amounts of Application Monies (assuming there is no scale back of applications) and assuming the Company accepts the Application and elects to issue those New Shares (which election is in the Company's sole discretion). Where the amount applied for results in a fraction of a New Share, the number of New Shares issued will be rounded down to the nearest whole number.

If you do not provide the exact amount of Application Monies, the Company reserves its right to return your Application Monies or round your Application Monies down to the next valid parcel. If the Company returns all your Application Monies, no New Shares will be issued to you.

If an Eligible Shareholder applies for an amount which is not exactly divisible by the Issue Price, in calculating the number of New Shares to be issued, all fractional entitlements will be rounded down to the nearest whole number of Shares. The Company will not refund any resulting small excess in subscription monies (i.e., \$5 or less) which will be deemed to form part of the aggregate issue price for the New Shares.

The SPP Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to apply for any New Shares offered under the SPP Offer.

Application Forms and payments under the SPP Offer are irrevocable and may not be withdrawn once the Company receives it. Applications may be scaled back or rejected, at the absolute discretion of the Company.

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

Payment by the Applicant (who is an Eligible Shareholder) to the Company of Application Monies (whether with or without lodgement of an Application Form) and subsequent allocation of New Shares by the Company to that Applicant (which decision is in the sole discretion of the Company) together create a legally binding contract between the Applicant and the Company for the number of New Shares accepted by, and allocated by, the Company.

An Application Form does not need to be lodged, as payment of the Application Monies in accordance with the procedures set out in the Application Form and Section 1.12 constitute an Application for New Shares. Any Application Form which is lodged with the Company or the Company's share registry does not need to be signed to be a binding application for New Shares.

**(b) SPP Shortfall Offer**

The Company is only extending the SPP Shortfall Offer to specific parties on invitation from the Directors. Accordingly, do not apply for any SPP Shortfall Shares unless instructed to do so by the Directors.

Investors invited to apply for New Shares under the SPP Shortfall Offer will be required to pay their Application Monies in accordance with the instructions in the Application Form and Section 1.12.

**1.11 Scale back, oversubscriptions or refusal of application pursuant to the SPP Offer**

The Company may raise up to a total of \$1,000,000 (before costs) pursuant to the SPP Offer. The Company reserves the right to scale back applications (in whole or in part) pursuant to the SPP Offer (or withdraw the SPP Offer). Consequently, the Directors reserve the right to reject any Application or to allocate any Applicant fewer New Shares under the SPP Offer than the number applied for.

Factors which the Directors may take into account in determining any scale back include, but are not limited to:

- (a) the size of an Eligible Shareholder's shareholding at the Record Date;
- (b) whether the Eligible Shareholder may have multiple registered holdings;
- (c) the amount applied for by each Eligible Shareholder;
- (d) the date on which the Application Monies were received;
- (e) the total applications received from Eligible Shareholders; and
- (f) any other such criteria as determined by the Directors in their absolute discretion.

If there is a scale back, you may not receive all the New Shares for which you have applied. If a scale back produces a fractional number when applied to the number of New Shares for which you have applied, the number of New Shares issued to you will be rounded down to the nearest whole number of New Shares.

If there is a scale back, the difference between the Application Monies received from you, and the number of New Shares issued to you multiplied by the Issue Price, will be refunded to you in full (in \$ and without interest and at your sole risk).

The Directors reserve their right (in their absolute discretion) to refuse an Application (in whole or in part), such as if they consider that:

- (a) it is reasonable and prudent to do so;
- (b) the Applicant is not an Eligible Shareholder;
- (c) the issue of those New Shares may contravene any applicable law, rule or regulation in any jurisdiction (including without limitation the Corporations Act or the Listing Rules) or the requirements of any regulatory or governmental body or may require further action to be taken by the Company including, without limitation, registration of Shares or the preparation of a prospectus in any jurisdiction; or
- (d) the Applicant has not otherwise complied with the terms and conditions in this Prospectus.

If an Application is refused in whole or in part, the relevant Application Monies will be returned to the Applicant (in \$ and without interest and at the Applicant's sole risk). The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

All Directors' decisions in connection with a scale back or refusal of an Application are final.

#### 1.12 **Payment of Application Monies**

The Issue Price of New Shares under the SPP Offer is \$0.016 per New Share.

For Eligible Shareholders participating in the SPP Offer, Application Monies must be received by the Company by 5:00pm (AWST) on the Closing Date.

##### (a) **Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Application Form.

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Application Form, but are taken to have made the declarations in the Application Form; and
- (ii) if you do not pay an amount equal to one of the amounts of Application Monies detailed in the table in Section 1.10, you will be deemed to have applied for the number of New Shares which correspond to the amount of Application Monies in that table that is the next lowest compared to your payment. In this event, the additional Application Monies will be refunded promptly.

It is your responsibility to ensure that your BPAY® payment is received by the Company's share registry by no later than 5:00pm (AWST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with respect to electronic payment and you should therefore take this into consideration when making payment. No interest will be paid on any Application Monies received or refunded.

##### (b) **Payment by EFT (overseas applicants)**

You may elect to make payment by EFT if you are an eligible shareholder in New Zealand and unable to pay by BPAY. Please follow the instructions on the Application Form which for details on how to pay via EFT. Please note that should you choose to pay by EFT:

- (i) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form;
- (ii) if you do not pay an amount equal to one of the amounts of Application Monies detailed in the table in Section 1.10, you will be deemed to have applied for the number of New Shares which correspond to the amount of Application Monies in that table that is the next lowest compared to your payment. In this event, the additional Application Monies will be refunded promptly; and

- (iii) if you have multiple holdings, you will have multiple EFT unique reference numbers. You must use the unique reference number shown on a particular personalised Application Form when paying for any New Shares that you wish to apply for in respect of that holding. Payments in excess of the amount payable for one holding will not be treated as payment for another holding, and the excess will be refunded to the Applicant without interest. If you receive more than one SPP Offer (for example, because you hold Shares in more than one capacity), you may only apply for one parcel of New Shares with a value of up to \$30,000 (which may be subject to scale back in accordance with Section 1.11).

If you make a BPAY® or EFT payment to apply for New Shares, you do not need to return the Application Form. However, you must quote your reference number provided on your personalised Application Form which will process your payment to your Application. Please ensure you make a payment for the exact amount of the New Share parcel for which you wish to subscribe. You will be deemed to have applied for such parcel of New Shares for which you have paid.

### 1.13 Effect of making an application under the SPP Offer

If you apply for New Shares (including (without limitation) by submitting payment by BPAY® or EFT), you:

- (a) will be deemed to have represented and warranted to the Company that you:
  - (i) are an Eligible Shareholder and are eligible to participate in the SPP Offer;
  - (ii) have read and understood the terms and conditions of the SPP Offer detailed in this Prospectus and the accompanying Application Form and read them both in their entirety and have applied for New Shares in accordance with those terms and conditions; and
  - (iii) agree to be bound by the Constitution as in force from time to time;
- (b) irrevocably and unconditionally agree to the terms and conditions of the SPP Offer detailed in this Prospectus and the terms of the Application Form;
- (c) acknowledge that once any payment of Application Monies via BPAY® or EFT is made, you may not withdraw your Application or funds provided except as allowed by law;
- (d) accept the risk associated with any refund that may be dispatched to you at your address as shown on the Register;
- (e) acknowledge that this Prospectus does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (f) acknowledge the statement of risks in Section 3 and that investments in the Company are subject to risk;
- (g) acknowledge that you have not been provided with investment advice or financial product advice by the Company or its Directors and have made your own enquiries before making an investment decision;
- (h) acknowledge and agree that if you are acting as a trustee, nominee or custodian:
  - (i) each beneficial holder on whose behalf you are participating is resident in Australia or New Zealand; and
  - (ii) you have not sent this Prospectus, the Application Form or any other material relating to the SPP Offer to any person in the United States;
- (i) certify and represent to the Company that you have not applied for more than \$30,000 worth of New Shares (subject, if applicable, to any valid Custodian Certificate (which is acceptable to the Company) which you have provided to the Company pursuant to Section 1.14 in your capacity as a Custodian);

- (j) certify and represent to the Company that the total of the Application Monies for the following does not exceed \$30,000 (irrespective of whether you may have received more than one SPP Offer or received SPP Offers in more than one capacity):
- (i) the New Shares the subject of your Application under the SPP Offer;
  - (ii) any other New Shares which you have applied for under the SPP Offer; and
  - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP Offer,
- (subject, if applicable, to any valid Custodian Certificate (which is acceptable to the Company) which you have provided to the Company pursuant to Section 1.14 in your capacity as a Custodian); and
- (k) will be deemed to have made the following declarations and representations to the Company:
- (i) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and accordingly the New Shares may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
  - (ii) you are purchasing the New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the US Securities Act);
  - (iii) you represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
  - (iv) you agree not to send this Prospectus, the Application Form or any other material relating to the SPP Offer to any person in the United States or elsewhere outside of Australia or New Zealand;
  - (v) you agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in "regular way" transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States;
  - (vi) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are making an application is resident in Australia or New Zealand (except, with the written consent of the Company, in another country in compliance with the applicable laws), and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent and will not send, this Prospectus, the Application Form or any other material relating to the SPP Offer to any person outside of Australia or New Zealand (except, with the written consent of the Company, in another country in compliance with the applicable laws);
  - (vii) you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A of the Corporations Act (insider trading) and sections 241 to 243 of the *Financial Markets Conduct Act 2013* (insider trading) and laws and regulations designed to restrict terrorism financing and/or money laundering);
  - (viii) you are not a "designated person" or "designated entity" (or other like term) for the purpose of any domestic or international law or regulation implementing United Nations sanctions; and
  - (ix) acknowledge that the market price of Shares may rise or fall between the Opening Date of the SPP Offer and the date when the New Shares are allotted and issued under the SPP Offer and that the Issue Price you pay per New Share pursuant to the SPP Offer may exceed the price of Shares at the time the New Shares are allotted and issued under the SPP Offer.

#### 1.14 **Custodians, trustees and nominees**

If you are an Eligible Shareholder and hold Shares as a Custodian, you may apply for up to the maximum of 1,875,000 New Shares for each beneficiary for whom you, as an Eligible Shareholder, acted as Custodian at 5:00pm (AWST) on the Record Date and continue to act as their Custodian, provided you provide a certificate to the Company (**Custodian Certificate**) with the following information:

- (a) that you held Shares in the Company on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (AWST) on the Record Date who have subsequently instructed you to apply for New Shares under the SPP Offer on their behalf;
- (b) the number of Participating Beneficiaries and their names and addresses;
- (c) the number of Shares that you hold on behalf of each Participating Beneficiary;
- (d) the dollar amount of New Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another Custodian, to apply for on their behalf;
- (e) that the amount of Application Monies for New Shares applied for under the SPP Offer for each Participating Beneficiary for whom you act does not exceed \$30,000;
- (f) that a copy of this Prospectus was given to each Participating Beneficiary; and
- (g) where you hold Shares on behalf of a beneficiary indirectly through one or more interposed Custodians, the name and address of each interposed Custodian.

By making payment of Application Monies on behalf of a Participating Beneficiary, you certify that you are the Custodian for the Participating Beneficiary and that the above information in this Section 1.14 (as you provide via a Custodian Certificate) and the information detailed in the Application Form is true and correct as at the date of the Application.

Custodians should request a Custodian Certificate when making an Application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact the Company by telephone on +61 8 6444 1720 before the Closing Date.

The Company reserves the right to reject any Application for New Shares under this Prospectus, such as to the extent that it considers that the Application (whether alone or in conjunction with other applications) does not comply with these requirements.

#### 1.15 **Powers of the Company in relation to Applications**

There is no assurance that any Applicant will be allocated any New Shares, or the number of New Shares for which the Applicant has applied. The Board may (without limitation) in its absolute discretion, without notice to any Applicant and without giving any reason:

- (a) withdraw any one or more of the Offers at any time before the issue of New Shares to successful Applicants;
- (b) decline an Application;
- (c) accept an Application for its full amount or any lower amount;
- (d) determine a person to be eligible or ineligible to participate in one or more of the Offers;
- (e) waive or correct any errors made by an Applicant in completing their Application Form;
- (f) amend or waive the Offers application procedures or requirements in compliance with applicable laws; or
- (g) aggregate any Applications that they believe may be multiple Applications from the same person.

The Company may settle any dispute in connection with the Offers in any manner it thinks fit, whether generally or in relation to any Applicant, Application or New Shares. The Company's decision will be final and binding.

The Company reserves its right to waive strict compliance with any terms and conditions of any one or more of the Offers.

#### 1.16 **ASX Quotation**

Application will be made to ASX no later than seven days after the date of this Prospectus for Official Quotation of the New Shares offered under this Prospectus.

Failure to obtain Official Quotation of the New Shares will not prevent the issue of the New Shares and will not cause any such issue to be void pursuant to the Corporations Act, as the Offers are not conditional upon Official Quotation being granted.

If Official Quotation is not granted, the New Shares issued pursuant to the Offers will not be able to be traded on ASX.

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

#### 1.17 **Refunds**

Refunds pursuant to the SPP Offer may be paid under various circumstances detailed in this Prospectus. If a refund is made, payment will be in Australian dollars by direct credit or cheque mailed to your address as shown on the Register. You will not receive interest on any funds refunded to you.

#### 1.18 **Costs of participation**

No brokerage, commissions or other transaction costs will be payable by Eligible Shareholders in respect of the Application for, and allotment of New Shares under the SPP Offer.

#### 1.19 **Applicants outside Australia**

Applicable laws may restrict the distribution of this Prospectus outside of Australia. The Offers under this Prospectus do not, and the Company does not intend them to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of all overseas jurisdictions in which Shareholders resided as at 5:00 pm (AWST) on the Record Date, having regard to the number of such overseas Shareholders, the number and value of those New Shares in which those overseas Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the SPP Offer is not being extended, and no New Shares will be issued to Shareholders with a registered address that is outside of Australia or New Zealand or any other jurisdiction where the Company is not satisfied that it is lawfully able to make such an offer or issue this Prospectus without being required to take any further action in the relevant jurisdiction concerned.

##### *New Zealand*

The New Shares are not being offered or sold 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 the New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. 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.

## 1.20 **Withdrawal**

The Directors may at any time decide to withdraw this Prospectus or any Offer at any time prior to the issue of New Shares pursuant to that Offer.

If the Directors withdraw the SPP Offer, the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

## 1.21 **Risk factors**

An investment in New Shares under this Prospectus should be regarded as highly speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company, which are detailed (non-exhaustively) in Section 3.

## 1.22 **Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for New Shares under this Prospectus.

## 1.23 **Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing that Application and, if the Application is successful, to administer the Applicant's security holding in the Company. Such information may be used to assess your Application, service your needs as a holder of Shares, provide facilities and services that you request and carry out appropriate administration.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, the Company's or its subsidiaries' agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities, or as otherwise permitted under the *Privacy Act 1988* (Cth).

The information may also be used from time to time by, and disclosed to, persons inspecting the register, bidders for securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

If you do not provide the information required on the Application Form (or otherwise requested by the Company), the Company may not be able to accept or process your Application.

Shareholders can access, correct and update the personal information the Company holds about them by contacting the Company or its share registry at the relevant contact numbers detailed in this Prospectus. A fee may be charged for access. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

## 1.24 **Enquiries concerning Prospectus**

Enquiries relating to this Prospectus or the Offers should be directed to the Company on +61 8 6444 1720 between 8:30am and 5:00pm (AWST), Monday to Friday during the offer period for the Offers or via email to [info@auscann.com.au](mailto:info@auscann.com.au).

## 2 Purpose and Effect of the Offers

### 2.1 Purpose of the SPP Offer

The SPP Offer is being undertaken for the Company to raise up to \$1,000,000 (before costs).

Funds raised from issue of the New Shares will be used for ongoing operating costs, costs incurred in seeking to achieve re-compliance with ASX's admission and quotation requirements under Listing Rule 11.1.3 (including costs incurred in negotiating acquisitions) and working capital purposes.

As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to reallocate funds for alternative purposes, as may be deemed necessary by the Board.

To the extent the SPP Offer is not fully subscribed, the Company may need to seek alternative sources of funding (as required). The Company also anticipates requiring further equity and/or debt capital raising in future, regardless of the outcome of the SPP Offer.

### 2.2 Pro-forma Balance Sheet

Set out below is:

- (a) The unaudited consolidated statement of financial position of the Company as at 31 December 2023 (**Balance Date**);
- (b) The unaudited effects of the SPP Offer, assuming the maximum number of New Shares are issued under the SPP Offer:
  - (i) the issue of 62,500,000 New Shares at \$0.016 each (subject to rounding and assuming that no options are exercised before the Record Date) to raise up to approximately \$1 million (before costs); and
  - (ii) associated expenses of the Offers estimated to be \$104,734 (refer to Section 4.14 for details on the estimated expenses of the Offers).
- (c) The unaudited pro forma statement of financial position of the Company at the Balance Date, adjusted to reflect paragraphs (b), assuming the maximum number of New Shares are issued under the SPP Offer.

The accounting policies adopted in the preparation of the pro forma statement of financial position are consistent with the accounting policies adopted and described in the Company's Annual Report for the year ended 30 June 2023 and should be read in conjunction with that financial report.

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

	As at 31/12/2023 (unaudited)	Proforma
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,650,634	4,545,900
Trade and other receivables	3,880,310	3,880,310
Inventories	-	-
Other current assets	1,035	1,035
<b>Total Current Assets</b>	<b>7,531,979</b>	<b>8,427,245</b>
		-
<b>NON-CURRENT ASSETS</b>		
Right-of-use asset	-	-

Investment property	-	-
Property, plant and equipment	13,234	13,234
Intangible assets	-	-
Investment in associate	-	-
Trade and other receivables NC	-	-
<b>Total Non-Current Assets</b>	<b>13,234</b>	<b>13,234</b>
		-
<b>Total Assets</b>	<b>7,545,213</b>	<b>8,440,479</b>
		-
<b>CURRENT LIABILITIES</b>		-
Trade and other payables	121,833	121,833
Lease liabilities-C	-	-
Employee entitlements	10,069	10,069
<b>Total Current Liabilities</b>	<b>131,902</b>	<b>131,902</b>
		-
<b>NON CURRENT LIABILITIES</b>		-
Lease liabilities-NC	-	-
<b>Total Non Current Liabilities</b>	<b>-</b>	<b>-</b>
		-
<b>Total Liabilities</b>	<b>131,902</b>	<b>131,902</b>
		-
<b>NET ASSETS</b>	<b>7,413,311</b>	<b>8,308,577</b>
		-
<b>EQUITY</b>		-
Issued capital	93,165,187	94,060,453
Reserves	54,882	54,882
Accumulated losses	(85,806,758)	(85,806,758)
<b>TOTAL EQUITY</b>	<b>7,413,311</b>	<b>8,308,577</b>

### 2.3 Effect on the Capital Structure

The effect of the SPP Offer on the capital structure of the Company, assuming the maximum numbers of New Shares are issued pursuant to the SPP Offer are issued, is as follows (actual figures may vary, for example due to rounding):

	Shares	Options
Securities on issue as at the date of this Prospectus	440,547,110	850,000
New Shares to be issued under the SPP Offer (assuming maximum number of New Shares are issued) <sup>1</sup>	62,500,000	Nil
<b>TOTAL<sup>2</sup></b>	<b>503,047,110</b>	<b>850,000</b>

**Notes:**

1. This assumes that \$1,000,000 is raised under the SPP Offer.
2. On a fully diluted basis, assuming all of the Options above are exercised, the Company's issued capital detailed above would equate to 503,897,110 Shares.

#### 2.4 **Effect of the Offers on control of the Company**

The Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company. No new investor or existing Shareholder will have a Voting Power greater than 20% as a result of the completion of the Offers.

### 3 Risk Factors

The New Shares offered under this Prospectus should be considered highly speculative because of the nature of the business activities of the Company and no assurances can be made that the Company's particular interests or projects will be successful. Potential investors should consider whether the Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors detailed below.

Potential investors should be aware of the risks specific to an investment in the Company, which may include, but are not limited to those risks detailed below.

This list is not exhaustive and potential investors should read this Prospectus in its entirety and the Company's ASX announcements and if in any doubt consult their professional adviser before deciding whether to participate in the Offers.

#### 3.1 Risks related to the Offers

(a) Re-compliance with Chapters 1 and 2 of the Listing Rules

The Company's Shares have been suspended from trading on ASX since 31 August 2022. It is anticipated that the Shares will remain suspended until the Company has re-complied with Chapters 1 and 2 of the Listing Rules and any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of conditions to reinstatement imposed by ASX and that the Shares will consequently remain suspended from quotation.

Reinstatement to the Official List is at the discretion of ASX and will be subject to compliance with the Listing Rules and the Corporations Act. There is a risk that ASX will not grant the reinstatement of the Shares to trading on the Official List.

Under ASX's long term suspended entities policy in ASX Guidance Note 33, ASX will automatically remove from the Official List any entity whose securities have been suspended from trading for a continuous period of two years. If the Company is unable to meet the requirements of Chapters 1 and 2 of the Listing Rules and the Shares are not reinstated to the Official List by 31 August 2024, the Company will be removed from the Official List.

(b) Dilution risk

Upon completion of the Offers, assuming no Options are exercised prior to 5.00pm (AWST) on the Record Date, the number of Shares in the Company will increase from 440,547,110 to approximately 503,047,110 (assuming the maximum number of New Shares are issued under the SPP Offer).

Shareholders should note that if they do not apply for New Shares, their holdings will be diluted as a result by approximately 12.5% (assuming the maximum number of New Shares are issued under the SPP Offer and no Options are exercised prior to 5.00pm (AWST) on the Record Date) as compared to their holdings and number of Shares on issue at the date of this Prospectus.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

#### 3.2 Risks related to the Company's operations

(a) Reliance on licensing approvals

The Company's objective is to undertake both research and development work as well as commercial operations in Australia in respect of the cultivation of medicinal cannabis strains, and manufacture of medical cannabis medicines. These activities are reliant on the Company maintaining the necessary licences and approvals. The Company has been granted a medicinal cannabis licence from the Office of Drug Control which, subject to regulatory requirements, enables it to commercially cultivate medicinal cannabis strains. The Company has also been granted a medicinal cannabis manufacturing licence from the Office of Drug Control which enables the manufacture and supply of medicinal cannabis

under the Narcotic Drugs Act 1967 (Cth). There is a risk that the Commonwealth or States may amend or change their approach to the regulatory system. Further changes in governments, regulations and policies may have an adverse impact on the Company.

(b) Risk of adverse publicity

The cultivation, production, manufacture, possession and distribution of controlled substances by the Company and the regulatory approval needed to continue the enterprise may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's products. These pressures could also limit or restrict the introduction and marketing of the Company's products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by the Company's products. The nature of the Company's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, the Company's reputation may be harmed.

(c) Risk associated with clinical trials

Scientifically robust clinical trials have long lead-in times, can be expensive to conduct, and are, by definition of their purpose, uncertain as to outcome. Prior to conduct of clinical trials involving cannabis extracts/derivatives, a number of approvals, licences and/or permits are required. Delays in obtaining all necessary authorisations can impact upon downstream activities, including the potential introduction of scheduling issues.

After commencement, clinical trials are also subject to suspension, delay or termination by regulatory bodies due to revocation of licences/permits to conduct research on unregistered medicinal products, and/or importation or sourcing of trial material, and/or handling of material classified as poisons. Issues that may impact upon the aforementioned include:

- (i) participant recruitment not meeting trial timelines;
- (ii) lower than expected rates of compliance with the trial protocol by the participants;
- (iii) low rate of participant retention for the duration of the trial;
- (iv) lack of availability of the trial product for the duration of the trial due to manufacturing constraints, or regulatory constraints (including importation);
- (v) unfavourable results from third party pre-clinical or clinical studies which regulatory or ethical bodies believe are relevant; and
- (vi) failure of any key trial partners (e.g. contract research organisation) to provide their services in a quality and timely manner.

In addition to the above, all clinical trials are monitored and may be suspended or terminated by the ethical review board of the clinical institution due to matters outlined above as well as:

- (i) lack of efficacy of the trial product;
- (ii) number or severity of serious adverse events or unexpected side effects;
- (iii) non-compliance by the Company, the contract research organisation, the clinician or any other partner organisation in the trial, with the agreed protocol and/or all applicable regulatory requirements;
- (iv) mishandling of clinical trial product, including labelling, storage, security and inventory;
- (v) mishandling of trial data, including security of participant information;
- (vi) mishandling of trial records; and
- (vii) complaints received by participants.

Any of the issues raised above has the potential to have an adverse and material effect on the business.

(d) Risk of adverse events or other safety issues associated with product

If any of the products sold by the Company cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

- (i) regulatory authorities may withdraw their approval, or require more onerous labelling statements for any product that is approved;
- (ii) the Company could be sued and held liable for harm caused to patients; or
- (iii) the Company's reputation may suffer.

We may voluntarily suspend or terminate the Company's cultivation, manufacture, production and sale if at any time we believe that they present an unacceptable risk to consumers, or that they are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

(e) Loss of key relationships

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. We expect this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm us in a number of ways, including:

- (i) loss of strategic relationships if third parties with whom we have arrangements are acquired by or enter into relationships with a competitor (which could cause the Company to lose access to necessary resources);
- (ii) the relationship between the Company and third parties may deteriorate and have an adverse impact on the Company's business; and
- (iii) the Company's current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put us at a competitive disadvantage, which could cause us to lose access to markets. Consolidation could also force us to expend greater resources to meet new or additional competitive threats, which could also harm the Company's results.

(f) Risk of changes to laws and regulations

The Company's operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving in Australia and worldwide and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations and operations of companies involved in medical cannabis. While to the knowledge of management, the Company is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the Company may cause adverse effects to its operations.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the Company and its Shares. In addition, there is a risk that legal action may be taken against the Company in relation to commercial, legal, regulatory or other matters.

(g) Protection of proprietary technology

The Company's success will depend, in part, on the Company's ability to obtain patents, protect the Company's trade secrets and operate without infringing on the proprietary rights of others. We will rely upon a combination of patents, trade secret protection (i.e. know-

how), and confidentiality agreements to protect the Company's intellectual property and licensing agreements to access third party intellectual property.

If we fail to adequately protect the Company's intellectual property, we may face competition from companies who attempt to create a product similar to the Company's proposed products. We may also face competition from companies who develop a substantially similar product to one of the Company's proposed products that is not covered by any of the Company's patents.

Many companies have encountered significant problems in protecting and enforcing intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property rights, particularly those relating to pharmaceuticals, which could make it difficult for us to stop the infringement of the Company's patents or marketing of competing products in violation of the Company's proprietary rights generally. Proceedings to enforce the Company's patent rights in foreign jurisdictions could result in substantial cost and divert the Company's efforts and attention from other aspects of the Company's business.

(h) Patents

The strengths of patents in the pharmaceutical field involve complex legal and scientific questions and can be uncertain. Where appropriate, we will seek patent protection for certain aspects of the Company's products and technology. Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so the Company's policy is to patent technology with commercial potential in jurisdictions with significant commercial opportunities. However, patent protection may not be available for some of the products we are developing. If we must spend significant time and money protecting or enforcing the Company's patents, the Company's business and financial condition may be harmed.

(i) Trade secrets

Trade secrets are difficult to protect. We rely in part on confidentiality agreements with the Company's employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect the Company's trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover, or reverse engineer, the Company's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights. Failure to adequately protect the confidentiality of the Company's trade secrets, could enable competitors to develop products that compete with the Company's products or have additional and material adverse impact upon the Company's business, results of operations and financial condition.

(j) Plant breeders' rights

The International Convention for the Protection of New Varieties of Plants was put in place in 1961 to provide a sui generis form of intellectual property protection specifically developed for plant breeds. While the Convention is intended to provide exclusive rights to the plant breeder for propagating material, only 74 countries are members, and excepted are acts for the purpose of breeding other plant varieties. Therefore, plant varieties developed by the Company may, if available to an outside party, be used for development of a new plant variety – different enough to be considered a new variety, but similar enough to compete with the Company.

The Convention extends to derived varieties and therefore it is possible that a protected plant breed is derived from plants protected by a patent on a process or gene. If this is not understood or declared by the holder of the plant breeding rights upon making the material available, the Company could be infringing third party patent rights when commercially using the product, including the derivation of new varieties to be registered by the Company.

(k) Uncertainty of future profitability

The Company's profitability will be impacted by its ability to successfully comply with licences to cultivate and manufacture medical cannabis in Australia, its ability to execute its development and growth strategies, the ability to access key medical markets, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.

### 3.3 Risks Related to the Company's Growing and Manufacturing Facilities

#### (a) Agricultural risks

The Company's business will involve the growing of medical cannabis, which is an agricultural product. As such, the business will be subject to the risks inherent in the agricultural industry, such as insects, plant diseases, storm, fire, frost, flood, drought, water availability, water salinity, pests, bird damage and force majeure events.

Although the Company plans to have both indoor and outdoor growing operations under climate controlled conditions and employ trained personnel to carefully monitor the growing conditions, there can be no assurance that natural elements will not have a material adverse effect on the production of the growing operations.

#### (b) Dependency on key inputs and their related costs

Our ability to grow medical cannabis will be dependent on a number of key inputs and their related costs. The key inputs include raw material and supplies related to growing operation as well as electricity, water and other local utilities. Any significant interruptions or negative changes in the availability of economics of the supply chain for the inputs could materially impact the business, financial condition and operating results of the Company.

Due to the nature of the product, some of these inputs may only be available from single suppliers or a limited group of suppliers. Any restrictions on the ability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact of the business, financial condition and operating results of the Company.

#### (c) Exposure to product liability claims, regulatory action and litigation

These risks will arise if the Company's product is alleged to have caused significant loss or injury. In addition, the manufacture of medical cannabis involves the risk of injury to consumers due to tampering by unauthorised third parties or product contamination.

Previously unknown adverse reaction resulting from human consumption of medical cannabis alone or in combination with other medication or substances could occur. The Company may be subject to various product liability claims, including among others that the Company's products caused injury or illness, inadequate instructions for use or warnings concerning possible side effects. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally and could have a material adverse effect on the Company's results of operations and financial conditions.

### 3.4 Industry Specific Risks

#### (a) Product liability and uninsured risks

Through its intended business, the Company is exposed to potential product liability risks which are inherent in undertaking research into the clinical efficacy of, and the manufacture and supply of medicinal cannabis products. It will be necessary to secure insurance to help manage such risks. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although the Company endeavours to work to rigorous standards there is still the potential for adverse events. These events could result in the loss of or delay in generating revenue,

loss of market share, failure to achieve market acceptance, diversion of development resources, injury to the Company's reputation or increased insurance costs.

If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages.

Further, the Company is exposed to the risk of catastrophic loss to necessary equipment or facilities which would have a serious impact on the Company's operations. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

(b) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the Company's budgeting process. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(c) Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of the Company's management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(d) Additional requirements for capital and funding risks

The funds raised under the Offers are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations, the risk that the Company will not be able to meet its financial obligations as they fall due, and the risk that market prices may fall which will affect the Company's income.

### 3.5 General risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest rates, inflation and currency exchange rates may have an adverse effect on the Company's production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(d) Loss of key personnel

The responsibility to oversee the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance that the Company will be no detrimental effect on the Company if one or more of these employees cease their employment.

(e) Share price and ASX market

The price at which Shares trade on ASX will be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase.

There may be relatively few or many potential buyers or sellers of Shares on ASX at any given time. This may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

### 3.6 **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 Shares offered under this Prospectus. Therefore, no assurances or guarantees of future profitability, distributions, payment of dividends, return of capital or performance of the Company or its Shares can be, or is, provided by the Company.

Before deciding to invest in the Company, potential investors should read this Prospectus in its entirety and the Company's ASX announcements and, in particular, should consider the risk factors that could affect the financial performance of the Company. Applicants should carefully consider these factors in light of their personal circumstances and should consult their professional advisers (for example, their accountant, stockbroker, lawyer or other professional adviser) before deciding whether to invest.

## **4 Additional Information**

### **4.1 Rights and Liabilities Attaching to Shares**

A summary of the rights attaching to Shares is detailed below (noting that the New Shares would, from their time of issue, be subject to the same terms and conditions as other Shares). This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) 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 the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities that attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act.

#### **(b) Voting rights**

Subject to the Constitution and to any rights and restrictions attaching to any class of Shares, at meetings of Shareholders or other classes of Shareholder, each Shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the Shareholder is a body corporate, by representative.

On a show of hands every Shareholder present having the right to vote at the meeting has one vote. On a poll, every Shareholder present has one vote for each fully paid share and, the case of partly paid share held by the shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the share held.

#### **(c) Dividend rights**

Subject to the Corporations Act, the Listing Rules and to any special rights or restrictions attached to any Shares, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to, or at the direction of, each Shareholder entitled to that dividend.

#### **(d) Winding up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in specie or 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 upon 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.

#### **(e) Transfer of shares**

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

#### **(f) Issue of further Shares**

The issue of shares is under the control of the Directors. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the

holder of an existing Share or class of Shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

**(g) Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to Shares.

If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class), may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

**(h) Alteration of the Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

#### **4.2 Company is a Disclosing Entity**

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 Shares. Shares have been quoted on the Official List during the three months prior to the issue of this Prospectus (and New Shares will, upon their issue, be in the same class as existing Shares).

This Prospectus is a 'transaction specific 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 in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the Offers on the Company and the rights attaching to the New Shares. 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 issuing 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. Investors 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 (3) 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:
- (i) the annual financial report for the year ended 30 June 2023 lodged with ASX on 27 October 2023 (**Annual Report**), being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) the Company's financial report for the half year ended 31 December 2023 if this report is lodged with ASX before the Closing Date; and
  - (iii) any continuous disclosure notices announced by the Company to the ASX after the lodgement of the Annual Report referred to in paragraph (i) above and before the lodgement of this Prospectus with ASIC.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at an ASIC office (refer to Section 4.3 below).

#### 4.3 Copies of Documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the SPP Offers a copy of:

- (a) the Annual Report for the period ending 30 June 2023 as lodged with ASX on 27 October 2023, which includes the annual financial report most recently lodged with ASIC by the Company before the issue of this Prospectus;
- (b) the Company's financial report for the half year ended 31 December 2023 if this report is lodged with ASX before the Closing Date; and
- (c) the continuous disclosure notices announced by the Company to the ASX since the Company lodged its Annual Report and before the lodgement of this Prospectus with ASIC, which are as follows:

Date Lodged	Subject of Announcement
27/10/2023	Appendix 4G and Corporate Governance Statement
27/10/2023	Letter to Shareholders - Notice of Annual General Meeting
27/10/2023	Notice of Annual General Meeting/Proxy Form
31/10/2023	September 2023 Quarterly Activities and Cashflow Reports
30/11/2023	Results of Annual General Meeting
01/12/2023	Appointment of New Chairman
01/12/2023	Final Director's Interest Notice - T. McGrouther
01/12/2023	Initial Director's Interest Notice - A. Chapman
02/01/2024	Change of Company Secretary
03/01/2024	Change of Company Address
03/01/2024	Change of Auditor
23/01/2024	Additional Secured Loan to ECC
25/01/2024	Share Purchase Plan
25/01/2024	Proposed issue of securities - AC8

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company at 1202 Hay Street, West Perth WA 6005:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Sections 4.16 and 5.

The announcements are also available through the Company's website at <https://auscann.com.au/>.

#### 4.4 Information Excluded from Continuous Disclosure Notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules and which is required to be set out in this Prospectus.

#### 4.5 Determination by ASIC

ASIC has not made a determination that would prevent the Company from relying on section 713 of the Corporations Act in issuing New Shares under this Prospectus.

#### 4.6 Market Price of Shares

The Company has been suspended since 29 August 2022. The closing price of Shares on ASX was \$0.04 per Share on 29 August 2022.

#### 4.7 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company and no forecast is made of any of those matters.

#### 4.8 Substantial Shareholders

Based on information available to the Company, those persons which (together with their associates) have a Relevant Interest in 5% or more of the Shares on issue as at the date of this Prospectus are detailed below:

Entity	Shares	Voting Power
Merchant Funds Management Pty Ltd as manager of the Merchant Opportunities Fund and Merchant Group Pty Ltd	72,223,727	16.39%
<b>TOTAL</b>	<b>72,223,727</b>	<b>16.39%</b>

#### 4.9 Directors' Interests

Except as disclosed in this Prospectus, no Director (or entity in which they are a director, partner and/or a shareholder):

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the Offers, the formation or promotion of the Company, the New Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her (or by an entity in which they are a director, partner and/or a shareholder) in connection with the formation or promotion of the Company or the Offers.

#### 4.10 Directors' Interests in Securities

The Directors' Relevant Interests in Securities at the date of this Prospectus are detailed below:

Director	Shares	Options
Mr Andrew Chapman <sup>1</sup>	61,528,250	Nil
Mr Robert Clifford	624,380	Nil
Mr Brett Mitchell	Nil	Nil

**Notes:**

1. Mr Chapman is the controller of the following entities who hold Shares: The Trust Company (Australia) Ltd (as custodian for Merchant Opportunities Fund) holds 56,379,750 Shares; Macaronis Pty Ltd <Pink Lady A/C> holds 390,000 Shares; Ppass Pty Ltd <Green Apple S/F A/C> holds 100,000 Shares and Pepaanne Pty Ltd <The Chapman Family A/C> holds 4,600,000 Shares. Mr Chapman is also controller of the following holdings: Mr Andrew Scott Chapman <Harrison Andrew Chapman A/C> holds 19,500 Shares; Mr Andrew Scott Chapman <Xavier Peter Chapman A/C> holds 19,500 Shares; and Mr Andrew Scott Chapman <Maximus Vladimir Chapman A/C> holds 19,500 Shares.

The interests in the table above do not include any New Shares which entities controlled by Mr Andrew Chapman may apply for under the SPP Offer, subject to Shareholder approval, as detailed in Section 1.2.

#### 4.11 Remuneration of Directors

The remuneration of executive Directors is determined by the Board, subject to the provisions of any contract between each of them and the Company.

The Constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal shares. This does not apply to the remuneration of executive Directors.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The Directors' remuneration for the past two financial years is detailed in the below table:

Director	Financial Year to 30 June 2023 \$	Financial Year to 30 June 2022 \$
Mr Andrew Chapman <sup>1</sup>	Nil	Nil
Mr Robert Clifford	55,250	55,000
Mr Brett Mitchell <sup>2</sup>	Nil	Nil
<b>TOTAL</b>	<b>55,250</b>	<b>55,000</b>

**Notes:**

1. Mr Chapman was appointed as a Director on 1 December 2023. Mr Chapman is entitled to receive \$80,000 (exclusive of superannuation) for his role as Non-Executive Chairman.
2. Mr Mitchell was appointed as a Director on 29 June 2023. Mr Mitchell is entitled to receive \$50,000 (exclusive of superannuation) for his role as Non-Executive Director.

#### 4.12 Related party transactions

Other than the issue of any New Shares which entities controlled by Mr Andrew Chapman may apply for under the SPP Offer, as detailed in Section 1.2, which is subject to Shareholder approval there will be no participation of related parties of the Company in the Offers.

#### 4.13 Interests of Other Persons

Except as disclosed in this Prospectus, no promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the Offers, the formation or promotion of the Company, the New Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (b) has been paid or given or will be paid or given any amount or benefit for services rendered in connection with the formation or promotion of the Company or the Offers.

Computershare Investor Services Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to issue of the New Shares under the Offers, and will be paid for these services on standard industry terms and conditions.

#### 4.14 Expenses of Offers

The estimated expenses of the Offers are detailed below:

Estimated expenses of the Offers <sup>1</sup>	Amount (\$)
ASIC lodgement fee	3,206
ASX fees	5,683
Legal fees	10,000
Registry expenses	60,000
Printing and posting expenses	24,845
Other expenses	1,000
<b>TOTAL</b>	<b>104,734</b>

**Note:**

- 1. GST is payable in addition to the expenses in the table.

#### 4.15 Litigation

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

#### 4.16 Consents

Each of the Directors have given their written consent to being named in this Prospectus in the form and context in which they are named and to the inclusion in this Prospectus of all information and statements relating to, made by, or said to be based on statements by, them, in each case in the form and context as they appear in this Prospectus.

Computershare Investor Services Pty Ltd has given its written consent to being named in this Prospectus as the Company's share registry in the form and context in which it is named and to the inclusion in this Prospectus of all information and statements relating to, made by, or said to be based on statements by, Computershare Investor Services Pty Ltd, in each case in the form and context as they appear in this Prospectus, and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC.

4.17 **Governing law**

This Prospectus and the Offers are governed by the law applicable in Western Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Western Australia and of the Commonwealth of Australia.

## 5 Authorisation

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act. Each of the Directors has consented to the lodgement of this Prospectus with ASIC, in accordance with section 720 of the Corporations Act and has not withdrawn that consent. This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in blue ink, appearing to read 'A. Chapman', is positioned above the printed name and title.

**Mr Andrew Chapman**  
**Non-Executive Chairman**  
Dated: 25 January 2024

## 6 Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**Annual Report** means the annual financial report of the Company for the period ending 30 June 2023 as lodged with ASX on 27 October 2023.

**Applicant** means a person who submits an Application Form with payment to the Company of the relevant application monies (or who otherwise applies for New Shares via making a BPAY® or EFT payment of the Application Monies to the Company without lodging the Application Form).

**Application** means a valid application for New Shares under an Offer made pursuant to an Application Form accompanied by payment to the Company of the relevant aggregate issue price for those New Shares (or alternatively, payment of the aggregate issue price for the New Shares by BPAY® or EFT payment without lodging the Application Form).

**Application Form** means an application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for New Shares under the SPP Offer or SPP Shortfall Offer (as the context requires).

**Application Monies** means monies paid (at the Issue Price per New Share) to the Company by Eligible Shareholders in respect of New Shares the subject of an application pursuant to the SPP Offer.

**ASIC** means Australian Securities and Investments Commission.

**ASIC Instrument** means the *ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547* issued by ASIC (as amended from time to time).

**ASX** means ASX Limited ACN 008 624 691 and where the context permits, the securities exchange operated by it.

**AWST** means Australian Western Standard Time, being the time in Perth, Western Australia.

**Board** means the board of Directors.

**Closing Date** has the meaning given in Section 1.9.

**Company** means AusCann Group Holdings Limited ACN 008 095 207.

**Constitution** means the constitution of the Company.

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

**Custodian** means a person that provides a custodial or depository service in relation to Shares and who:

- (a) holds an Australian financial services licence covering the provision of a custodial or depository service;
- (b) is exempt from the requirement to hold an Australian financial services licence covering the provision of a custodial or depository service;
- (c) holds an Australian financial services licence covering the operation of an investor directed portfolio service (**IDPS**) or is a responsible entity of an IDPS-like scheme;
- (d) is a trustee of a self-managed superannuation fund or a superannuation master trust; or
- (e) is a registered holder of Shares and is noted on the Register as holding the Shares on account of another person.

**Custodian Certificate** has the meaning given in Section 1.14.

**Directors** mean the directors of the Company as at the date of this Prospectus.

**EFT** means electronic funds transfer.

**Eligible Shareholder** has the meaning given in Section 1.8.

**Issue Price** has the meaning given in Section 1.2.

**Listing Rules** means the official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**New Shares** has the meaning given in Section 1.2.

**Offer** means the SPP Offer or SPP Shortfall Offer, as the context requires, and **Offers** means both of them.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules.

**Opening Date** has the meaning given in Section 1.9.

**Option** means an option to acquire a Share.

**Participating Beneficiary** has the meaning given in Section 1.14.

**Prospectus** means this prospectus dated 25 January 2024.

**Record Date** has the meaning given in Section 1.8.

**Register** means the share register maintained by or on behalf of the Company in Australia.

**Relevant Interest** has the meaning given in section 9 of the Corporations Act.

**Section** means a section of this Prospectus.

**Securities** means any securities (including Shares and Options) issued or granted by the Company.

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

**Shareholder** means a holder of one or more Shares.

**Shortfall** has the meaning given in Section 1.4.

**SPP Offer** has the meaning given in Section 1.2.

**SPP Shortfall Offer** has the meaning given in Section 1.4.

**SPP Shortfall Shares** has the meaning given in Section 1.4.

**US Securities Act** means the US Securities Act of 1933.

**Voting Power** has the meaning given in section 9 of the Corporations Act.

# CORPORATE DIRECTORY

## Directors

Mr Andrew Chapman – Non-Executive Chairman  
Mr Robert Clifford – Non-Executive Director  
Mr Brett Mitchell – Non-Executive Director

## Company Secretary

Mrs Rachel Kerr – Company Secretary

## Registered Office

1202 Hay Street  
West Perth WA 6005  
Email: [info@auscann.com.au](mailto:info@auscann.com.au)  
Website: <https://auscann.com.au/>

## Share Registry

Computershare Investor Services Pty Ltd  
Level 17, 221 St Georges Terrace  
Perth WA 6000

## Auditors\*

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

**ASX Code:** AC8

\* This party is named for information purposes only and was not involved in the preparation of this prospectus.