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FIRST CROP TO BE HARVESTED IN CHILE

- *AusCann's* first harvest in Chile on track for April 2017
- Eight different strains are being grown providing a range of chemical entities/ chemotypes to be used in trial formulations
- Product intended to be sold to third parties for use in a range of clinical trials later this year
- Successful trials will result in product registration driving demand and subsequent commercial sales

AusCann Group Holdings Ltd (ASX:AC8 or 'the Company') is pleased to provide an update on its first medicinal cannabis crop in Chile which is on track to be harvested in April 2017.

The crop was planted in Chile with the Company's 50:50 joint venture (JV) partner *Fundacion Daya* in November 2016 and has been progressing well with the plants now nearing maturity. The crop consists of 400 plants across eight strains that are being grown at a 30-hectare facility south of Santiago. The eight strains will provide a range of different chemical entities / chemotypes to be used in trial formulations.

This product is intended to supply third parties for use in clinical trials and depending on results lead to registered product with the Chilean *National Institute of Public Health*, and subsequent commercial sales.



Images from the Company's growing facility in Chile

Chile provides a framework supporting the entire production chain from cultivation, processing, formulation, trials, research and registration. This provides a cost-efficient model allowing access to high quality, affordable medicines for those patients in need.

Under current regulations, Chile allows the export of products, once registered as medicines locally, together with exporting extracts as raw material for the international pharmaceutical industry.

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AusCann's joint venture, DayaCann, is engaging the local workforce and is focused on employing women who have less job opportunities in these rural areas and low wages. The timing of the cannabis harvest season also complements the harvest times of other produce in the area. The introduction of the cannabis crop enables workers to have employment that they would not otherwise have during this time.

Elaine Darby, Managing Director, AusCann commented: "The harvest of our first crop in Chile represents a key milestone for *AusCann*. Through our partnership with *Fundacion Daya* we are excited about the opportunities that lay ahead for both the Chilean and international market.

"The regulatory landscape for medical cannabis globally is still evolving, both domestically and internationally and the expertise and background of the AusCann board and our partners means we have a clear advantage in navigating this opportunity. We have an early mover advantage and a demonstrable position in the global supply chain."

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ABOUT AUSCANN GROUP

AusCann is an Australian based company that was incorporated in September 2014 with the aim of producing and providing high quality, economical and clinically validated cannabis medicines to patients. It is bringing together leading expertise and operations across all aspects of the medical cannabis value chain, beginning with cultivation and production, through to manufacture and distribution of products and has built a strong team of experts and partners with international connections. Partners includes TSX listed Canopy Growth Corporation the largest producer of medicinal cannabis globally and DayaCann, the only licensed medicinal cannabis grower in Chile.