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FIRST CROP HARVESTED IN CHILE

- AusCann's first harvest in Chile underway with DayaCann
- Around 400 plants are currently being harvested, yielding over 300kgs of dried cannabis buds that will be processed into medicinal cannabis formulations selected for clinical trials for registration in Chile and sale to third parties
- South America continues to be an attractive region for AusCann with Argentina recently joining Chile, Columbia and Uruguay in legalising medical cannabis for therapeutic purposes

AusCann Group Holdings Ltd (ASX:AC8 or 'the Company') is pleased to announce that its first medicinal cannabis crop in Chile is now being harvested.

The crop was planted in Chile by *DayaCann*, the Company's 50:50 joint venture (JV) with *Fundacion Daya*, in November 2016 at a 30-hectare facility south of Santiago. The large open greenhouse grown plants include various strains that have been selected for specific medical usage.

Of the strains harvested, four have been selected as superior strains that have been clonally selected for future crops.

Around 300kgs of dried cannabis product from the harvest will be sent to a GMP certified manufacturing facility for processing into medicinal cannabis formulations.



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Images from the Company's harvest currently in progress in Chile showing the plants being harvested, trimmed and dried prior to manufacturing into medicines

Pending successful clinical trials in Chile, these formulations will be registered through the Chilean *National Institute of Public Health* and made available for sale to Chilean patients and export markets.

South America represents a burgeoning region for medicinal cannabis with Argentina recently giving legislative approval to legalise the use of cannabis oil and other cannabis derivatives for medicinal purposes. The Health Ministry in Argentina have also established a medical cannabis research programme to provide access for patients. *DayaCann* is optimally positioned in Argentina's neighbouring country Chile to become a supplier of clinically validated medical cannabis products to Argentinian patients.

Nicolás Dormal, founder of *Fundacion Daya* commented "Patients in Chile are in real need of cannabis based medicines for a range of illness that are currently not well managed, including cancer pain. We are very excited about our partnership with AusCann and this initial successful crop harvest and look forward to delivering the resulting medicines to our patients."

Elaine Darby, Managing Director, AusCann commented: "The opportunities in the South American market are significant for medical cannabis products with Chile and Argentina having around 60 million people. There is a real and immediate patient need for better pain control using medicinal cannabis."

"We're delighted with the harvest of our first crop with our partner *Fundacion Daya* and we're confident we have selected the strongest and most appropriate strains for effective medicine formulations and further cultivation in the next harvest. AusCann is also looking at leveraging this knowledge gained from Chile into the Australian market."

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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.