

02 February 2018

ACQUISITION AND ENTRY INTO THE EUROPEAN MEDICINAL CANNABIS MARKET

The Directors of 1 Page Limited (**Company**) are pleased to announce that the Company has entered into a conditional binding agreement to acquire 100% of the parent company of the HAPA Medical Group based in Germany (**HAPA**).

HAPA is an early mover in the German medicinal cannabis market and is focused on offering its own pharmaceutical GMP-grade THC & CBD product lines to German patients through a HAPA owned network of medical cannabis clinics throughout Germany.

Following changes to Germany's laws in 2017, the medicinal cannabis market is quickly growing and HAPA has positioned itself to be at the forefront of these developments. The acquisition of HAPA provides the Company's shareholders with an immediate exposure to the German medical cannabis market, with the opportunity for ongoing growth

Background on medicinal cannabis in Germany

Laws legalising the broad use of medicinal cannabis were passed in Germany in March 2017 and with a population of 83 million people, Germany is estimated to have the potential to become the world's single largest medical cannabis market.

Under the German regulatory framework, German patients are required to register as a patient for the receipt of medicinal cannabis products and the growth in the number of registered patients is far exceeding initial industry forecasts.

In Germany, the health insurance industry heavily subsidises the cost of cannabis related medicines. This is a key driver accelerating patient uptake and key differentiator between the Australian and Canadian markets where there is limited to no health insurance subsidies available to patients seeking to use medicinal cannabis as an alternative to existing subsidised medicines, such as opiates.

Background on HAPA

HAPA was formally incorporated in 2017 following the introduction of the new German legislation to position the company as an early mover to take advantage of the emerging market for cannabinoid medicines in Germany.

Since incorporation the HAPA team have worked swiftly to develop the business to create a vertically integrated business model where it can supply pharmaceutical grade THC and CBD based products to patients through its own medical clinics.

The HAPA team have focused on building relationships and applying for and securing the necessary licenses and permits to operate the business in Germany, secure sources of supply of pharmaceutical

grade medical cannabis flower and oil, and the opening of the first two of its medical clinics in Berlin and Dortmund are expected in the next 4-6 weeks.

HAPA was founded by seasoned executives and has built a team with strong regulatory and medical experience.

The two founders of HAPA will become directors of the Company following completion of the acquisition.

Acquisition highlights

Key highlights of the acquisition for the Company include:

- HAPA has an early mover advantage over other domestic and foreign market entrants with a local, experienced and seasoned executive team in place;
- through strategic partnerships enabling high quality supply of pharmaceutical grade cannabis flower and oil, HAPA is focused on offering pharmaceutical GMP-grade THC & CBD product lines;
- direct access to patients through imminent opening of specialist medical clinics initially in Berlin and Dortmund with intentions to expand into other cities quickly;
- HAPA has lodged an application for an EU cultivation license in Greece waiting on final confirmation; and
- the acquisition provides the Company with an opportunity to enter into other EU markets.

Summary of the acquisition terms

The key terms of the acquisition are as follows:

- (a) The consideration payable for 100% of the parent company of HAPA is 90 million shares together with the payment of €1.3 million, of which €430,000 has been paid as a non-refundable deposit.
- (b) Completion of the acquisition is subject to the satisfaction or waiver of the following conditions:
 - (i) the Company completing technical, financial and legal due diligence on HAPA to the sole and absolute satisfaction of the Company;
 - (ii) the Company obtaining all required third party, regulatory and governmental approvals and consents to give effect to the acquisition, including any necessary shareholder approvals;
 - (iii) the employees of HAPA and their remuneration being agreed;
 - (iv) the Company giving notice to HAPA that it is satisfied that no event, change, condition, matter, result or circumstance has occurred or become known to the Company including any breach of any warranty which in the reasonable opinion of the Company could be expected to have a material adverse effect on HAPA; and
 - (v) HAPA obtaining all regulatory and governmental approvals and third-party consents required to give effect to the transaction.



- (c) The vendors agreeing to voluntary 36 month escrow on their shares received, in addition to any ASX imposed escrow.
- (d) Other terms and conditions relating to conduct prior to and after settlement, confidentiality and warranties from the vendors in relation to HAPA that are considered standard for an agreement of this nature.

Post acquisition

Post the acquisition, the Company will have approximately 241 million shares on issue, with the vendors of HAPA holding approximately 37% of the shares on issue in the Company.

The Company estimates that it will have cash at bank of approximately AUD\$23 million, and will have sufficient capital to execute its plans in relation to the growth, development and expansion of the existing HAPA business, as such, the Directors of the Company do not consider that a capital raising will be necessary to complete the transaction and execute the immediate objectives, subject to new compelling opportunities arising in the European medical cannabis sector emerging.

Based on the last traded price of the Company's shares, the market capitalisation of the Company would be AUD\$38.6 million. In the opinion of the Company's Directors this compares very favourably with the valuation of other medical cannabis shares listed on the ASX and other world markets.

After completion of the acquisition the Board of Directors of 1 Page will comprise existing Directors Andrew Chapman and Tod McGrouther and two representatives from HAPA, being Mr Ricardo Pendon and Mr Michael Sprenger – both of whom are founders of HAPA.

Shareholder approvals and name change

As part of the transaction, the Company proposes to change its name to European Cannabis Corporation Ltd. The Company is currently in discussion with ASX in relation to the requirements for completing the transaction and will provide a further update to shareholders as to these developments as and when it is able to confirm the final process, which will precede a shareholder meeting to seek the necessary approvals for the transaction.



Suite 6, 295 Rokeby Road, SUBIACO WA 6008

WWW.1-PAGE.COM