



**AUSCANN GROUP HOLDINGS LTD  
ACN 008 095 207**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Meeting will be held at:

**TIME:** 11:00 am (WST)  
**DATE:** Friday, 29 November 2019  
**PLACE:** The Perth Convention and Exhibition Centre  
21 Mounts Bay Road  
Perth, Western Australia

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm (WST) on Wednesday, 27 November 2019.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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#### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### RESOLUTION 2 – ELECTION OF DIRECTOR – DR MARCEL BONN-MILLER

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

*“That, in accordance with clause 12.7 of the Constitution, Listing Rule 14.4 and for all other purposes, Dr Marcel Bonn-Miller, a Director who was appointed on 5 September 2019, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

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#### RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 4 – APPROVAL OF 2019 AUSCANN SALARY SACRIFICE SHARE PLAN**

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the 2019 AusCann Salary Sacrifice Share Plan and the issue of securities under that plan on the terms and conditions which are summarised in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting prohibition statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of those persons; and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 4.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though Resolution 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### **RESOLUTION 5 – AMENDMENT TO CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its existing Constitution to insert the following clause:*

**'Restricted Securities**

*The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:*

- (a) *a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;*

- (b) if the Restricted Securities are in the same class as quoted Securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those Securities;
- (c) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;
- (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX; and
- (e) if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Securities for so long as the breach continues.'

and make all associated edits to definitions and other clauses to reflect the inclusion of this new clause as required by the ASX Listing Rules."

**Dated: 23 October 2019**

**By order of the Board**



**Susan Hunter  
Company Secretary**

## VOTING INSTRUCTIONS

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9561 8834.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the Company to present to the Annual General Meeting the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report. Copies of these reports have been sent to requesting Shareholders and are also available on the Company's website - [www.auscann.com.au](http://www.auscann.com.au).

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting within 90 days of the second annual general meeting.

## **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – ELECTION OF DIRECTOR – DR MARCEL BONN-MILLER**

### **3.1 General**

Article 12.7(a) of the Constitution allows the Board to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Article 12.7(b) of the Constitution, any Director so appointed holds office until the conclusion of the next annual general meeting of the Company but is eligible for election by Shareholders at that meeting. In addition, Listing Rule 14.4 provides that a Director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company.

On 5 September 2019, Dr Marcel Bonn-Miller was appointed as a Non-executive Director of the Company. Accordingly, Dr Bonn-Miller resigns as a Director at the Meeting and, being eligible, seeks approval to be elected as a Director pursuant to Resolution 2.

Resolution 2 is an ordinary resolution.

### **3.2 Qualifications and other material directorships**

#### **Dr Marcel Bonn-Miller BPA**

Dr. Bonn-Miller is Global Clinical Scientific Director of Spectrum Therapeutics, the medical division of Canopy Growth specialised in the development and commercialisation of validated cannabis medicines.

Dr. Bonn-Miller is a world-renowned researcher and pharmaceutical executive, bringing over 18 years of extensive clinical research and development expertise in cannabinoid products for medical use. He has received funding for 27 research grants, has published 140 peer-reviewed academic papers and has led or contributed to 19 clinical trials. Prior to Canopy Growth, Dr. Bonn-Miller was Director of Cannabinoid Research for Zynerva Pharmaceuticals, a leading transdermal cannabinoid pharmaceutical company.

### **3.3 Independence**

If elected, the Board considers Dr. Bonn-Miller will be an independent director.

### **3.4 Board recommendation**

The Board (other than Dr Bonn-Miller) recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

### 4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$85.6 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 22 October 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security. Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being Shares (ASX code: AC8).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

### 4.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.2(a)(i), the date on which the Equity Securities are issued.



(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below. The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 22 October 2019. The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.135 50% decrease in Issue Price	\$0.27 Issue Price	\$0.405 50% increase in Issue Price
317,047,357 (Current Variable A)	Shares issued - 10% voting dilution	31,704,736 Shares	31,704,736 Shares	31,704,736 Shares
	Funds raised	\$4,280,139	\$8,560,279	\$12,840,418
475,571,036 (50% increase in Variable A)	Shares issued - 10% voting dilution	47,557,104 Shares	47,557,104 Shares	47,557,104 Shares
	Funds raised	\$6,420,209	\$12,840,418	\$19,260,627
634,094,714 (100% increase in Variable A)	Shares issued - 10% voting dilution	63,409,471 Shares	63,409,471 Shares	63,409,471 Shares
	Funds raised	\$8,560,279	\$17,120,557	\$25,680,836

The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 317,047,357 existing Shares on issue as at the date of this Notice of Meeting. The Company's current Variable A is 317,047,357.
2. The issue price set out above is the closing price of the Shares on the ASX on 22 October 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for continued development and commercialisation of cannabinoid medicines, clinical trials of the products developed, establishment and support of activities within its in-house product development (R&D) facility and general working capital requirements. In addition, the Company may in future choose to evaluate new opportunities or investments and may use the funds raised for a resulting acquisition of new assets

and/or strategic and opportunistic investments (including expenses associated with such acquisition); or

- (ii) as non-cash consideration for the acquisition of new assets and/or investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company did not obtain approval from its Shareholders at its last annual general meeting.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### **4.3 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

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## **5. RESOLUTION 4 – APPROVAL OF 2019 AUSCANN SALARY SACRIFICE SHARE PLAN**

### **5.1 Background**

Subject to Shareholders approving Resolution 4, the Company will adopt a salary sacrifice share plan to be known as the 2019 AusCann Salary Sacrifice Share Plan (SSSP), pursuant to which certain employees, Directors and contractors of the Company will be invited to apply for Shares in accordance with the SSSP. The employees, Directors and contractors, upon accepting an offer under the SSSP, will reduce their annual remuneration by the amount of the sacrifice they make pursuant to the SSSP.

On 26 September 2019, the Board resolved to adopt the SSSP in order to:

- (a) support employees and Directors to build their shareholdings in the Company;
- (b) to reduce Company cash outlays and preserve cash reserves; and
- (c) enhance the alignment of interests between employees and Directors and Shareholders generally.

Related parties, including Directors, of the Company may participate under the SSSP. However, additional Shareholder approval under Listing Rule 10.14 will be required before any related party of the Company (or any person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained) can be issued Shares under the SSSP.

### **5.2 Regulatory Requirements**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.2 (Exception 9(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to issue Shares under the SSSP to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Shareholders should note that no Shares have previously been issued or transferred under the SSSP.

### **5.3 Board Recommendation**

Each of the Directors has an interest in the outcome of Resolution 4 and accordingly do not make a voting recommendation to Shareholders.

## 5.4 SSSP Key Terms

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 9(b):

- (a) Schedule A contains a summary of the key terms of the SSSP.
- (b) A voting exclusion statement for Resolution 4 is included in the Notice of Meeting preceding this Explanatory Statement.

The number of Shares issued at or shortly after 1 July in each year the SSSP operates will be the whole number of Shares that may be acquired with contributions made as calculated using the following formula:

Quarter number	Quarter Closing Date	Calculation of Entitlement Shares
1	30 September	Salary Sacrifice contributions for Quarter 1 / 15 Day VWAP Share price at 30 September / 0.85*
2	31 December	Salary Sacrifice contributions for Quarter 2 / 15 Day VWAP Share price at 31 December / 0.85*
3	31 March	Salary Sacrifice contributions for Quarter 3 / 15 Day VWAP Share price at 31 March / 0.85*
4	30 June	Salary Sacrifice contributions for Quarter 4 / 15 Day VWAP Share price at 30 June / 0.85*

**Note:** \* or, if no trading on this date, last trading day prior.

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## 6. RESOLUTION 5 – AMENDMENT OF CONSTITUTION

### 6.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 5 is a special resolution which will enable the Company to amend its existing Constitution (**Amended Constitution**) to ensure it reflects the proposed changes to ASX Listing Rule 15.12 which are due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

A copy of the Amended Constitution can be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 4.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**AusCann** means AusCann Group Holdings Limited (ACN 008 095 207).

**Board** means the current board of directors of the Company.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (a) a child of the member's spouse;
- (b) a dependent of the member or the member's spouse;
- (c) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (d) a company the member controls; or
- (e) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Constitution** means the Company's constitution as in place from time to time.

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

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

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

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**VWAP** means volume weighted average Share price on the ASX.

**WST** means Western Standard Time as observed in Perth, Western Australia.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).



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## **SCHEDULE A**

### **2019 AUSCANN SALARY SACRIFICE SHARE PLAN – SUMMARY**

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#### **1. Introduction**

##### **1.1 Purpose**

The purpose of the SSSP is to:

- (a) align the interests of eligible persons and Shareholders;
- (b) provide competitive remuneration for the retention of key eligible persons;
- (c) support a culture of share ownership by eligible persons;
- (d) provide the Company with the ability to attract employees of a high calibre; and
- (e) assist with remuneration planning for eligible persons.

##### **1.2 Commencement**

The SSSP commences on the date that the Company determines.

##### **1.3 Rules are binding**

The Company, each subsidiary of the Company (**Group Company**) and each participant are bound by the SSSP.

#### **2. Invitation, application and acceptance**

##### **2.1 Eligibility**

The Board may determine the eligible persons who are eligible to participate in the SSSP from time to time.

##### **2.2 Invitation may be made**

From time to time the Board may make an invitation to participate in the SSSP to an eligible person.

##### **2.3 Invitation to acquire securities under the SSSP**

An invitation to an eligible person to acquire securities under the SSSP may be on such terms and conditions as the Board decides from time to time, including as to:

- (a) the number of securities (or the method by which the number will be calculated) for which that eligible person may acquire;
- (b) the market value payable for the acquisition of a security or how that market value is to be calculated;
- (c) the terms and conditions of the salary sacrifice arrangement;
- (d) the manner in which the eligible person must apply for the securities;
- (e) the amount (if any) that will be payable for the grant of the securities;
- (f) how securities may be treated on a change of control event or the likely occurrence of a change of control event, and any discretions retained by the Board;
- (g) how securities may be treated in the event that the eligible person becomes a leaver under the SSSP, and any discretions retained by the Board;
- (h) any restrictions (including the period of restriction) on dealings attaching to a Share; and

- (i) any other supplementary terms and conditions, including those contained within any ancillary documents.

## **2.4 Salary Sacrifice**

- (a) The Board may determine the terms and conditions of the salary sacrifice arrangement for which securities under the SSSP are offered in lieu of that remuneration.
- (b) In respect of an offer to participate under the SSSP through a salary sacrifice arrangement:
  - (i) the Board may determine the amount of the remuneration which may be salary sacrificed by each eligible person;
  - (ii) the number of securities granted, issued, transferred or allocated (as applicable) to a participant will be indicated in the invitation; and
  - (iii) such offer will be conditional on the Company and the participant entering into an agreement setting out the terms and conditions of the salary sacrifice arrangement.
- (c) The Board may determine in its sole and absolute discretion that any salary sacrifice arrangement agreed to by a participant is to be continued until the participant ceases to participate in the SSSP.

## **2.5 Invitations non-transferable**

An invitation is not transferable or capable of being acted upon by a person other than the eligible person to whom it is addressed.

## **2.6 Acceptance of Application**

- (a) An eligible person must only accept an invitation in accordance with the instructions that accompany the invitation, unless the Board determines otherwise.
- (b) The Board may, at its discretion:
  - (i) refuse to allow the participation of an eligible person where that eligible person:
    - (A) ceases to be an eligible person;
    - (B) has provided notice to the Company or been provided with notice by the Company that will result in the eligible person ceasing to be an eligible person;
    - (C) has not complied with the instructions relating to acceptance in the invitation, including a failure to enter into and/or provide any specific ancillary documentation;
    - (D) ceases to satisfy any other conditions imposed by the Board, before the grant is made; and
  - (ii) treat the conduct of an eligible person in respect of an invitation (including the failure to lodge an election not to participate within the specified period in the instructions accompanying the invitation) as valid acceptance of that invitation under the terms of the SSSP.

## **2.7 Participant agrees to be bound**

Upon acceptance of an invitation, each participant is deemed to have agreed to be bound by:

- (a) the terms of the invitation;
- (b) the ancillary documentation (if any);
- (c) the provisions of the SSSP, as amended from time to time; and
- (d) all applicable laws.

## **2.8 Terms and conditions of invitation prevail**

To the extent of any inconsistency, the terms and conditions advised to an eligible person by the Board in an invitation will prevail over any other provision of the SSSP.

## **2.9 Cessation of membership**

A person ceases to be a participant when all other property or moneys to which the participant is entitled under the SSSP have been transferred or paid in accordance with the SSSP.

## **3. Salary Sacrifice contributions**

### **3.1 Frequency**

Each participant must elect in accordance with the instructions that accompany the invitation to make their salary sacrifice contributions by way of:

- (a) regular deductions from the participant's remuneration during the relevant year; or
- (b) a lump sum deduction from the participant's remuneration in the first payroll period during the relevant year.

### **3.2 Tax treatment**

- (a) Each participant's salary sacrifice contribution will be made from the participant's remuneration prior to the deduction of any applicable income tax from that remuneration.
- (b) This SSSP is a scheme to which Subdivision 83A-C of the ITAA 1997 applies (subject to the conditions in the ITAA 1997).

### **3.3 Payroll deductions prior to delivery of securities under the SSSP**

Salary sacrifice contributions deducted from a participant's remuneration will be held for the relevant participant until those salary sacrifice contributions have been used to or applied toward the grant, issue, transfer or allocation of securities under the SSSP to a participant.

### **3.4 AusCann Superannuation Contributions**

Salary sacrifice contributions will be eligible for employer paid superannuation contributions. The prevailing superannuation guarantee contribution rate will be applied to the salary sacrifice amount in accordance with the deduction amount as elected.

## **4. Participant Shares**

### **4.1 Issue, transfer or allocation**

- (a) Upon acceptance of an invitation and the deduction of any salary sacrifice contribution, the Board must, subject to its discretion, either issue, transfer or allocate the prescribed number of Shares to the eligible person in accordance with the invitation.
- (b) Unless the Board determines otherwise, Shares issued, transferred or allocated under the SSSP:

- (i) will be granted in consideration for the participant's salary sacrifice contribution in accordance with the terms of the invitation; and
- (ii) may not be registered in any name other than that of the eligible person.

**5. Restrictions on dealing with securities**

- (a) The Board may, at its discretion, impose restrictions on dealing in respect of any Shares allocated under the SSSP and may implement any procedure it considers appropriate to enforce such restrictions.
- (b) A participant may, in writing to the Board, request to remove any restrictions on dealing, but only on the basis of exceptional circumstances (which may include severe financial hardship), which the Board may accept or decline the request in its sole and absolute discretion.

**6. Withholding and other taxes**

- (a) Unless otherwise required by law, no Group Company is responsible for any tax that may become payable by a participant as a consequence of or in connection with the grant of any right, the issue, transfer or allocation of any Shares or any dealing with any securities or any Shares under the SSSP.
- (b) If a Group Company is obliged, or reasonably believes it may have an obligation, as a result of or in connection with any securities granted or Shares issued, transferred or allocated under the SSSP, to account for:
  - (i) income tax or employment taxes under any wage, withholding or other arrangements; or
  - (ii) any other tax, social security contributions or levy or charge of a similar nature,that is a liability of the participant, then the relevant Group Company is entitled to be reimbursed by the participant for the amount or amounts so paid or payable.
- (c) Where the above applies, the relevant Group Company is not obliged to grant any securities or issue, transfer or allocate Shares unless the Company is satisfied that arrangements for payment or reimbursement of the amounts have been made. Those arrangements may include, without limitation:
  - (i) the provision by the participant of sufficient funds to reimburse the relevant Group Company for the amount (by salary deduction, reduction of any amount owed by the Group Company to the participant or otherwise);
  - (ii) the sale on behalf of the participant of Shares issued, transferred or allocated pursuant to the SSSP for payment or reimbursement of these amounts, as well as the costs of any such sale; or
  - (iii) a reduction in any amount payable to the participant in lieu of an issue, transfer or allocation of Shares under the SSSP.

AC8

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (WST)**  
**Wednesday, 27 November 2019**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of AusCann Group Holdings Ltd hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of AusCann Group Holdings Ltd to be held at The Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 29 November 2019 at 11:00am (WST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 4 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director - Dr Marcel Bonn-Miller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of 2019 AusCann Salary Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

### Update your communication details (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

