

REGISTERED OFFICE:

Level 3, 18 Richardson Street

WEST PERTH WA 6005

Telephone: +61 1300 503 085

31 October 2016

The Manager
Market Announcements Office
ASX Limited

Dear Sir / Madam

**Takeover bid by TW Holdings for AusCann Group Holdings Limited
Bidder's statement**

We attach, by way of service pursuant to item 5 of subsection 633(1) of the *Corporations Act 2001*(Cth), a copy of TW Holdings Limited's (**TWH**) bidder's statement in relation to TWH's off-market takeover bid for all the ordinary shares in AusCann Group Holdings Limited (ACN 601 953 860).

Yours sincerely



Susan Hunter
Company Secretary

For further information, please contact:

David Wheeler
Non Executive Chairman
TW Holdings Limited
Phone: +61 419 342 152

**TW Holdings Limited
(to be renamed AusCann Group Holdings Ltd) (ACN 008 095 207)**

BIDDER'S STATEMENT

**in relation to the Offer by TWH to acquire
ALL your shares in
AusCann Group Holdings Ltd (ACN 601 953 860)**

Consideration offered is:

One TWH Share and approximately 0.1924 TWH Performance Shares
for every one AusCann Share you own.

The Offer is dated 7 November 2016 and will close at 5.00pm (WST) on 7 December 2016, unless extended or
withdrawn

The directors of AusCann have publicly announced that they unanimously recommend you accept the Offer
(in the absence of a Superior Proposal)

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD CONSULT YOUR
FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.

IMPORTANT INFORMATION

Bidder's Statement

This document (**Bidder's Statement**), dated 31 October 2016, is issued by TW Holdings Limited (ACN 008 095 207) under Part 6.5 of the Corporations Act in relation to the off-market takeover offer by TWH to acquire all AusCann Shares (**Offer**) and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 31 October 2016. ASIC takes no responsibility for the contents of this Bidder's Statement.

Consolidation

At the general meeting of the Company to be held on 31 October 2016, Shareholder approval will be sought to proceed with a consolidation of the Company's securities on a 20 for 1 basis (**Consolidation**), with effect on a date to be announced. The Directors intend to implement the Consolidation prior to completion of the Offer, but only if:

- (a) all conditions to the Offer (other than the Consolidation) are satisfied or waived; and
- (b) the Directors are of the view that all conditions to re-listing on ASX can be satisfied.

Unless stated otherwise, all references to securities of the Company as set out in this Bidder's Statement are on a pre-Consolidation basis.

Investments risks

There are a number of risks that may have a material impact on the value of the Offer, the future performance of the Merged Entity and the value of TWH Consideration Securities. These are described in Section 9 of this Bidder's Statement.

Foreign jurisdictions

The distribution of this document and the making of the Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Offer is not being made, directly or indirectly, in or into, and will not be capable of acceptance from within, any jurisdiction, if to do so would not comply with the laws of that jurisdiction.

No action has been taken to register or qualify TWH or to otherwise permit the offering of TWH Consideration Securities outside Australia, its external territories and New Zealand. The entitlements of AusCann Shareholders located outside those jurisdictions are set out in Section 10.14.

This Bidder's Statement has been prepared having regard to Australian disclosure requirements. These disclosure requirements may differ from those of other countries.

Disclosure regarding forward-looking statements

This Bidder's Statement includes forward-looking statements that have been based on TWH's current expectations and predictions about future events, including TWH's intentions (which include those set out in Section 7). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of TWH, AusCann and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 9.

None of TWH, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty that (express or implied) any forward-looking statements will occur. The forward-looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Disclaimer regarding AusCann and the Merged Entity information

In preparing the information relating to AusCann and the Merged Entity contained in this Bidder's Statement, TWH has relied on publicly available information relating to AusCann and information provided by AusCann management which has not been independently verified by TWH or its Directors. Risks may exist in relation to AusCann (which will affect the Merged Entity) of which TWH is unaware. If any material risks are known to the directors of AusCann, they must be disclosed in the target's statement to be issued by AusCann (**Target's Statement**).

Accordingly, subject to any applicable law, TWH makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

Further information on AusCann may be included in the Target's Statement which AusCann is required to provide to all AusCann Shareholders in response to this Bidder's Statement.

Value of TWH Consideration Securities

The implied value of the Offer will vary with the market price of TWH Shares. Further information on the implied value of the Offer is contained in this document. Before accepting the Offer, AusCann Shareholders should obtain current quotes for TWH Shares from their financial or other professional adviser.

In addition, all references to the implied value of the Offer is subject to the effects of rounding.

Investment advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each AusCann Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Privacy

TWH has collected your information from the registers of AusCann for the purposes of making the Offer and administering your acceptance in respect of Your AusCann Shares. TWH and its share registry may use your personal information in the course of making and implementing the Offer. TWH and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by TWH, please contact TWH at the address set out in the Key Contacts Section.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 12.

Internet Sites

TWH and AusCann each maintain internet sites. The URL location for TWH is www.twholdings.com.au and for AusCann is www.auscann.com.au. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by TWH management. Management estimates reflect, and are based on, views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of TWH or AusCann in respect of which different exchange rates may have been, or may be, used.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

REGISTERED OFFICE:

Level 3, 18 Richardson Street

WEST PERTH WA 6005

Telephone: +61 1300 503 085

31 October 2016

Dear AusCann Shareholder

On behalf of the directors of TW Holdings Limited (**TWH**), I am pleased to enclose an offer to acquire all of your shares in AusCann Group Holdings Ltd (**AusCann**).

By accepting TWH's offer you will, subject to the terms and conditions of the Offer, be issued, on a pre-Consolidation basis:

- (a) one TWH Share; and
- (b) approximately 0.1924 TWH Performance Shares,

for every one AusCann Share you own (**Offer**).

The AusCann Board has publicly recommended all AusCann shareholders accept the Offer, in the absence of a Superior Proposal being received. AusCann's directors have publicly stated that they will accept the Offer in respect of their individual holdings in the absence of a Superior Proposal emerging.

For more information on TWH please see Section 3 of the Bidder's Statement. The directors of TWH believe that the creation of the Merged Entity will provide a wider pathway for value creation through a well-funded company that is listed on ASX.

In conjunction with the Offer, TWH is offering up to 25 million TWH Shares at an issue price of \$0.20 per TWH Share (on a post-Consolidation basis) to raise a minimum of \$3 million and a maximum of \$5 million under the Prospectus (**Public Offer**).

The directors of TWH consider that the creation of the Merged Entity is compelling, and has the potential to create additional value for shareholders of both companies. The important reasons for recommending the Offer is that the Merged Entity can provide greater liquidity to the security holders of AusCann, increase its cash reserves, develop AusCann's high quality, economical and clinically-validated cannabis medicines, and increase its ability to raise additional capital as required.

The funds available to the Merged Entity will provide funds for horticultural research and development, analytical testing, clinical trials, medical education and outreach, licence applications and implementation, and general administration and working capital.

I encourage you to read this important document carefully. The Offer is open for acceptance until 5.00 pm (WST) on 7 December 2016, unless extended. If you wish to accept the Offer, you should follow the instructions on the Acceptance Form enclosed.

If you have any questions about the Offer, please contact TWH on +61 409 475 338, or your professional financial adviser.

Yours faithfully

David Wheeler
Chairman, TWH Holdings

Key dates

Announcement of Offer	29 September 2016
Date of this Bidder's Statement	31 October 2016
Date this Bidder's Statement is lodged with ASIC	31 October 2016
Record Date	4 November 2016
Date of Offer	7 November 2016*
Public Offer closes (indicative)	18 November 2016*
Date for giving notice of status of conditions	25 November 2016*
Offer Close (unless otherwise extended)	5.00pm (WST) 7 December 2016*
Anticipated date for re-instatement to trading on ASX	12 December 2016*

*These dates are indicative only and may be changed as permitted by the Corporations Act

Key contacts

Share registrar for the Offer:

Computershare Investor Services Pty Limited
Level 5, 115 Grenfell Street, Adelaide SA 5000
Phone (within Australia): 1300 787 272
Phone (outside Australia): +61 8 8236 2300

TW Holdings Limited:

Level 3, 18 Richardson Street, West Perth, Western
Australia 6005
Phone: +61 8 409 475 338

CONTENTS

1.	INVESTMENT OVERVIEW	1
2.	WHY YOU SHOULD ACCEPT THE OFFER	9
3.	PROFILE OF TWH	11
4.	INFORMATION ABOUT TWH SECURITIES	17
5.	PROFILE OF AUSCANN	23
6.	MERGED ENTITY	34
7.	INTENTIONS OF TWH	39
8.	AUSTRALIAN TAX CONSIDERATIONS	43
9.	RISK FACTORS	47
10.	ADDITIONAL INFORMATION	56
11.	DIRECTORS AUTHORISATION	63
12.	DEFINITIONS AND INTERPRETATION	64
	ANNEXURE A – TERMS OF THE OFFER	71
	ANNEXURE B – TWH'S ASX ANNOUNCEMENTS	81
	ANNEXURE C – TERMS AND CONDITIONS OF TWH PERFORMANCE SHARES	82
	ANNEXURE D – TERMS AND CONDITIONS OF TWH OPTIONS	85

1. INVESTMENT OVERVIEW

The information in this Section 1 is intended to provide an overview of TWH, the Offer that TWH is making for Your AusCann Shares, and the risks you should consider.

The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the separate Target's Statement (which will be sent to you directly by AusCann) before deciding how to deal with Your AusCann Shares. The detailed terms of the Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. TWH believes this is the most informative way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures that contain more information that you might find useful or relevant.

Part A of this Investment Overview deals with the Offer. Part B deals with TWH, its business and assets and TWH Consideration Securities. Part C deals with risks relating to TWH, AusCann, the Offer and the Merged Entity. Part D deals with other relevant questions.

Part A – Overview of the Offer

No.	Question	Answer	Further Information
1.	What is TWH offering to buy?	TWH is offering to buy all AusCann Shares under the Offer, on the terms set out in this Bidder's Statement. You may only accept the Offer in respect of all (not part) of Your AusCann Shares.	Annexure A contains the full terms of the Offer and the Conditions. The answers to questions 2 to 4 and 13 to 24 explain other aspects of the Offer.
2.	How long will the Offer remain open?	The Offer opens on 7 November 2016. Unless withdrawn or extended in accordance with the Corporations Act, the Offer is scheduled to close at 5:00pm (WST) on 7 December 2016.	
3.	What will you receive if you accept the Offer?	If you accept the Offer, subject to satisfaction of the Conditions, you will receive: (a) one TWH Share; and (b) approximately 0.1924 TWH Performance Shares, for each AusCann Share held by you.	Annexure A contains full terms of the Offer and the Conditions. The answer to question 21 summarises the Conditions.
4.	What is the value of the Offer?	The implied value of the Offer (excluding the value of TWH Shares issued on conversion of TWH Performance Shares) is \$0.009 per AusCann Share, based on TWH's closing share price on 28 September 2016 (being the last day TWH Shares traded on ASX prior to the Announcement Date) of \$0.009. The value of the Offer may change	Section 4.2 of this Bidder's Statement provides further information in respect of the implied value of the Offer. The answers to questions 5 to 11, and Sections 3, 4 and 9 of this Bidder's Statement contain more information about TWH, its business and assets and the risks that may apply to TWH. Section 2 of this Bidder's Statement

No.	Question	Answer	Further Information
		as a consequence of changes in the market price of TWH Shares.	contains the view of the TWH directors as to why they think you should accept the Offer.

Part B – Overview of TWH

No.	Question	Answer	Further Information
5.	Who is TWH?	TWH is an Australian company listed on ASX (ASX Code: TWH).	Sections 3, 4 and 9 of this Bidder's Statement contain more information about TWH's assets, financial position, details of TWH Securities currently on issue and the risks that may apply to TWH.
6.	Will my new TWH Consideration Securities be listed on ASX?	<p>Within 7 days of the date of this Bidder's Statement, TWH will apply to ASX for quotation of the new TWH Shares to be issued as part-consideration for Your AusCann Shares, and the Offer is conditional on quotation being granted. Quotation of the new TWH Shares depends on ASX exercising its discretion to admit them to quotation on ASX.</p> <p>As the Offer, if successful, will result in a change in nature and scale of TWH's activities under Listing Rule 11.1, TWH Shares will be suspended from trading on ASX from the date of the TWH Shareholder Meeting until TWH re-complies with Chapters 1 and 2 of the Listing Rules and receives ASX approval to be re-admitted to the ASX.</p> <p>The TWH Performance Shares being offered will not be listed on ASX, but upon satisfaction of the Performance Milestone and conversion of the TWH Performance Shares into TWH Shares, TWH will apply to ASX for quotation of those new TWH Shares on ASX.</p>	Section 4.3 of this Bidder's Statement contains more information in relation to the re-admission of TWH Shares to trading on the ASX.
7.	Will my new TWH Consideration Securities be restricted from trading?	<p>TWH Shares (and TWH Shares issued upon conversion of TWH Performance Shares) issued as TWH Consideration Securities may be subject to trading restrictions for a period of time in accordance with the Listing Rules, depending on:</p> <p>(a) whether you are a related party or promoter of TWH or AusCann;</p> <p>(b) the amount of cash that you</p>	Section 10.11 of this Bidder's Statement contains more information in relation to the trading restrictions applicable to TWH Consideration Securities.

No.	Question	Answer	Further Information
		<p>paid for Your AusCann Shares; and</p> <p>(c) the date of issue of Your AusCann Shares.</p>	
8.	<p>What rights and liabilities will attach to my new TWH Consideration Securities?</p>	<p>The new TWH Shares issued under the Offer will be issued fully paid and will from the time of issue rank equally with existing TWH Shares.</p> <p>The TWH Performance Shares will constitute a new class of shares.</p>	<p>Section 4.6 of this Bidder's Statement contains more information about the rights and liabilities attaching to TWH Shares.</p> <p>Section 4.7 of this Bidder's Statement contains more information about the rights and liabilities attaching to TWH Performance Shares.</p>
9.	<p>Who are the TWH Directors and what experience do they have?</p>	<p>The current Directors of TWH are:</p> <p>(a) Mr David Wheeler – Non-Executive Chairman;</p> <p>(b) Mr Nicholas Calder – Non-Executive Director; and</p> <p>(c) Mr Simon Taylor – Non-Executive Director.</p> <p>Upon completion of the Acquisition the current TWH Directors will resign and the Proposed Directors will be appointed as directors of TWH.</p> <p>The Proposed Directors are:</p> <p>(a) Dr Malcolm Washer – Chairman;</p> <p>(b) Ms Elaine Darby – Managing Director;</p> <p>(c) Mr Harry Karelis – Executive Director;</p> <p>(d) Hon Cheryl Edwardes – Non-executive Director;</p> <p>(e) Mr Bruce McHarrie – Non-executive Director; and</p> <p>(f) Mr Bruce Linton (Non-executive Director).</p> <p>Together, the Proposed Directors have a variety of significant experience in horticulture, medicine, clinical research, law and policy, the medicinal cannabis industry, capital markets and corporate and financial management.</p>	<p>Section 3.2 of this Bidder's Statement contains further information in relation to the TWH Directors.</p> <p>Section 7.3(b) contains further information regarding the Proposed Directors and their experience.</p>

No.	Question	Answer	Further Information
10.	Do the current TWH Directors or Proposed Directors have any securities in AusCann?	<p>Yes, Mr David Wheeler, a current TWH Director, by virtue of being a controller of Pathways Corporate, an AusCann Shareholder, has a Relevant Interest in AusCann Shares.</p> <p>In addition, the following Proposed Directors hold interests in securities in AusCann:</p> <p>(a) Dr Malcolm Washer;</p> <p>(b) Ms Elaine Darby;</p> <p>(c) Mr Harry Karelis; and</p> <p>(d) Mr Bruce Linton.</p>	Sections 3.6, 10.9 and 10.10 of this Bidder's Statement contain further information in relation to the shareholdings and other interests in AusCann of the current TWH Directors and the Proposed Directors.
11.	Do the TWH Directors have any interest in TWH Securities?	No, none of the TWH Directors currently have an interest in any TWH Securities. However, the Company proposes to issue TWH Options to the Directors as a condition to the Offer.	Sections 10.8, 10.9 and 10.10 of this Bidder's Statement contain further information in relation to the shareholdings and other interests in TWH, and the remuneration, of the TWH Directors.

Part C – Overview of risks

No.	Question	Answer	Further Information
12.	Are there risks if I accept the Offer?	<p>Yes. If you accept the Offer, and it becomes Unconditional, you will be issued TWH Consideration Securities. There are risks in holding TWH Consideration Securities. You are already exposed to some of these risks, to varying degrees, as a result of holding AusCann Shares.</p> <p>The financial and operational performance of TWH's business, and the value and trading prices for TWH Consideration Securities will be influenced by a range of risks. Many of these risks are beyond the control of TWH's Board and management.</p> <p>Section 9 of this Bidder's Statement provides a detailed explanation of these risks. Specifically, it deals with:</p> <p>(a) risks relating to the Offer;</p> <p>(b) risks that are specific to TWH and AusCann as the Merged Entity; and</p> <p>(c) general and industry risks relating to TWH and AusCann as the Merged Entity.</p>	See Section 9 of this Bidder's Statement which contains full details in respect of each of the risks.

Part D – Other relevant questions

No.	Question	Answer	Further Information
13.	Can the Offer Period be extended?	The Offer Period can be extended at TWH's election in accordance with the Corporations Act.	
14.	What choices do I have as an AusCann Shareholder?	As an AusCann Shareholder, you have the following choices in respect of Your AusCann Shares: (a) accept the Offer; (b) sell some or all of Your AusCann Shares outside of the Offer, but as AusCann Shares are not listed on any securities exchange, this may be difficult for you to do; or (c) do nothing.	
15.	How do I accept the Offer?	Below is a summary of the ways in which you can accept the Offer. Full details regarding acceptance of the Offer is set out in paragraph 4 of Annexure A. You may only accept the Offer in respect of all (and not part) of Your AusCann Shares. To accept the Offer, you must complete the accompanying Acceptance Form and return it, together with any other documents required, to the address on the form so that it is received before the date the Offer closes.	See your Offer Acceptance Form enclosed with this Bidder's Statement and Annexure A for further information.
16.	Can I accept the Offer for part of my holding?	No, you must accept the Offer for all of your holding.	
17.	If I accept an Offer can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Offer, TWH varies the Offer in a way that postpones for more than 1 month the time that TWH has to meet its obligations under the Offer (for example, if TWH extends the Offer for more than 1 month while the Offer remains subject to any of the Conditions).	Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to revoke or withdraw your acceptance of the Offer.
18.	When will I receive my consideration?	If you accept the Offer, subject to you providing any other documents required, TWH will issue TWH Consideration Securities as consideration for Your AusCann Shares on or before the earlier of: (a) 1 month after you have validly accepted the Offer or the	Annexure A of this Bidder's Statement contains more information as to when new TWH Consideration Securities will be issued to you under the Offer.

No.	Question	Answer	Further Information
		<p>contract resulting from its acceptance becomes Unconditional (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period, provided that the Offer has become Unconditional.</p>	
19.	Will I need to pay any transaction costs if I accept the Offer?	No - you will not incur any brokerage fees or be obliged to pay stamp duty or other transaction costs in connection with your acceptance of the Offer.	Annexure A of this Bidder's Statement contains the full terms of the Offer and Conditions. See also the instructions on the Acceptance Form enclosed with this Bidder's Statement.
20.	What happens if I do not accept the Offer?	<p>Subject to the explanation below, you will remain an AusCann Shareholder and will not receive the Offer Consideration.</p> <p>If you do not accept the Offer or sell Your AusCann Shares and TWH acquires a Relevant Interest in at least 90% of AusCann Shares and the other Conditions are satisfied or waived, TWH intends to proceed to compulsorily acquire your outstanding AusCann Shares in accordance with the Corporations Act. If this occurs, you will be entitled to receive the Offer Consideration at the conclusion of the compulsory acquisition process. Therefore, accepting the Offer will result in you receiving your Offer Consideration sooner if you accept the Offer, rather than having Your AusCann Shares compulsorily acquired.</p> <p>If the Offer becomes or is declared Unconditional but TWH does not become entitled to compulsorily acquire Your AusCann Shares under the Corporations Act, unless you sell Your AusCann Shares, you will remain an AusCann Shareholder. In these circumstances and, depending on the number of AusCann Shares acquired by TWH, you will remain a minority shareholder in an illiquid stock.</p>	<p>Section 7.3 of this Bidder's Statement provides more information regarding TWH's intentions if it acquires a Relevant Interest in at least 90% of the AusCann Shares.</p> <p>Sections 7.4 and 7.5 of this Bidder's Statement provide more information regarding TWH's intentions if it acquires a Relevant Interest in less than 90% of the AusCann Shares.</p>

No.	Question	Answer	Further Information
21.	Are there conditions to the Offer?	<p>The Offer is subject to the Conditions set out in paragraph 8 of Annexure A, which include:</p> <ul style="list-style-type: none"> (a) approval of the Essential Resolutions; (b) TWH raising at least \$3,000,000 (before costs) under the Public Offer; (c) on or before the end of the Offer Period, TWH having a Relevant Interest in more than 90% (by number) of the AusCann Shares on issue; (d) TWH receiving conditional approval from ASX to have its securities reinstated to trading and those conditions being satisfied to the reasonable satisfaction of TWH and AusCann; (e) Canopy accepting the offer under the Option Purchase Agreement in relation to its AusCann Options; (f) TWH receiving necessary regulatory approvals or consents required by law to permit the acquisition of AusCann; (g) no regulatory action being taken or consents withdrawn between the Announcement Date and the end of the Offer Period in consequence of or in connection with the Offer; (h) no AusCann Material Adverse Change between the Announcement Date and the end of the Offer Period; and (i) each AusCann Shareholder entering into such form of restriction agreement as required by ASX. 	Paragraph 8 of Annexure A to this Bidder's Statement sets out the Conditions in full.
22.	What if the Conditions are not satisfied or waived?	<p>If the Offer closes and the Conditions are not satisfied or waived, the Offer will lapse, and your acceptance will be void. In other words, you will continue to hold Your AusCann Shares (unless you otherwise sell them). TWH will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.</p>	Annexure A to this Bidder's Statement sets out further information in relation to the Offer.

No.	Question	Answer	Further Information
23.	What happens if TWH improves the Offer Consideration?	If TWH improves the Offer Consideration, all the AusCann Shareholders who accept that Offer (whether or not they have accepted the Offer before or after such improvement) will be entitled to the benefit of the improved Offer Consideration, should the Offer become or be declared Unconditional.	Annexure A to this Bidder's Statement sets out further information in relation to the Offer.
24.	What are the tax implications of accepting the Offer?	A general summary of the Australian tax consequences for AusCann Shareholders who accept the Offer is set out in Section 8. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. AusCann Shareholders should seek their own taxation advice in relation to acceptance of the Offer.	Section 8 of this Bidder's Statement sets out further information.

2. WHY YOU SHOULD ACCEPT THE OFFER

TWH believes you should **ACCEPT** the Offer for the following reasons:

2.1 You will receive attractive value for Your AusCann Shares.

The implied value of the Offer (excluding the value of TWH Shares issued upon conversion of the TWH Performance Shares) is \$0.009 per AusCann Share based on TWH's closing share price on 28 September 2016 (being the last day TWH Shares traded on ASX prior to the Announcement Date) of \$0.009. The implied value of the TWH Shares that may be issued upon conversion of the TWH Performance Shares is a further \$0.00173 per AusCann Share based on the same TWH share price. The value of the Offer may change as a consequence of changes in the market price of TWH Shares.

2.2 You will gain ASX share trading liquidity.

Since TWH is listed on ASX and TWH is offering to issue TWH Shares as consideration for Your AusCann Shares, you will, if you accept the Offer, gain the ability to trade on ASX the TWH Shares (and TWH Shares issued on conversion of TWH Performance Shares) that you receive as Offer Consideration should the Offer be successful (subject to any trading restrictions that may apply to Your TWH Shares).

2.3 You will become a shareholder in a company with the cash reserves to pursue AusCann's commercial objectives.

As at 30 June 2016, TWH had a cash and cash equivalents balance of approximately \$370,000 and under the Public Offer is seeking to raise an additional minimum of \$3 million and up to \$5 million to support the Merged Entity's strategy to develop AusCann's research, testing, clinical trials and medicinal cannabis product development. AusCann currently has insufficient funds to fully develop its ongoing activities.

By accepting the Offer, should they be successful, you will become a shareholder of a company with an enhanced balance sheet and improved access to capital for funding given its ASX listing.

2.4 The AusCann Board unanimously recommends that you accept the Offer

The AusCann Board, in the absence of a Superior Proposal, unanimously recommends that AusCann Shareholders accept the Offer.

The members of the AusCann Board have also indicated that they intend to, in the absence of a Superior Proposal, to accept the Offer in respect of all AusCann Shares they control.

2.5 TWH has an interest in 32.6% of the voting AusCann Shares on issue

As at the Announcement Date, AusCann Shareholders holding approximately 32.6% of the AusCann Shares on issue have entered into share purchase agreements with TWH (**Pre-existing Sale Agreements**). Under the terms of the Pre-existing Sale Agreements, the relevant AusCann Shareholder will receive the same consideration that is offered to AusCann Shareholders under the Offer.

Further details of the Pre-existing Sale Agreements are set out in Section 10.3 of this Bidder's Statement.

2.6 The management skills of the Merged Entity's directors will allow AusCann's research and development to be further developed.

If the Offer is successful, the board of directors of the Merged Entity will comprise the Proposed Directors, Dr Malcolm Washer, Ms Elaine Darby, Mr Harry Karelis, Hon Cheryl Edwardes, Mr Bruce McHarrie and Mr Bruce Linton. These directors have significant expertise and skills in biotechnology and public company management, to oversee the further development of AusCann's research and development of medicinal cannabis and related products.

All existing Directors of TWH will retire if the Offer is successful.

2.7 You may be eligible for full or partial capital gains rollover relief.

AusCann Shareholders may have access to full or partial scrip-for-scrip rollover relief in relation to the exchange of their AusCann Shares for TWH Consideration Securities, in which case you will not incur capital gains tax (CGT) as a result of accepting the Offer.

Should the Offer be successful and result in TWH becoming the holder of 80% or more of the voting shares in AusCann as at the close of the Offer Period, AusCann Shareholders who would otherwise make a capital gain from the disposal of their AusCann Shares pursuant to the Offer may be able to choose to obtain full or partial scrip-for-scrip rollover relief.

If scrip-for-scrip rollover relief is available and is chosen by AusCann Shareholders who would otherwise have made a capital gain on disposal of their AusCann Shares under the Offer, all of the capital gain from the disposal may be disregarded.

However, AusCann Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal) in respect of the TWH Consideration Securities received as consideration under the Offer.

Please refer to Section 8 of this Bidder's Statement for more information.

If you wish to accept the Offer, you must return the signed Acceptance Form by 5:00pm (WST) on 7 December 2016 (unless otherwise extended).

3. PROFILE OF TWH

3.1 Overview of TWH

TWH was incorporated as a public company on 26 February 1986 and was admitted to the Official List on 3 May 1989 (ASX code: TWH).

Since its incorporation, TWH has principally been focused on the preparation for sale of Australian table and sparkling wines, principally through an Australia-wide distribution agreement. For a number of years, TWH has been considering other potential areas of interest and actively engaging in assessing such opportunities.

TWH has been seeking further investment opportunities outside of the wine industry. As announced to ASX on 17 March 2016, TWH entered into a non-binding term sheet to acquire 100% of the issued share capital of AusCann, an Australian unlisted public company (**Acquisition**). In addition, as announced to ASX, on 9 May 2016 TWH and AusCann entered into a binding heads of agreement in respect of the Acquisition (**Heads of Agreement**).

As at 28 September 2016 (being the last trading day before the Announcement Date), TWH had approximately 2700 Shareholders and a market capitalisation of approximately \$5.4 million.

3.2 Directors and key personnel of TWH

A brief summary of the TWH Board and key personnel, as at the date of this Bidder's Statement, is set out below.

Mr David Wheeler – Non-Executive Chairman

Mr Wheeler has more than 30 years' executive management experience through general management, CEO and managing director roles across a range of companies and industries. He has worked on business projects in the USA, UK, Europe, New Zealand, China, Malaysia and the Middle East. He has been a Fellow of the Australian Institute of Company Directors since 1990.

Directorships of listed entities in the past 3 years: OZ Brewing Limited (ASX: OZB), Lithex Resources Limited (ASX: LTX), Castillo Copper Limited (ASX: CCZ), Premiere Eastern Energy Limited (ASX: PEZ), Antares Mining Limited (ASX: AZZ) , Antilles Oil & Gas Limited (ASX: AVD) and Eumeralla Resources Limited (ASX: EUM).

Mr Nicholas Calder – Non-Executive Director

Mr Calder is a chartered accountant and registered company auditor. He was a partner of PKF Mack from 2006 to 2012 before commencing NK Advisory, which provides corporate, strategic and company secretarial services to a number of oil and gas, mining and manufacturing companies based in Perth, Western Australia. He graduated from the University of Western Australia with a Bachelor of Commerce degree.

Mr Simon Taylor – Non-Executive Director

Mr Taylor is a geologist with over 25 years' experience in exploration, project assessment and development in the resources sector. He has had a diversified career as a resources professional, providing services to resource companies and financial corporations at both a technical and corporate level. Mr Taylor's experience has been predominantly overseas but has also covered projects in Australia. He is a member of the Australian Institute of Geoscientists and a graduate of Sydney University.

Directorships of listed entities in the past 3 years: Chesser Resources Limited (ASX: CHZ), Oklo Resources Limited (ASX: OKU), King Solomon Mines Limited (ASX: KSO) and Aguia Resources Limited (ASX: AGR).

3.3 Proposed Directors

Upon completion of the Acquisition, the current Directors of TWH will resign and the following parties will be appointed as Directors.

Dr Malcolm Washer – Proposed Chairman

Dr Washer was a Liberal member of the Australian House of Representatives from 1998 to 2013. He was educated at the University of Western Australia, graduating in 1970 with degrees in medicine and

surgery. He was a general practitioner before entering politics & established a number of prominent medical centres in Western Australia. Dr Washer was also past chair of the Alcohol and Other Drugs Council of Australia. He has extensive experience in agricultural and horticultural activities and currently operates a commercial avocado plantation in Western Australia bringing highly relevant medical and horticultural expertise and experience to the Company.

Ms Elaine Darby – Proposed Managing Director

Ms Darby holds a Bachelor of Science in Biochemistry & Microbiology, Honours in Molecular Biology and a Bachelor of Laws. She is currently project manager and investment director with Biologica Ventures, an advisory firm in the bio-medical sector. Previous roles have included as a lawyer with top tier corporate law firm Clayton Utz, Media and Communications Officer for an Australian Federal Member of Parliament, and Managing Director and Senior Winemaker of Aquila Estate Winery where she was an award winning wine-maker and also involved in international business development and marketing in territories including Singapore, Japan, Canada, the United Kingdom, and the United States.

Mr Harry Karelis – Proposed Executive Director

Mr Karelis is the founder of Titan Capital Partners, a privately held investment group involved in a range of projects and has in excess of 24 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has acted as a director on several public and private companies in Australia, Singapore and the United Kingdom.

Mr Karelis graduated from the University of Western Australia with a Bachelor of Science (Hons), majoring in Biochemistry and Microbiology, and a Masters in Business Administration. He is also a Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and has qualified as a Chartered Financial Analyst (CFA) from the CFA Institute in the United States. Mr Karelis resides in Australia.

Hon Cheryl Edwardes – Proposed Non-Executive Director

The Hon. Cheryl Edwardes was the former Attorney-General for Western Australia and Minister for the Environment. Ms Edwardes was most recently Executive General Manager for External Affairs, Government Relations and Approvals at Hancock Prospecting.

She has extensive experience of successful negotiations to ensure that critical primary agreements and government approvals are obtained in a timely fashion. Such agreements and approvals include the *Railway (Roy Hill Infrastructure Pty Ltd) Agreement Act 2010 (WA)* and the Special Railway Licence, port lease and licence, native title agreements, environmental approvals, and many other critical approvals for Hancock Prospecting Pty Ltd and Roy Hill Iron Ore and Infrastructure. Ms Edwardes resides in Australia.

Mr Bruce Linton – Proposed Non-Executive Director

Mr Linton is the founder, Chairman and CEO of Canopy Growth Corporation, one of Canada's leading medical cannabis companies. Canopy Growth, through its subsidiaries Tweed and Bedrocan Canada, is the world's largest producer of legal cannabis, and recently entered into a strategic partnership with AusCann. His primary focus has been to position cannabis brands in a competitive market and to raise the capital necessary to fund such operations. Mr Linton's experience as a founder, CEO, and board member across a wide variety of enterprises has influenced the initial success of Canopy.

Mr Linton has led three merger and acquisition transactions valued over \$70 million total since founding Canopy. In addition to his leadership responsibility at Canopy, he is the CEO of communications company Martello Technologies.

After beginning his career at Newbridge Networks Corporation, Mr Linton has since held positions that include General Manager and re-founder of Computerland.ca, President and Co-Founder of webHancer Corp, and part of the establishing team at CrossKeys Systems Corporation. He was also part of the leadership team for the Nasdaq/TSX initial public offering at CrossKeys. He has been responsible for the acquisition or disposition of over \$200 million in business assets, and has established regular engagement with the World Bank and Asia Development Bank while focused on markets in India, Philippines, China, Peru, Colombia, Ecuador, Azerbaijan and Uzbekistan.

Mr Linton led the successful entry of both CrossKeys and Clearford into the Chinese market. In 2009 Clearford was awarded by the Canada-China Business Council for its market entry strategy. He sat as Canada's representative on the World Bank's Water Sanitation Program. He has been on the

Cleantech Advisory Board for Foreign Affairs, Trade and Development Canada. He is the past Chairman of the Ottawa Community Loan Foundation, past Board Member and Treasurer of Canada World Youth, past Board of Governor for Carleton University, past President of the Nepean Skating Club and past President of the Carleton University Students Association. Mr Linton resides in Canada.

Mr Bruce McHarrie – Proposed Non-Executive Director

Mr McHarrie is an experienced senior executive with a background in the life science industry focussed on finance, operations, business and investment management, and strategic planning.

He is currently the General Manager (Business Services) of Brightwater Care Group Inc., and is also a non-executive director of Adherium Limited, a publicly listed digital health technology company. He has previously served as the Chief Financial Officer, Director of Operations and Director of Strategic Projects with the Telethon Kids Institute Western Australia, as well as holding non-executive director positions in biotechnology and not-for-profit healthcare organisations.

Mr McHarrie is a Fellow of the Institute of Chartered Accountants (Australia & New Zealand) and a Graduate of the Australian Institute of Company Directors. Mr McHarrie resides in Australia.

3.4 Overview of TWH's activities

This Section 3.4 contains a summary of TWH's activities. Further information on TWH can be obtained from TWH's website (www.twholdings.com.au).

TWH is an Australian public company which previously has been focused on the preparation for the sale of Australian table and sparkling wines, principally through an Australia-wide distribution agreement. For a number of years, TWH has been considering other potential areas of interest and actively engaging in assessing such opportunities.

As at 30 June 2016, TWH had cash and cash equivalents of approximately \$370,000.

TWH's primary objective has been to realise value for its Shareholders and has remained open-minded to acquisitions or investments in other sectors.

The effect of the Acquisition is that the nature and scale of the activities of TWH will change as the Company focuses on the following objectives after completion:

- (a) research into, and development of, new medicinal cannabis strains, cultivation and extraction techniques;
- (b) research into the clinical efficacy of medicinal cannabis products and delivery mechanisms for various medical conditions;
- (c) obtaining relevant licensing for the cost effective cultivation and manufacture of high quality, clinically effective medicinal cannabis in Australia once regulations permit; and
- (d) the provision of relevant information to establish the Australian medical community's trust and confidence in the prescription of AusCann's medicinal cannabis products.

The Acquisition is an event which requires TWH to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules, which process includes obtaining Shareholder approval for the significant change in the nature and scale of the Company's activities arising out of the Acquisition, the issue of a prospectus to raise an additional \$3 million and up to \$5 million to fund the proposed development of the AusCann business, and the consolidation of its capital on a 20:1 basis.

The effect of the Acquisition on the TWH's capital structure is set out in the table in Section 6.6 of this Bidder's Statement.

3.5 Financial Performance

The historical consolidated statements of financial position of TWH are set out below and have been extracted from the audited consolidated statements of financial position as at the end of the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016, being the last three consolidated statements of financial position prior to the date of this Bidder's Statement.

	Audited Consolidated FY 2016 \$	Audited Consolidated FY 2015 \$	Audited Consolidated FY 2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	370,270	376,143	784,931
Trade and other receivables	10,281	12,673	18,681
Other current assets	-	-	-
TOTAL CURRENT ASSETS	380,551	388,816	803,612
NON-CURRENT ASSETS			
Plant and equipment	-	-	1,552
TOTAL NON-CURRENT ASSETS	-	-	1,552
TOTAL ASSETS	380,551	388,816	805,164
CURRENT LIABILITIES			
Trade and other payables	60,604	29,127	143,025
TOTAL CURRENT LIABILITIES	60,604	29,127	143,025
TOTAL LIABILITIES	60,604	29,127	143,025
NET ASSETS	319,947	359,689	662,139
SHAREHOLDERS' EQUITY			
Issued capital	81,099,059	80,486,376	80,486,376
Accumulated losses	(80,779,112)	(80,126,687)	(79,824,237)
TOTAL EQUITY	319,947	359,689	662,139

The historical consolidated statements of financial performance of TWH are set out below and have been extracted from the audited consolidated statements of financial performance for the financial years ended 30 June 2014, 30 June 2015 and 30 June 2016, being the last three consolidated statements of financial performance prior to the date of this Bidder's Statement.

	Audited Consolidated FY 2016 \$	Audited Consolidated FY 2015 \$	Audited Consolidated FY 2014 \$
Other income	5,482	12,557	35,542
Directors fees and employee benefits	(172,000)	(152,176)	(120,000)
Administration expenses	(235,908)	(161,279)	(327,506)
Exclusivity fee	(250,000)	-	-
Project expenses	-	-	(295,211)

	Audited Consolidated FY 2016 \$	Audited Consolidated FY 2015 \$	Audited Consolidated FY 2014 \$
Depreciation and amortisation expense	-	(1,552)	(1,037)
Loss before income tax	(652,426)	(302,450)	(708,212)
Income tax expense	-	-	-
Loss for the year	(652,426)	(302,450)	(708,212)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year (net of tax)	-	-	-
Total comprehensive loss for the year	(652,426)	(302,450)	(708,212)
Basic and diluted loss per share (cents per Share)	(0.1)	(0.1)	(0.2)

3.6 Relationship with AusCann

Prior to signing the Heads of Agreement, TWH had no pre-existing relationship with AusCann.

As at the date of this Bidder's Statement, apart from Mr David Wheeler, no TWH Director has a Relevant Interest in AusCann Securities.

Mr David Wheeler has a Relevant Interest in AusCann Shares by virtue of being a controller of Pathways Corporate, an AusCann Shareholder. Pathways Corporate owns 12,121,212 AusCann Shares which will be exchanged for 12,121,212 TWH Shares and 2,332,411 TWH Performance Shares under the Offer.

3.7 Corporate Governance

The TWH Board seeks to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles for Good Corporate Governance and Best Practice Recommendations.

Details on TWH's corporate governance procedures, policies and practices can be obtained at TWH's website www.twholdings.com.au.

3.8 Publicly available information about TWH

TWH is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. TWH is subject to the Listing Rules which require continuous disclosure of any information TWH has concerning itself that a reasonable person would expect to have a material effect on the price or value of its securities.

TWH is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by TWH may be obtained from, or inspected at, an ASIC office.

On request to TWH and free of charge, AusCann Shareholders may obtain a copy of:

- (a) the annual financial report of TWH for the year ended 30 June 2016 lodged by TWH with ASX on 22 September 2016 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC); and
- (b) any continuous disclosure notice given to ASX by TWH since the lodgement with ASIC of the annual financial report for TWH referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements TWH has lodged with ASX since 22 September 2016 (being the date of lodgement of the annual financial report referred to in paragraph (a)) is set out in Annexure B to this Bidder's Statement.

Further information about TWH is available in electronic form from www.twholdings.com.au and on the ASX website.

Other than information contained in this Bidder's Statement, 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 Bidder's Statement.

4. INFORMATION ABOUT TWH SECURITIES

4.1 Capital structure

As at the date of this Bidder's Statement, TWH has the following securities on issue:

Class of Security	Number
TWH Shares currently on issue ¹	602,362,410 ²
TWH Performance Shares currently on issue	Nil
TWH Options currently on issue	Nil

Notes:

1. The rights attaching to the TWH Shares are summarised in Section 4.6 of this Bidder's Statement.
2. It is proposed to consolidate the TWH Shares on the basis of 20:1. The number shown above is pre-Consolidation. Post-Consolidation, TWH will have up to 216,348,538 TWH Shares (inclusive of up to 25,000,000 TWH Shares to be issued pursuant to the Public Offer and 161,230,418 TWH Shares to be issued as TWH Consideration Securities), 28,230,351 TWH Performance Shares and 2,794,231 Performance Rights on issue.

4.2 Recent performance of TWH Shares

Set out below is a table showing relevant trading prices of TWH Shares on ASX:

Comparative Trading Period	Price of TWH Shares
Highest trading price in the 4 months prior to the date this Bidder's Statement was lodged with ASIC on 31 October 2016	\$0.013
Lowest trading price in the 4 months prior to the date this Bidder's Statement was lodged with ASIC on 31 October 2016	\$0.008
Closing trading price on the last trading day (being 28 September 2016) before the Announcement Date	\$0.009
Last available closing sale price (as at 28 October 2016) on ASX prior to the date this Bidder's Statement was lodged with ASIC	\$0.012
5-day volume weighted average price before the date this Bidder's Statement was lodged with ASIC	\$0.01189

The implied value of the Offer will be partly dependant on the market price of TWH Shares. The implied value of the Offer will change as a consequence of changes in the market price of TWH Shares from time to time.

The implied value of the Offer (excluding the value of TWH Shares issued upon conversion of the TWH Performance Shares) is \$0.009 per AusCann Share based on TWH's closing share price on 28 September 2016 (being the last day TWH Shares traded on ASX prior to the Announcement Date) of \$0.009. The value of the Offer may change as a consequence of changes in the market price of TWH Shares.

4.3 Change in nature and scale of Company

The completion of the Offer will result in TWH undergoing a significant change in nature and scale of its activities as contemplated by Listing Rule 11.1, from a wine distribution company to a medicinal cannabis research and product development company.

Following such a change in nature and scale, TWH Shares will only be re-admitted to trading on the ASX if TWH first complies with the requirements of Listing Rule 11.1.

To comply with Listing Rule 11.1, TWH must (amongst other things):

- (a) obtain Shareholder approval for the change in nature and scale of activities resulting from completion of the Offer;
- (b) re-comply with the requirements of Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the Official List; and
- (c) issue a full form prospectus and raise the minimum subscription under that prospectus.

To ensure the Offer only proceeds if TWH Shares can be re-admitted to trading on the ASX following completion of the Offer, the conditions of the Offer include that TWH:

- (a) obtains Shareholder approval for the change in nature and scale of TWH's activities (this is one of the Essential Resolutions); and
- (b) raises no less than \$3.0 million pursuant to the Public Offer.

TWH has scheduled the TWH Shareholder Meeting for 31 October 2016 to obtain, amongst other things, shareholder approvals for all of the Essential Resolutions, being in summary:

- (a) the significant change in the nature and scale of the TWH's activities as a result of the successful completion of the Offer;
- (b) the consolidation of the issued capital in TWH on a 20:1 basis;
- (c) the creation of a new class of TWH securities, being the Performance Shares that form part of the Consideration Securities under the Offer;
- (d) the issue of TWH Shares and TWH Performance Shares offered as consideration under the Offer and the Pre-existing Sale Agreements;
- (e) the issue of TWH Options to Canopy in accordance with the Option Purchase Agreement;
- (f) the issue of TWH Shares under the Public Offer;
- (g) the issue of the TWH Shares and TWH Performance Rights to the certain advisers of the Company;
- (h) the issue of the TWH Options to the current Directors;
- (i) the appointment of the Proposed Directors to the Board; and
- (j) the change of the company's name from TW Holdings Limited to AusCann Group Holdings Limited.

Each of the Essential Resolutions to be considered at the TWH Shareholder Meeting is conditional upon the passing of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved, all of the Essential Resolutions will fail and the Offer (as well as the Public Offer) will not be completed. Further details of the Essential Resolutions are contained in the Notice of Meeting.

TWH Shares will be suspended from trading from the commencement of trading on the date of the TWH Shareholder Meeting until it has completed the re-compliance with Chapters 1 and 2 of the Listing Rules.

TWH lodged a prospectus for the Public Offer on 21 October 2016.

4.4 Quotation of TWH Shares comprising Offer Consideration

As set out in Section 4.3, because the Offer will result in a significant change in nature and scale of TWH's activities (if successful), TWH Shares will be suspended from trading on ASX from the date of the TWH Shareholder Meeting until TWH re-complies with Chapters 1 and 2 of the Listing Rules and receives ASX approval to be re-admitted to ASX.

TWH will lodge an application for admission to quotation of the TWH Shares comprising part of the Offer Consideration to trading on ASX within 7 days of the start of the Offer Period. The Offer is conditional on approval for quotation being granted. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the TWH Shares to be issued as Offer Consideration will be quoted on ASX.

The TWH Performance Shares being offered will not be listed on ASX, but upon satisfaction of the Performance Milestone and conversion of TWH Performance Shares into TWH Shares, TWH will apply to ASX for quotation of the new TWH Shares on ASX.

Upon completion of the Offer and the Public Offer, TWH considers that it will be in a position to satisfy the requirements of Chapters 1 and 2 of the Listing Rules, resulting in TWH Shares being re-admitted to trading on ASX.

As TWH is listed on ASX, TWH's actions and activities are subject to the Listing Rules.

4.5 Rights and liabilities of TWH Consideration Securities

The TWH Consideration Securities offered to AusCann Shareholders under the Offer include TWH Shares and TWH Performance Shares.

A resolution to be put before the TWH Shareholders at the TWH Shareholder Meeting is to consider whether to adopt a new company constitution (**New Constitution**). Upon completion of the Acquisition, the Merged Entity will be governed by the New Constitution.

The TWH Shares offered are fully paid ordinary shares in the capital of TWH, and from the date of their issue will rank equally with existing TWH Shares and will have the same rights and liabilities attaching to them. Upon successful completion of the Acquisition, the rights and liabilities attaching to TWH Shares will be governed by the New Constitution, the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law of Australia.

The TWH Performance Shares are shares that will convert into TWH Shares on a one-for-one basis upon satisfaction of one of the following performance milestones:

- (a) AusCann obtaining the relevant Australian or international legal authorisations to cultivate and produce cannabis and cannabis resin for medicinal and related scientific purposes; or
- (b) AusCann being issued or acquiring an interest of not less than 49% in an entity that holds a legal authorisation for the cultivation and production of cannabis and cannabis resin for medicinal and related scientific purposes outside Australia; or
- (c) TWH being granted legal authorisation to cultivate and produce cannabis and cannabis resin for medicinal and related scientific purposes, or acquires an interest as referred to in (b) above,

(together, the **Performance Milestone**).

Under section 140(1) of the Corporations Act, the Constitution has effect as a contract between TWH and each member and between a member of TWH and each other member. Accordingly, if you accept TWH Shares as consideration you will, as a result, become bound by the rules of the New Constitution.

Set out below is a summary of the rights and liabilities attaching to TWH Shares on the assumption that TWH Shareholders approve the New Constitution. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of shareholders of TWH. Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

Full details of the rights attaching to TWH Shares are set out in the New Constitution, a copy of which is available for inspection at TWH's registered office during normal business hours.

4.6 Rights attaching to TWH Shares

The rights, privileges and restrictions attaching to TWH Shares can be summarised as follows:

- (a) General meetings

Each member is entitled to receive notice of, and to attend and vote at, general meetings of TWH and to receive all notices, accounts and other documents required to be sent to members under the New Constitution, the Corporations Act or the Listing Rules.

- (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the New Constitution, the Corporations Act or the Listing Rules, at a general meeting of TWH every holder of fully paid ordinary shares present in person or by a representative, proxy or attorney has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the

total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in TWH have been paid. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), TWH will count only the vote cast by the member whose name appears before the other(s) in TWH's register of members.

(c) Dividend rights

Subject to the Corporations Act, the Listing Rules, New Constitution and the rights of any person entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable. TWH in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by TWH's profits and for that purpose may declare such interim dividends. Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.

(d) Winding-up

Subject to the rights of holders of shares with special rights in a winding up, if TWH is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of TWH in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.

(e) Transfer of Shares

Subject to the New Constitution, the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules, ordinary shares are freely transferable. The shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act.

TWH may decline to register a transfer of shares in the circumstances described in the New Constitution and where permitted to do so under the Listing Rules. If TWH declines to register a transfer, TWH must give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of shares when required by law, by the Listing Rules or by the ASX Settlement Operating Rules.

(f) Variation of rights

At present, TWH has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(g) Issues of further shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

(h) Dividend plans

The Directors may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.

(i) Directors

The Constitution states that the minimum number of Directors is three.

(j) Powers of the Board

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution.

4.7 Rights attaching to TWH Performance Shares

The TWH Performance Shares are shares that will convert into TWH Shares on a one-for-one basis upon satisfaction of the Performance Milestone.

The TWH Performance Shares expire 18 months after TWH has achieved re-compliance and is re-admitted to the Official List (unless the Performance Milestone has been satisfied and the TWH Performance Shares have been converted to TWH Shares). The full terms and conditions of TWH Performance Shares are set out in Annexure C.

4.8 Shareholders of TWH

As at 30 September 2016, there were approximately 2900 TWH Shareholders.

As at 30 September 2016, the top 20 direct Shareholders of TWH were as follows:

Rank	TWH Shareholder	Number of TWH Shares ¹	% of TWH Issued Share Capital
1.	JDK Nominees Pty Ltd	52,817,403	8.77
2.	Celtic Capital Pty Ltd	35,000,000	5.81
3.	Mr Jason Peterson + Mrs Lisa Peterson	15,000,000	2.49
4.	Nurragi Investments Pty Ltd	12,199,600	2.03
5.	Mrs Katherine Elizabeth Macdermott	11,964,752	1.99
6.	Mr John Della Bosca	10,750,000	1.78
7.	Mr Michael Andrew Whiting + Mrs Tracey Anne Whiting	10,626,875	1.76
8.	Spinite Pty Ltd	10,000,000	1.66
9.	Agens Pty Ltd	8,400,000	1.39
10.	Mr Craig Peter Ball	7,969,375	1.32
11.	Mr Mario Di Lallo and Mrs Alison Valerie Di Lallo	7,500,000	1.25
12.	Mr Adam Albert Atkins	6,200,000	1.03
13.	Foresight Pty Ltd	5,600,000	0.93
14.	Mr Robert Fraser and Mrs Tracy Fraser	5,200,000	0.86
15.	Mr Anthony Nicholls	5,000,000	0.83

Rank	TWH Shareholder	Number of TWH Shares ¹	% of TWH Issued Share Capital
16.	United Trolley Collections Pty Ltd	5,000,000	0.83
17.	Mr Christopher David Smerdon and Mrs Jame Lousie Smerdon	4,900,000	0.81
18.	Mr Huu Tho Nguyen	4,610,307	0.77
19.	Mr Barry Charles Jupp and Mr Clinton James Cash	4,266,010	0.71
20.	Mr Conald Clinton Stephens	4,200,000	0.70
	Total	227,204,322	37.72

As at the date of this Bidder's Statement, the current TWH Directors do not hold any TWH Shares. Refer to Section 10.9 for further details of the interests of the TWH Directors in TWH Securities.

4.9 Substantial shareholders of TWH

Those Shareholders holding a Relevant Interest in 5% or more of the TWH Shares on issue as at the date of this Bidder's Statement, so far as is known to TWH based on the substantial shareholder notices lodged with TWH, are set out in the table below.

TWH substantial shareholder	Disclosed number of TWH Shares held ¹	Disclosed voting power (%) ²
JDK Nominees Pty Ltd	52,817,403	8.77
Jason Peterson ³	52,500,000	8.72

Notes:

1. Based on the number of TWH Shares held as stated in the relevant notices lodged with ASX and on a pre-Consolidation basis
2. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.
3. Based on the Form 604 announced to the ASX on 1 June 2016. Mr Peterson's shareholding includes 35,000,000 Shares held by Celtic Capital Pty Ltd, 2,500,000 Shares held by Professional Payment Services Pty Ltd and 15,000,000 Shares held by Jason & Lisa Peterson.

4.10 Dividend history

TWH has not previously and does not currently pay dividends.

5. PROFILE OF AUSCANN

5.1 Disclaimer

This overview of AusCann and all financial information concerning AusCann contained in this Bidder's Statement has been prepared by TWH using publicly available information and information provided by AusCann management.

The information in this Bidder's Statement concerning AusCann has not been independently verified. TWH does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on AusCann is not considered to be comprehensive.

5.2 Overview of AusCann

AusCann was established in 2014 to bring world's best practice into Australia for the cultivation and manufacture of high value medicinal cannabis products. Its founding shareholders and directors comprise a group of high profile and seasoned executives with backgrounds in government, medicine, law enforcement, bio-pharmaceuticals and capital markets.

AusCann's approach is to build strong and long-lasting partnerships and collaborations with leading groups across the globe to ensure that AusCann remains at the forefront of the continually evolving medical cannabis landscape in Australia.

These collaborations include partnerships with European breeding companies, leading universities in Australia, clinical stage biotech companies and US-based groups dealing direct with patients and with a deep understanding of treatment regimes including dosing and protocols.

AusCann continues to play a leading role in the national debate around providing a regulated scheme for patients in need to access cannabis-based medicines.

5.3 AusCann board of directors

As at the date of this Bidder's Statement, the directors of AusCann are:

- (a) Dr Malcolm Washer – Chairman;
- (b) Ms Elaine Darby – Managing Director;
- (c) Mr Harry Karelis – Executive Director;
- (d) Hon Cheryl Edwardes – Non-executive Director;
- (e) Mr Bruce McHarrie – Non-executive Director; and
- (f) Mr Bruce Linton – Non-executive Director.

Each of the AusCann directors are Proposed Directors for the purposes of this Bidder's Statement and, subject to Shareholder approval being obtained at the TWH Shareholders Meeting, will be appointed to the Board on completion of the Acquisition.

Further details regarding each of the Proposed Directors are set out in Section 3.2.

5.4 Information about AusCann Securities

According to documents provided by AusCann to ASIC and from information made available by AusCann management, as at the date of this Bidder's Statement, AusCann's issued securities on issue at the date of Bidder's Statement consisted of the securities set out in the following table:

Class of security	Number
AusCann Shares ¹	2,934,183,791
AusCann Options ²	153,552,779

Notes:

1. AusCann has one class of voting shares on issue, being the AusCann Shares.

2. The AusCann Options are held by Canopy and are exercisable at \$0.01 per option (on a pre-Consolidation basis) on or before 36 months after their issue.

5.5 Disclosure of interests of Proposed Directors

Director	AusCann Shares
Dr Malcolm Washer	213,142,093 ¹
Ms Elaine Darby	194,669,779
Mr Harry Karelis	196,090,726 ³
Mr Bruce Linton	460,658,336 ⁴

Notes:

1. Held by Mal Washer Nominees Pty Ltd, an entity he controls.
2. Held by Gemelli Nominees Pty Ltd, an entity he controls.
3. Held by Canopy, an entity of which Mr Linton is a director and a major shareholder.

The remaining Proposed Directors, being Hon Cheryl Edwardes and Mr Bruce McHarrie, do not have an interest in the issued securities of AusCann.

5.6 Overview of AusCann's activities and projects

(a) *AusCann's business model*

AusCann has the ability to deliver high quality, economical and clinically validated cannabis medicines by:

- (i) having access to expertise and relevant intellectual property in respect to:
 - (A) plant genetics and breeding;
 - (B) cultivation and production techniques;
 - (C) manufacturing techniques;
 - (D) cannabis medicines that are currently being prescribed for patients for a range of conditions internationally; and
 - (E) undertaking clinical studies in Australia;
- (ii) having the expertise to operate under Australian strict cultivation and manufacturing requirements; and
- (iii) being able to supply full spectrum plant extracts rather than synthetic or single molecule preparations.

AusCann's business model is based on:

- (i) securing access to leading medicinal cannabis plant genetics and establishing a genetics breeding program to develop further strains;
- (ii) securing access to leading cultivation, production and manufacturing expertise and developing best practice in respect to full spectrum plant extracts; and
- (iii) partnering with leading researchers for ongoing evaluation of the efficacy the Company's products for a range of medical conditions.

AusCann's main objectives on completion of the Offer are:

- (i) having TWH's securities reinstated to trading on ASX;
- (ii) undertaking research into, and development of, new medicinal cannabis strains, cultivation and extraction techniques;
- (iii) undertaking research into the clinical efficacy of medicinal cannabis products and delivery mechanisms for various medical conditions;

- (iv) obtaining relevant licensing for the cost-effective cultivation and manufacture of high quality, clinically-effective medicinal cannabis in Australia once regulations permit; and
- (v) the provision of relevant information to establish the Australian medical community's trust and confidence in the prescription of AusCann's medicinal cannabis products.

(b) *AusCann research and development*

- (i) Clinical efficacy and analytical work

AusCann will support robust clinical trials that provide quality evidence of the efficacy of AusCann's medicinal cannabis products and delivery mechanisms on targeted medical conditions. These studies will assist in development of confidence by the medical community to prescribe these products and for regulators to allow products to be prescribed for targeted medical conditions. The initial focus for clinical research is treatment-resistant childhood epilepsy and chronic pain. Medicinal cannabis products will initially be sourced from AusCann's Canadian partner Canopy Growth Corp. Once the cultivation, production and manufacturing licensing regime is established in Australia, AusCann intends to supply clinical studies with its locally developed products. These clinical studies will also be deemed a valid supply under relevant legislation for domestic licensing purposes.

AusCann will undertake chemical analysis of produced and sourced medicinal cannabis extracts to support its clinical investigations. This analysis will be undertaken using AusCann analytical equipment and Murdoch University expertise and facilities.

Clinical trials may be undertaken under existing regulatory frameworks using imported products as outlined above. These clinical trial and analytical activities are not dependent upon AusCann obtaining a licence to cultivate and/or manufacture under relevant legislation.

AusCann is currently developing clinical trial protocols with clinicians for these studies. Once completed these protocols will then be submitted for HREC approval and R&D licence applications. Once a R&D licence is obtained then AusCann may apply for a licence and permit to import the cannabis products.

- (ii) Education/outreach

AusCann is also focused on providing relevant information to the Australian medical community to establish trust and confidence in the prescription of AusCann's medicinal cannabis products. This will be done through the provision of information material as well as bringing in clinicians and researchers from overseas who have experience in either the prescription of medicinal cannabis for their patients or undertake research in the field. AusCann will arrange regular road show platforms in each city in which these international clinicians and researchers can engage with the Australian medical community.

- (iii) New medicinal cannabis strains, cultivation and extraction techniques

Under the research alliance with Murdoch University/State Agriculture Biotechnology Centre, AusCann intends to undertake propagation investigation projects such as biosecurity, chemotyping and cultivation modelling.

AusCann and Murdoch University intend to undertake research into biosecurity issues pertaining to the importation of high value clonal propagation material of cannabis species. Cultivation of clonal propagation medicinal cannabis material is required for the manufacture of full spectrum medicinal cannabis products. Full spectrum medicinal cannabis products are full spectrum extracts from the female flower buds of the cannabis plant. These products include the full spectrum of cannabinoids, flavonoids and other pharmacologically active compounds present in the female flower buds. To meet acceptable quality standards, phytomedicines,

such as full spectrum medicinal cannabis, need to be cultivated using a standard process which ensures a reproducible pharmaceutical quality product.

When pharmacologically active ingredients are extracted from botanical raw material, as with medicinal cannabis, consistency in the chemical profile of the individual plants that contribute to a particular batch is of importance. Detailed chemical analysis of plant chemical profiles will be undertaken in the specialist facilities of Murdoch University's State Agricultural Biotechnology Centre.

AusCann and Murdoch University intend to build greenhouses to model optimum conditions for yield and quality consistency of medical cannabis compounds. AusCann is investigating combining the benefits of outdoor and indoor grow by utilising automated retractable roof greenhouses that can optimise growing conditions whilst protecting in-ground crops from adverse weather events. AusCann and Murdoch University can investigate these variables without cultivating cannabis plants and prior to being able to apply for a licence to cultivate under the amended ND Act. The undertaking of the greenhouse modelling activities, which are budgeted for in the use of funds table below, may be undertaken without AusCann or Murdoch having a licence to cultivate and/or manufacture under the ND Act. Design work for these activities has commenced.

Building upon the chemical characterisation expertise for the analysis of produced and sourced medicinal cannabis products, the collaboration team will also undertake chemotyping of cannabis plants to ascertain effectiveness of the modelling conditions.

Once AusCann and Murdoch University can apply for a research and development cultivation licence under the relevant legislation the parties will draw upon the University's expertise to build up the knowledge base in developing improved medicinal cannabis varieties. A key component of this research will be analytical techniques for resolution of the chemical components of the varieties, for profile characterisation and consistency.

AusCann will enter into a breeding collaboration with Spanish plant breeding company PhytoPlant Research SL to develop high yielding strains with desired medical chemotypes which also display environmental compatibility with Australian conditions.

Under the agreement with PhytoPlant Research SL, AusCann is granted exclusivity in the Australian market over certain strains of interest to it including but not limited to high yielding strains containing particular cannabis compounds of medical interest. AusCann is also granted exclusivity in the Australian market for any relevant intellectual property and know-how in terms of extraction protocols that PhytoPlant has developed.

(iv) Licensing applications for growing and manufacturing operations

Proposed activities	Licensing requirements	Licence status
Horticultural R&D (incl. breeding, sourcing varieties)	There are state building, environmental and local government approvals and requirements in respect to the construction and use of greenhouse facilities at Murdoch University. These approval processes are procedural with standard conditions that would need to be complied with. As cannabis will not be grown in the greenhouse modelling	To be applied for upon completion of plans.

	activities specific licensing or permits in respect to cannabis are not required.	
Analytical testing	The analytical testing of medicinal cannabis products for use in clinical trials will be covered by the same licences and permits required for undertaking clinical trials as outlined below.	AusCann is in the process of obtaining relevant licences and permits to undertake this work. Working with clinicians it has commenced drafting of the clinical trial protocols required for the application process.
Clinical trials	Please see outline of approvals and permits required for undertaking a clinical trial below.	AusCann is in the process of obtaining relevant licences and permits to undertake this work. Working with clinicians it has commenced drafting of the clinical trial protocols required for the application process.
Medical education	No licencing or permits are required for the provision of education material to authorised medical clinicians.	Not applicable

AusCann is in the process of obtaining relevant licences and permits to undertake this work. Working with clinicians it has commenced drafting of the clinical trial protocols required for the application process.

WA State permits

A licence is required under the Poisons Act 1964 (WA) to undertake the proposed clinical efficacy and analytical work.

The application process and licensing conditions are dependent upon whether the medicinal cannabis product being used is classed as a schedule 8 or schedule 9 substance in the Poisons Standard. As outlined in 3.4 the TGA issued a final decision on 31 August 2016 which advised that cannabis products would be rescheduled to schedule 8 on 1 November 2016. The Poisons Act 1964 (WA) provides that the Commonwealth Poison Standard scheduling is applied to the WA Poisons Standard. This means that the rescheduling by the TGA would apply to WA.

The rescheduling will occur prior to AusCann commencing its analytical work and clinical studies, however licences and permits can be sought for either schedule 9 or 8 substances.

(A) Schedule 9 substances

A licence is applied for the manufacture, preparation, possession or use of a schedule 9 substance for educational, experimental or research purposes in accordance with s41 of the Poisons Act 1964 (WA). There is no set application form to undertake research involving schedule 9. An application outlining the research is submitted to the Department of Health for approval and issue of a licence.

(B) Schedule 8 substances

To undertake clinical efficacy and analytical work with schedule 8 substances a poisons permit is required under section 25 of the Poisons Act 1964 (WA) and reg 10/10A of the Poisons Regulations 1964 (WA). A permit under reg 10 authorises the purchase of sch 8 substances for research purposes, the relevant permit being Form 8 in Appendix A of the Regulations. Government departments and/or hospitals apply under reg 10A and the relevant permit is Form 13 in Appendix A of the Regulations.

Both permits are applied for using the same standard prescribed form which is available on the WA Health website. AusCann considers the process to be procedural and standard conditions need to be complied with. In particular the safe requirements for storage of schedule 8 substances. Hospitals and other medical facilities where AusCann's clinical studies are to be undertaken are likely to already hold such permits and have the appropriate facilities for handling and storage of schedule 8 substances.

Commonwealth licensing requirements

Clinical studies need to be registered with the TGA using either the Clinical Trial Notification (**CTN**) or Clinical Trial Exemption (**CTX**) schemes, as with any clinical studies being undertaken in Australia.

Whether the CTN or CTX scheme is used will be dependent upon the HREC that reviews the protocol. A determining factor for a HREC may be whether the committee has access to appropriate scientific and technical expertise in order to assess the safety of the product. AusCann intends submitting its clinical trial protocols to HRECs for approval and using the CTM scheme.

The CTN Scheme is a notification scheme and the TGA does not review any data relating to the clinical trial that are simply notified that a HREC has approved the trial protocol. The CTX Scheme is an approval process and under this scheme AusCann would submit an application to conduct the proposed clinical trials to the TGA for evaluation and comment. AusCann may conduct any number of clinical trials under the CTX application without further assessment by the TGA, provided use of the product in the trials falls within the original approved usage guidelines. The TGA must be notified of each trial conducted.

As AusCann intends to use Canadian product it will apply for a licence and permit to import under Reg 5 of the Customs (Prohibited Imports) Regulations 1956 (Cth). Licences are issued annually and do not grant approval to import but allows an applicant to apply for a permit to import. A permit is required for each specific consignment that is imported. Applications are reviewed and approved by the Office of Drug Control (previously the Drug Control Section of the TGA).

A WA state permit permitting the use of the product is required to obtain a licence and permit to import. A standard application form for a licence and permit are available through the Office of Drug Control website. This process is procedural and would require compliance with standard conditions in respect to a schedule 8 or 9 substance.

(v) Cultivation, production and manufacture in Australia

The Narcotic Drugs Amendment Bill 2016 was passed by the Commonwealth Parliament in February 2016 which amended previous legislation to provide for a licensing scheme for the cultivation, production and manufacture of cannabis for medical and scientific purposes. The deadline in which all provisions of the legislation come into force and relevant regulations and subsidiary legislation are to be implemented by is 30 October 2016. Applicants will then be able to apply for relevant licences to cultivate, produce and/or manufacture.

There is a significant commercial opportunity to establish one or more grow operations in Western Australia due to:

- (A) AusCann's collaboration with Murdoch University and the SABC;
- (B) the ability to lease appropriate land; and
- (C) the potential to enter into lease agreements with existing Therapeutic Goods Administration approved manufacturing sites.

In order to implement this strategy, AusCann intends to complete its current feasibility studies on establishing production operations in Western Australia. This will include an assessment of:

- (A) economic potential;
- (B) appropriate physical locations;
- (C) regulatory requirements;
- (D) security needs; and
- (E) infrastructure and personnel requirements.

On completion of the above and subject to satisfying all regulatory hurdles, AusCann intends to immediately commence building one or more growing operations. This may require additional financing (debt, equity or third party) in the future.

AusCann may also look to capitalise on other opportunities in the medical cannabis sector including, without limitation acquisition or investment in other international plant breeders, producers and suppliers.

5.7 Key investment highlights

(a) Business opportunity

Cannabis has been used therapeutically for some 5000 years, and like many other plant based medicines, such as opiates, salicylic acid, and quinine its use has been investigated for a range of medical conditions. Many of the uses being evaluated through clinical studies today have been seen in observational studies dating back to the late 1800s. A variety of social and technological developments led to the stigmatisation of cannabis by the 1920s and by the 1940s, an international prohibition put an end to nearly all research into therapeutic uses of medicinal cannabis. Over the past decade however there has been an increased interest in therapeutic uses and a growing body of clinical research attests to the many potential uses for a range of diverse symptoms and conditions.

Key indications for medical cannabis use, based upon research to date include alleviation of:

- (i) chronic pain;
- (ii) palliative care symptoms, i.e. nausea, pain, anorexia, anxiety
- (iii) chemotherapy induced nausea; and
- (iv) refractory epilepsy seizures.

(b) Chronic pain incidence in Australia

Chronic pain is a common condition that has a substantial economic impact on society due to its prevalence and its various impacts on people who suffer from it and those caring for them. In 2007, around 3.2 million Australians were estimated to have experienced chronic pain. The prevalence of chronic pain is projected to increase as Australia's population ages, from around 3.2 million Australians in 2007 to 5.0 million by 2050. Allocated health expenditure on chronic pain was estimated at around \$4.4 billion in 2000-01.

(c) Palliative care incidence in Australia

There were over 62,000 palliative care associated hospitalisations in Australia over 2013-14 with more than 51,200 palliative care-related prescriptions, of which 12,915 (25%) were analgesics.

(d) Chemotherapy-induced nausea incidence in Australia

There are significant adverse effects for patients undertaking chemotherapy, with patients frequently citing nausea and vomiting as the most distressing and associated with a reduced quality of life. According to the Australian Institute of Health and Welfare there were over 129,000 individual occasions of service provided to Australian outpatients associated with chemotherapy over 2010-11, with chemotherapy accounting for 7% of all episodes of admitted outpatient care over that period. In a study based on community oncology practices, 33% of patients experienced delayed vomiting and 62% delayed nausea with chemotherapy treatment. The prestigious US National Institute of Health indicates that chemotherapy-induced nausea and vomiting can occur in up to 80% of patients.

Nausea and vomiting remain a significant adverse effect of chemotherapy impacting on a considerable patient population in Australia.

(e) Refractory epilepsy incidence in Australia

It is estimated that over 250,000 Australians are living with epilepsy. It has been reported that approximately one third of those with epilepsy do not respond to treatment. If this data is applied to Australia, this would indicate that over 82,000 Australians live with epilepsy that is non-responsive to current treatments.

(f) Business partnerships

AusCann is well positioned to take advantage of this huge business opportunity by bringing together a strong team with relevant and complementary skill-sets, experience and networks.

This team includes Canopy Growth Corporation (**Canopy**). Canopy was the first publicly-traded, federally-regulated cannabis producer in North America and remains the largest and most diversified. Canopy is Canada's first publicly-traded medical marijuana company. Listed on the TSX Venture Exchange, Canopy has a market capitalisation in excess of \$250,000,000. Canopy was the first geographically diversified producer with dual licenses under the Canadian medical cannabis regulatory regime. Through its wholly owned subsidiaries, Tweed, Tweed Farms, and Bedrocan, Canopy operates three state-of-the-art production facilities in Ontario and distributes marijuana across the country to Canadian patients managing a host of medical conditions. Canopy operates two indoor production facilities and a greenhouse with more than 46,400 square metres of production capacity. Canopy is dedicated to educating healthcare practitioners, providing consistent access to high quality medication, conducting robust clinical research, and furthering the public's understanding of how marijuana is used for medical purposes.

AusCann and Canopy have a strategic partnership that provides AusCann with access to Canopy's expertise and intellectual property in the cultivation, manufacture and supply of high quality medicinal cannabis products. Canopy's founder, Chairman and CEO, Bruce Linton, is also a director of AusCann.

(g) AusCann also has entered into collaborations with:

(i) **Phytoplant Research SL (Phytoplant)**. Phytoplant is a private Spanish company which is internationally regarded for producing high quality, proprietary medicinal plants. Phytoplant specialises in techniques for the selection and genetic improvement of medicinal cannabis plants, under the standards of Good Agricultural Practice. In addition, Phytoplant has expertise in the extraction, isolation and purification of bioactive plant components to the standards of Good Manufacturing Practice.

(ii) Murdoch University and the Western Australia State Agricultural Biotechnology Centre. Based in Western Australia, Murdoch University undertakes world-class research in agricultural sciences, including genetics and biotechnology. The University is home to the Western Australian State Agricultural Biotechnology Centre which has platform technologies, world-class facilities for, and world-class researchers in, agricultural research.

(iii) Aunt Zelda Incorporated (**Aunt Zelda**). Aunt Zelda is focussed upon the formulation of high quality cannabis-based medicines. Since inception, Aunt Zelda

has developed significant intellectual property around the appropriate formulations and protocols to treat specific medical conditions and amassed a valuable database of patient records.

- (iv) **Zelda Therapeutics Pty Ltd (Zelda Therapeutics).** Zelda Therapeutics was established in August 2015 as a special purpose vehicle that has secured an exclusive, global licence to a set of human patient data being treated with cannabinoid-based medicines. This data has been generated by a Californian group, Caziwell Inc, incorporating the activities of Aunt Zelda. The focus of Zelda Therapeutics is to design certain human clinical trials leveraging the already existing anecdotal patient data.
- (v) **Hidden Garden Sustainable Farms Ltd (Hidden Garden).** Hidden Garden is an Australian based company established to develop horticultural projects. It currently holds a 21-year agricultural lease over 55 acres of prime Commonwealth land on Christmas Island.

Each of these relationships offers AusCann unique benefits that help to create an unparalleled advantage in the medicinal cannabis research and product development industry.

(h) **Management of AusCann**

The key management personnel of AusCann (who will become the key management personnel of TWH following completion of the Offer) are Ms Elaine Darby (proposed managing director) and Mr Harry Karelis (proposed executive director). Please refer to Section 3.2 of this Bidder's Statement for further information on Ms Darby and Mr Karelis.

5.8 AusCann financial information

The historical consolidated statements of financial position of AusCann are set out below and have been extracted from the audited consolidated statement of financial position as at the end of the financial years ended 30 June 2015 and 30 June 2016, being the last two consolidated statements of financial position prior to the date of this Bidder's Statement. AusCann was incorporated in September 2014, accordingly, does not have audited accounts prior to this date.

	2016	2015
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,960,890	486,563
Other assets	16,638	36,118
TOTAL CURRENT ASSETS	2,977,528	522,681
Property, plant and equipment	363	544
Intangible assets	-	56,221
TOTAL NON-CURRENT ASSETS	363	56,765
TOTAL ASSETS	2,977,891	579,446
CURRENT LIABILITIES		
Trade and other payables	90,270	16,254
Employee benefits	12,165	-
Other current liabilities	250,000	100,259
TOTAL CURRENT LIABILITIES	352,885	116,513
TOTAL LIABILITIES	352,885	116,513

	2016 \$	2015 \$
NET ASSETS	2,625,006	462,933
Issued capital	8,191,528	820,210
Option reserve	601,827	-
Accumulated losses	(6,168,349)	(357,277)
TOTAL EQUITY	2,625,006	462,933

The historical consolidated statement of comprehensive income of AusCann is set out below and has been extracted from the audited consolidated statement of comprehensive income for the financial years ended 30 June 2015 and 30 June 2016 being the last two consolidated statements of financial performance prior to the date of this Bidder's Statement. AusCann was incorporated in September 2014, accordingly, does not have audited accounts prior to this date.

	2016 \$	2015 \$
Interest received	57,257	7,285
Total Revenue	57,257	7,285
Employee benefits expense	194,136	-
Finance costs	-	601
Impairment expense	56,221	-
Depreciation expense	181	155
Share-based payments expense	5,001,065	-
Consulting fees – directors	152,500	135,000
Consulting fees – others	123,590	126,353
Legal expenses	173,579	10,893
Other expenses	167,057	91,560
Total expenses	5,868,329	364,562
Profit/(loss) before income tax expense	(5,811,072)	(357,277)
Income tax expense	-	-
Loss for the year	(5,811,072)	(357,277)
Other comprehensive income	-	-
Total comprehensive loss attributable to members of the entity	(5,811,072)	(357,277)

5.9 AusCann website

AusCann maintains a website, www.auscann.com.au, which contains further information about AusCann and its operations.

5.10 Publicly available information about AusCann

AusCann is not a disclosing entity for the purposes of the Corporations Act and as such is not subject to regular reporting and disclosure obligations. AusCann is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by AusCann may be obtained from ASIC or an ASIC-approved information broker.

6. MERGED ENTITY

6.1 Approach

This Section 6 provides an overview of TWH in the event of the acquisition by TWH of all, or a majority, of the AusCann Securities on issue (**Merged Entity**), in the various scenarios following the Offer and the effect of the Offer on TWH and AusCann.

6.2 Disclaimer regarding AusCann and the Merged Entity information

In preparing the information relating to AusCann and the Merged Entity contained in this Bidder's Statement, TWH has relied on publicly available information and information provided by AusCann management relating to AusCann. This information has not been independently verified by TWH or its Directors. Risks may exist in relation to AusCann (which may affect the Merged Entity) of which TWH is unaware. If any material risks are known to the directors of AusCann, they must be disclosed in the target's statement to be issued by AusCann.

Accordingly, subject to any applicable laws, TWH makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

6.3 Profile of the Merged Entity

If the Offer is successful, and if TWH is successful in obtaining effective control of AusCann, all of TWH's shareholders will be shareholders in the Merged Entity.

6.4 Effect of the completion of the Offer

TWH plans to continue with AusCann's plans to develop its medicinal cannabis research and product development.

The Merged Entity will lead to a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

AusCann's and TWH's existing shareholders will be exposed to the benefits of the Merged Entity and the upside inherent in AusCann's medicinal cannabis research and product development.

6.5 Effect on the assets and operations of the Merged Entity

As announced by TWH on 29 January 2015, TWH has been directing its attention to evaluating investment opportunities and identifying potential acquisition targets.

If TWH acquires all AusCann Securities on issue the merger will consolidate AusCann and TWH's assets (predominantly its cash assets) under a single entity listed on ASX, creating a stronger platform to promote the Merged Entity to investors and key stakeholders.

The Merged Entity will have a stronger financial position with an unaudited pro forma net cash position of approximately \$5,735,479 (based on the unaudited pro forma net cash position held at 30 June 2016).

6.6 Effect of the Offer on TWH's capital structure if TWH acquires all AusCann securities

Shares	Number ¹
TWH Shares on issue at date of Bidder's Statement	30,118,121
TWH Shares to be issued under the Offer and the Pre-existing Sale Agreements	146,709,190
TWH Shares to be issued under the Public Offer	15,000,000 ²
TWH Shares to be issued to certain advisors to the Company	14,521,228 ³
Total TWH Shares on issue at completion of the Offer	206,348,539

Performance Shares	Number ¹
TWH Performance Shares on issue at the date of the Bidder's Statement	Nil
TWH Performance Shares issued under the Offer and the Pre-existing Sale Agreements	28,230,351 ⁴
Total TWH Performance Shares at completion of the Offer	28,230,251
Performance Rights	Number ¹
TWH Performance Rights on issue at the date of the Bidder's Statement	Nil
TWH Performance Rights to be issued to certain advisors to the Company	2,794,231 ^{4 5}
Total TWH Performance Rights at completion of the Offer	2,794,231
Options	Number ¹
TWH Options currently on issue	Nil
TWH Options to be issued to the current Directors of TWH	150,000 ⁶
TWH Options to be issued to Canopy	7,677,639 ⁷
Total TWH Options on issue at completion of the Offer	7,827,639

Notes:

1. On a post-Consolidation basis, assuming Consolidation is approved.
2. Assumes the minimum subscription of \$3.0 million is raised under the Public Offer. Subscriptions up to \$5,000,000 may be raised through the issue of an additional 10,000,000 TWH Shares bringing the total of TWH Shares to 216,348,539. Refer to Section 10.8 of this Bidder's Statement for further information.
3. TWH Shares to be issued to certain advisors to the Company, being 7,677,638 to CPS Capital and 3,421,795 to each of Gemelli Nominees and Dr Stewart Washer.
4. Subject to the Performance Milestone set out in Section 4.5 of this Bidder's Statement.
5. TWH Performance Rights to be issued to certain advisors to the Company, being 1,477,361 to CPS Capital; 658,435 to each of Gemelli Nominees and Dr Stewart Washer. Refer to Section 10.8 of this Bidder's Statement for further information.
6. TWH Options each exercisable at \$0.21 (on a post-Consolidation basis) within 36 months of completion of the Offer. Refer to Section 10.8 of this Bidder's Statement for further information.
7. TWH Options each exercisable at \$0.20 (on a post-Consolidation basis) within 36 months of the date of issue and otherwise on the terms and conditions set out in Annexure D of this Bidder's Statement.

6.7 Effect on the substantial shareholders

If the Offer is successful and TWH acquires all AusCann Securities on issue the following are expected to be substantial shareholdings:

Substantial Shareholder	Number of TWH Shares Held ¹	Voting Power (%) ²
Canopy Growth Corporation Inc.	23,032,917	11.16%
ACN 161 995 204 Pty Ltd	14,209,473	6.89%
Golspie Pty Ltd	14,209,473	6.89%

Notes:

1. On a post-Consolidation basis.
2. Assumes the minimum amount of \$3,000,000 is raised under the Public Offer.

6.8 Financial Information of the Merged Entity

(a) Value of the purchase consideration

On 9 May 2016, TWH announced that it had entered into a binding agreement with AusCann to acquire all of the issued capital of AusCann. The agreement contained a number of conditions, including each of the AusCann Shareholders entering into a binding sale agreement with TWH.

On 29 September 2016, TWH announced that it was unable to acquire all of the issued capital in AusCann as proposed, and set out a proposal to acquire all of the outstanding fully paid ordinary shares in AusCann by way of an off-market takeover offer. Under the Offer, accepting AusCann shareholders will receive a combination of TWH Shares and TWH Performance Shares for every AusCann Share held.

The implied value of the Offer (excluding the value of TWH Shares issued upon conversion of the TWH Performance Shares) is \$0.009 per AusCann Share, based on TWH's closing share price on 28 September 2016 (being the last day TWH Shares traded on ASX prior to the Announcement Date) of \$0.009. The value of the Offer may change as a consequence of changes in the market price of TWH Shares.

(b) Overview

This Section contains a pro forma consolidated statement of financial position for TWH as a merged group with AusCann, reflecting the combined businesses of those entities. The pro forma statement of financial position is presented to provide you with an indication of the Merged Group's consolidated financial position as if the Offer had been implemented as at 30 June 2016.

As the Offer, if implemented, will be effected at a future date, the actual financial position of the Merged Entity post-implementation will differ from that presented below.

The pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (**IFRS**).

In preparing the pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (i) the audited accounts of TWH as of 30 June 2016; and
- (ii) the audited accounts of AusCann as of 30 June 2016.

In preparing the pro forma consolidated statement of financial position no alignment has been made between the accounting policies of TWH and AusCann.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with the historical financial statements of both TWH and AusCann.

The Acquisition, if completed, will be accounted for as a business combination with AusCann as the acquirer of TWH under reverse acquisition treatment.

	TWH 30 June 2016 Audited \$	AusCann 30 June 2016 Audited \$	Pro forma adjustments \$	TWH Pro forma 30 June 2016 Unaudited \$
Assets				
Current Assets				
Cash and cash equivalents	370,270	2,960,890	4,160,723	7,491,883
Trade and other receivables	10,281	-	-	10,281
Other current assets	-	16,638	-	16,638
Total Current Assets	380,551	2,977,528	4,160,723	7,518,802
Non-current Assets				
Plant and equipment	-	363	-	363
Intellectual Property Assets	-	-	-	-

Total Non-current Assets	-	363	-	363
Total Assets	380,551	2,977,891	4,160,723	7,519,165
Liabilities				
Current Liabilities				
Trade and other payables	60,604	90,720	-	151,324
Provisions	-	12,165		12,165
Other current liabilities	-	250,000	250,000	-
Total Current Liabilities	60,604	352,885	250,000	163,489
Non-current liabilities				
Total Non-current Liabilities	-	-	-	-
Total Liabilities	60,604	352,885	250,000	163,489
Net Assets	319,947	2,625,006	4,410,723	7,355,676
Equity				
Contributed equity	81,099,059	8,191,528	(67,471,189)	21,819,398
Reserves	-	601,827	688,521	1,290,348
Accumulated losses	(80,779,112)	(6,168,349)	71,193,391	(15,754,070)
Total Equity	319,947	2,625,006	4,410,723	7,355,676

The pro-forma financial information contains the following pro-forma adjustments:

Pro forma

- Capital raising of \$3,000,000 plus oversubscriptions of \$2,000,000, less costs of 6%.
- Transaction costs of \$273,366, exclusive of capital raising fees, relating to the acquisition of AusCann.
- The issue of 2,934,183,790 (pre-Consolidation basis) ordinary fully paid shares at a deemed issue price of \$0.012 (the last closing price on the ASX prior to the transaction being announced as binding) to the holders of securities in AusCann.
- The issue of 564,607,028 performance shares at a deemed issue price of \$0.01 (pre-Consolidation basis) per share to holders of securities in AusCann. Management has assessed that the probability of achieving the performance milestones is 70%. On this basis, these are valued at a total of \$3,952,249.
- The issue of 290,424,561 ordinary fully paid shares (pre-Consolidation basis) and 55,884,620 performance rights (pre-Consolidation basis) to certain advisors for facilitating the AusCann acquisition.
- The issue of 3,000,000 unlisted options (pre-Consolidation basis) exercisable at \$0.0105 each on or before 36 months after their issue date to the existing TWH directors in consideration for their services. These have been fair valued at a total of \$16,919 based on the use of the binomial option valuation model.
- The issue of 153,552,779 unlisted options (pre-Consolidation basis) exercisable at \$0.01 each on or before 36 months after their issue date to Canopy Growth Corporation in consideration for the provision of its expertise and services over a 3-year period in accordance with the Strategic Alliance Agreement. These have been fair valued at a total of \$879,636 based on the use of the binomial option valuation model.
- The payment of \$US50,000 to Aunt Zelda in relation to an up-front exclusive licensing fee upon the receipt of necessary approvals to begin the manufacture and/or sale of Aunt Zelda products or becoming listed on a public exchange, whichever comes first. The exchange rate used to convert US dollars into Australian dollars is 0.749.
- Upon the successful satisfaction of the completion conditions set out in the Bid Implementation Agreement dated 29 September 2016 between AusCann Group Holdings Limited and TW Holdings Limited the \$250,000 exclusivity option fee paid to AusCann Group Holdings Limited can be recognised as revenue.
- The consolidation of TWH securities on a 20:1 basis.
- The adoption of reverse acquisition accounting in accordance with the Accounting Standards which results in the legal parent (in this case TWH) being accounted for as the subsidiary, with the legal acquiree (in this case AusCann) being accounted for as the parent. The excess of the deemed consideration paid over the net tangible assets of TWH of \$4,059,296 has been expensed to the statement of profit and loss and other comprehensive income.

6.9 Outlook for the Merged Entity

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to TWH, AusCann or the Merged Entity, because there are significant uncertainties associated with forecasting future revenues and expenses of TWH, AusCann and the Merged Entity. In light of these matters TWH's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for the Merged Entity cannot be prepared and accordingly have not included financial forecasts in this Bidder's Statement.

7. INTENTIONS OF TWH

7.1 Disclosure regarding forward-looking statements

This Bidder's Statement includes forward-looking statements that have been based on TWH's current expectations and predictions about future events including TWH's intentions (which include those set out in this Section 7). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of TWH, AusCann and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement.

None of TWH, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward-looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

7.2 TWH's intentions regarding AusCann

(a) Overview

Subject to the below, it is the present intention of TWH, based on the information concerning AusCann which is known to TWH and the existing circumstances affecting the business of AusCann, that:

- (i) the business of AusCann will otherwise be continued in substantially the same manner as it is presently being conducted;
- (ii) no other major changes will be made to the business of AusCann;
- (iii) there will not be any redeployment of the fixed assets of AusCann; and
- (iv) the present employees of AusCann will otherwise continue to be employed by AusCann.

The current intentions of TWH may change in light of material facts and circumstances at the relevant time.

(b) Approach

Sections 7.2, 7.3, 7.4 and 7.5 set out the intentions of TWH on the basis of facts and information concerning AusCann which are known to TWH at the time of preparation of this Bidder's Statement. However, TWH will only reach final decisions in light of material facts and circumstances at the relevant time. Accordingly, the statements set out in Sections 7.2, 7.3, 7.4 and 7.5 are statements of current intentions only which may vary as new information becomes available or circumstances change.

7.3 Intentions upon acquisition of 90% or more of AusCann

This Section 7.3 describes TWH's intentions if TWH acquires a Relevant Interest in 90% or more of AusCann Shares under the Offer, and so becomes entitled to proceed to compulsory acquisition of outstanding AusCann Shares in accordance with Part 6A.1 of the Corporations Act.

TWH reserves its right, with AusCann's consent (if required), to declare the Offer free from the Minimum Acceptance Condition (or any other Condition).

(a) Development of AusCann's research and product development

TWH intends to use funds of the Merged Entity of approximately \$7.6 million (see the unaudited Pro Forma Statement of Financial Position in Section 6.8 for further details) to progress research and development activities as outlined in Section 5.6 of this Bidder's Statement.

(b) Composition of the Board

In the event that the Offer is successful the current TWH Directors will resign and the Proposed Directors will constitute the TWH Board. Please refer to Section 3.2 of this Bidder's Statement for further information on each of the Proposed Directors.

(c) Corporate matters

TWH intends to:

- (i) proceed with the compulsory acquisition of any AusCann Securities not acquired under the Offer in accordance with Part 6A.1 of the Corporations Act; and
- (ii) amend the constitution of AusCann to reflect its status as a wholly owned subsidiary of TWH.

(d) Corporate office and employees

Upon completion of the Offer TWH intends to conduct the AusCann business as its sole focus. The Merged Entity's principal operating location will be in Carabooda, Western Australia.

TWH does not currently intend to terminate or alter any employment arrangements with existing AusCann personnel.

Employee incentive scheme

Following completion of the Offer it is TWH's intention to put in place an appropriate employee incentive scheme. The Proposed Directors consider that it is desirable to establish an employee equity incentive plan pursuant to which employees may be offered the opportunity to be granted options to acquire Shares in the Merged Entity (**Plan**). Accordingly, subject to receiving TWH Shareholder approval at the Meeting and to the Offer completing, it is proposed that the Merged Entity adopt the Plan.

The purpose of the Plan is to:

- (i) reward employees and consultants of the Merged Entity;
- (ii) assist in the retention and motivation of employees and consultants of the Merged Entity;
- (iii) provide an incentive to employees and consultants of the Merged Entity to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Merged Entity.

Executive service agreements

AusCann has entered into an executive service agreement with proposed Managing Director, Ms Elaine Darby, and a consultancy agreement Gemelli Nominees Pty Ltd, an entity associated with proposed Executive Director, Mr Harry Karelis. TWH intends to uphold its obligations under these agreements. The key terms of these agreements are summarised as follows.

(i) Ms Elaine Darby (Managing Director)

Ms Darby will receive an annual salary of \$200,000, and is entitled to be reimbursed for all reasonable expenses incurred in the performance of her duties. She will participate in the employee incentive scheme that TWH intends to put in place following completion of the Offer. Termination under the agreement is by way of 3 months' notice by either party, and if AusCann terminates Ms Darby's employment without cause, she will be entitled to a severance payment for past services rendered equal to 6 months' base salary, which will be in addition to any payment made in lieu of notice or for redundancy. The agreement contains customary provisions regarding confidentiality, and company ownership of intellectual property.

(ii) Gemelli Nominees / Mr Harry Karelis (Executive Director)

Gemelli Nominees has been engaged for a term of 12 months, from 1 March 2016, unless the agreement is validly terminated by either party earlier. Gemelli

Nominees will receive a monthly consultancy fee of \$10,000 (exclusive of GST) for the provision of Mr Karelis' services for at least 16 hours work each week. Due to the nature of the consultancy arrangements, Mr Karelis is not entitled to payment by the company of salary, holiday pay, sick pay, severance pay, long service leave or any other entitlements which an employee has in respect of their employment. Gemelli Nominees is entitled to reimbursement of reasonable expenses and expenditure.

At the company's discretion and subject to obtaining applicable regulatory approvals, Gemelli Nominees is also entitled to a performance-based bonus over and above the consultancy fee.

The agreement contains customary provisions regarding confidentiality, and Company ownership of intellectual property.

7.4 Intentions upon gaining control but less than 90% of AusCann

This Section 7.4 describes TWH's intentions if AusCann becomes a controlled entity of TWH, but TWH is not entitled to proceed to compulsory acquisition in accordance with Part 6A.1 of the Corporations Act.

The Offer is conditional upon TWH acquiring a Relevant Interest in at least 90% of the AusCann Shares on issue. If TWH waives that Condition, it may, as a result of its Offer, acquire less than 90% of AusCann.

TWH reserves its right to declare the Offer, with AusCann's consent (if required), free from the Minimum Acceptance Condition (or any other Condition) to the Offer.

On completion of the Offer, TWH may hold a sufficient number of AusCann Shares to exercise control over the management and operations of AusCann, but may not be entitled to compulsorily acquire all outstanding AusCann Shares. TWH's intentions in those circumstances are as follows:

(a) General

TWH will implement the intentions described in Section 7.3 above to the extent possible and economically feasible and subject to the requirements of the Corporations Act and any other applicable laws or regulations. These intentions specifically include those in respect of strategic review, corporate matters, corporate office and employees and general business integration.

TWH intends to, to the extent possible, implement the intentions detailed in Sections 7.3 of this Bidder's Statement where they are consistent with AusCann being a controlled entity of (but not wholly owned by) TWH and are considered to be in the best interests of AusCann Shareholders as a whole, including the rights of minority shareholders.

(b) AusCann research and development expenditure

TWH intends, to the extent possible, to implement the current budgeted expenditure program in relation to research and development activities.

(c) Composition of the Board

In the event that TWH gains control of AusCann, the current Directors of TWH will resign and the Proposed Directors will comprise the respective AusCann and TWH Boards.

(d) Remaining AusCann Shareholders

If TWH acquires less than 90% of the AusCann Shares on issue, then AusCann Shareholders should be aware that if they do not accept the Offer they may become a "locked-in" minority after the end of the Offer Period (i.e. if TWH holds a majority of AusCann Shares but is not entitled to compulsorily acquire the remaining AusCann Shares).

It is possible that, even if TWH is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act (for example, as a result of acquisitions of AusCann Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act). If so, it intends to exercise those rights.

(e) Dividends and funding

AusCann does not currently pay dividends. The payment of dividends by AusCann is at the discretion of the AusCann Board. TWH has not formed an intention about retaining or varying the current dividend policy of AusCann (through its nominees on the board of AusCann), and will do so following completion of the Offer.

(f) Limitations in giving effect to intentions

There may be limitations to TWH's intentions as outlined in this Section 7.4 due to the legal obligations of AusCann's directors to have regard to the best interests of AusCann and its shareholders, including the rights of minority shareholders, and the requirements of the Corporations Act and other applicable laws, and Listing Rules relating to transactions between related parties. TWH may require legal and financial advice before deciding what action to take in connection with the intentions outlined in this Section 7.4.

The extent to which TWH will be able to implement these intentions will be subject to:

- (i) the Corporations Act and the Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (ii) the legal obligation of the directors of AusCann to act for proper purposes and in the best interests of AusCann Shareholders as a whole; and
- (iii) the level of control that TWH will be able to exert over the operations and strategy of AusCann.

7.5 Intentions if TWH does not acquire effective control of AusCann

This Section 7.5 sets out TWH's intentions if the Offer closes and TWH has not gained effective control of AusCann. In that circumstance:

- (a) TWH does not expect to be in a position to give effect to the intentions set out in Sections 7.3 or 7.4 of this Bidder's Statement; and
- (b) TWH would have regard to the circumstances at the time and consider the appropriate courses of action that are in the best interests of TWH Shareholders. Such courses of action might include, but not be limited to, disposing of its shareholding in AusCann, acquiring further AusCann Shares as permitted by law, seeking representation on the AusCann Board and exercising its voting rights as a major shareholder as it deems fit.

8. AUSTRALIAN TAX CONSIDERATIONS

8.1 Introduction

The following summary is a general description of the Australian income tax and CGT consequences for AusCann Shareholders who accept the Offer and dispose of their AusCann Shares to TWH in accordance with the Offer.

The summary is based on taxation law and practice in effect at the date of the Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular shareholders.

The Australian tax consequences for AusCann Shareholders of disposing of their AusCann Shares will depend on a number of factors including:

- (a) whether they are an Australian resident or non-resident for tax purposes;
- (b) whether they hold their AusCann Shares on capital, revenue account or as trading stock;
- (c) when they acquired their AusCann Shares;
- (d) whether they are an individual, a company or a trustee of a complying superannuation entity; and
- (e) whether scrip for scrip rollover relief is available – see Section 8.3 below.

Given the complexity of the taxation legislation, AusCann Shareholders should seek independent taxation advice regarding the tax consequences of disposing of AusCann Shares given the particular circumstances which apply to them.

8.2 Taxation consequences for AusCann Shareholders

- (a) Shareholders holding AusCann Shares on capital account

In broad terms, the Australian tax consequences for Australian resident AusCann Shareholders who hold their AusCann Shares on capital account and who accept the Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief is available and, if available, is elected. The discussion in Sections 8.3 and 8.4 considers the general Australian tax consequences for Australian resident AusCann Shareholders where:

- (i) rollover relief is available and is elected; and
- (ii) rollover relief is not available or is not elected.

- (b) Shareholders holding AusCann Shares as trading stock

AusCann Shareholders who hold their AusCann Shares as trading stock (e.g., as a share trader) will be required to include the value of the consideration from the disposal of their AusCann Shares in their assessable income.

- (b) Shareholders holding AusCann Shares on revenue account

AusCann Shareholders who hold their AusCann Shares on revenue account and who accept the Offer will be able to include the amount received (the market value of the Offer Consideration) over the cost of acquisition of the AusCann Shares as ordinary assessable income. Where the market value of the Offer Consideration is less than the cost of AusCann Shares the loss may be claimed as a tax deduction.

- (c) Non-resident shareholders holding AusCann Shares as trading stock or on revenue account

AusCann Shareholders who are a non-resident of Australia for tax purposes and whose AusCann Shares were acquired as trading stock or otherwise on revenue account, should seek their own professional advice. The Australian tax treatment will depend on the source of any gain or loss and whether a double tax agreement exists between their country of residence and Australia to either limit the amount taxable in Australia or provide a tax credit for tax paid.

(d) Non-resident shareholders holding AusCann Shares on capital account

The Australian tax treatment will depend on whether the shares are taxable Australian property (**TAP**). Where the shares are TAP, any gain derived on the sale of the shares may be subject to capital gains tax. Whether the non-resident shareholder will be able to access the CGT discount (to reduce any part of the taxable gain) will depend on:

- (i) the type of shareholder they are;
- (ii) how long they have held the shares for; and
- (iii) when the shares were acquired. Non-resident shareholders are unable to apply the CGT discount to reduce capital gains derived after 8 May 2012. However, the CGT discount may still apply to the portion of the capital gain accrued up to 8 May 2012 using the 'default' approach or 'market value' approach.

Where the shares are not TAP, it is unlikely that any capital gain will be subject to tax in Australia. As these rules are complex in their application, we recommend non-resident shareholders seek independent advice in order to determine if any gain would be taxable to them in Australia.

8.3 Acceptance of the Offer where rollover relief is available and is elected

Australian-resident AusCann Shareholders may be entitled to 'scrip for scrip' CGT rollover relief in respect of the consideration referable to TWH Shares where the exchange of the shares would otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that TWH must make an offer to all shareholders in AusCann to acquire their voting shares on substantially the same terms and TWH must become the owner of at least 80% of the voting shares in AusCann as a consequence of the Offer.

If the qualifying conditions are satisfied and an AusCann Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the AusCann Shareholder's total capital gain will be deferred until the TWH Shares are disposed of.

The CGT cost base of the new TWH Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the AusCann Shares for which a rollover was obtained. For example, the CGT cost base for one AusCann Share will be apportioned to the TWH Shares received for each AusCann Share. Further, the AusCann Shareholders will be taken to acquire their TWH Shares at the time they originally acquired their AusCann Shares (for the purpose of determining any entitlement to a discount on an otherwise assessable capital gain in relation to a subsequent dealing in their new TWH Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and AusCann Shareholders elect to apply for it. Further, rollover relief is not available if AusCann Shareholders realise a capital loss on the disposal of their AusCann Shares.

Scrip for scrip rollover relief does not apply automatically and must be elected. The election to utilise scrip for scrip rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, AusCann Shareholders should seek independent taxation advice regarding their particular circumstances.

Non-resident AusCann Shareholders could only obtain rollover relief in very limited circumstances. It is imperative that non-residents seek independent tax advice to confirm their Australian tax position.

8.4 Acceptance of the Offer where rollover relief is not available or is not elected

Acceptance of an Offer is likely to involve a disposal by an AusCann Shareholder of their AusCann Shares for CGT purposes.

An Australian-resident AusCann Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their AusCann Shares, or whether those capital proceeds are less than the cost base of those shares.

AusCann Shareholders who are not resident in Australia for tax purposes will generally be subject to Australian CGT on the disposal of AusCann Shares if:

- (a) together with their Associates, they directly or indirectly own at least 10% or more (by value) of the shares in AusCann:
 - (i) at the time of the sale; or
 - (ii) throughout a 12-month period beginning no earlier than 24 months before the time of the sale and ending no later than the time of the sale; and
- (b) if more than 50% of the value of AusCann's assets is attributable to Australian real property, subject to the terms of any applicable double tax agreement. It is imperative that non-residents independently confirm their Australian tax position.

The capital proceeds that an AusCann Shareholder will be taken to have received in respect of the disposal of their AusCann Shares will generally be the market value of TWH Shares on the date of implementation of the Offer.

The cost base of AusCann Shares will generally be the cost at which they were acquired including any incidental costs of acquisition.

Where the amount of capital proceeds received by an AusCann Shareholder in respect of the disposal of their AusCann Shares is greater than the cost base of those AusCann Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by an AusCann Shareholder in respect of the disposal of their AusCann Shares is less than the reduced cost base of those AusCann Shares, then the AusCann Shareholder should realise a capital loss for Australian CGT purposes. Where it is expected that a capital gain will result, if an AusCann Shareholder does not elect for rollover relief, or that relief is not available, then partial tax relief may be available in the form of the CGT discount.

Specifically, where AusCann Shares have been held for at least 12 months before their disposal, a shareholder who is an individual, a complying superannuation entity, or the trustee of a trust, should be able to reduce the capital gain arising from the disposal of AusCann Shares by the CGT discount (see below).

The CGT discount will be available if the relevant AusCann Shares have been held for at least 12 months.

Subject to the AusCann Shareholder having any capital losses or net capital losses from previous income years, where the CGT discount is available, eligible AusCann Shareholders which are individuals or trustees of trusts will reduce the capital gain arising on the disposal of AusCann Shares by one-half. For individuals, this reduced gain should be assessed at the shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains.

Subject to the AusCann Shareholder having any capital losses or net capital losses from previous income years, where AusCann Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any capital losses or net capital losses from previous income years. AusCann Shareholders having any capital losses or net capital losses from previous income years should seek independent advice in relation to the potential availability of the CGT discount.

8.5 AusCann Shareholders who are companies will not be entitled to the CGT discount

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous

income years. We recommend that companies seek advice from their professional tax adviser in relation to the availability and deductibility of capital losses.

8.6 GST

GST should not apply to the disposal of AusCann Shares under the Offer, the issue of TWH Shares under the Offer, or any subsequent disposal of TWH Shares.

AusCann Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in TWH or AusCann. AusCann Shareholders should seek their own tax advice in this respect.

9. RISK FACTORS

9.1 Overview

If the Offer becomes Unconditional, AusCann Shareholders who accept the Offer will become TWH Shareholders. In those circumstances, AusCann Shareholders will:

- (a) continue to be exposed to the risks associated to the investment in AusCann as a result of their indirect interest in AusCann through TWH;
- (b) be exposed to the risks which are specific to an investment in TWH; and
- (c) be exposed to additional risks relating to the Offer and the Merged Entity.

These risks are explained below. AusCann Shareholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offer. By accepting the Offer, AusCann Shareholders will be investing in TWH.

The business activities of TWH are subject to various risks that may impact on the future performance of TWH. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of TWH and cannot be mitigated.

Accordingly, an investment in TWH carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

9.2 Risks relating to the Offer

- (a) Issue of TWH Shares as consideration
AusCann Shareholders are being offered specific quantities of TWH Shares as consideration under the Offer. As a result, the value of the Offer Consideration will fluctuate depending upon the market value of TWH Shares at any given time. Accordingly, the market value of the TWH Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer.
- (b) Rollover relief
If TWH does not acquire a Relevant Interest in at least 80% of AusCann Shares, scrip-for-scrip CGT rollover relief will not be available to AusCann Shareholders.
- (c) Sale of TWH Shares
Under the Offer, TWH will issue a significant number of new TWH Shares. Some holders of AusCann Shares may not intend to continue to hold their TWH Shares and may wish to sell them (subject to any applicable escrow period). There is a risk that this may adversely impact on the price of and demand for TWH Shares.
- (d) Acquisition of less than 90% of AusCann Shares
It is possible that TWH could acquire a Relevant Interest of less than 90% of AusCann Shares on issue under the Offer. The existence of a minority interest in AusCann may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of AusCann ownership acquired by TWH.
- (e) Merger integration
If TWH acquires a substantial interest in AusCann pursuant to the Offer, integrating TWH and AusCann may create some risks, including the integration of management, information systems and work practices. Furthermore, there is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.
- (f) Forward-looking information
Certain information in this Bidder's Statement may constitute forward-looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual outcomes for the Merged Entity to be different from the expectations expressed or implied in this Bidder's Statement

- (g) AusCann information

In preparing the information relating to AusCann contained in this Bidder's Statement, TWH has relied on publicly available information relating to AusCann and information provided by AusCann management. Risks may exist in relation to AusCann (which will affect the Merged Entity) of which TWH is unaware. If any material risks are known to the directors of AusCann, they must be disclosed in the target's statement to be issued by AusCann.

9.3 Risks Relating to the Merged Entity

- (a) This Section 9.3 sets out risks that are specific to TWH and AusCann as the Merged Entity. It also sets out general and industry risks relating to TWH and AusCann as the Merged Entity.

- (b) Specific risks relating to TWH and AusCann as the Merged Entity:

- (i) Re-Quotation of Shares on ASX

The acquisition of AusCann constitutes a significant change in the nature and scale of TWH's activities and TWH needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the Official List.

There is a risk that TWH may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the TWH Consideration Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their TWH Shares should TWH be suspended until such time as it does re-comply with the Listing Rules.

- (ii) Dilution risk

TWH currently has 602,362,410 TWH Shares on issue. On completion of Offer and the Public Offer, it is proposed that the Merged Entity will have up to 4,326,970,761 TWH Shares on issue.

If the minimum amount of \$3 million is raised under the Public Offer, the existing AusCann Shareholders will retain approximately 71.1% of the Merged Entity. If the maximum amount of \$5 million is raised under the Public Offer, the existing AusCann Shareholders will retain approximately 67.8% of the Merged Entity.

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 development of the business.

- (iii) "Lock-in" risk

If TWH acquires less than 90% of the AusCann Shares on issue, then AusCann Shareholders should be aware that if they do not accept the Offer they may become a "locked-in" minority after the end of the Offer Period (i.e. if TWH holds a majority of AusCann Shares but is not entitled to compulsorily acquire the remaining AusCann Shares).

It is possible that, even if TWH is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act (for example, as a result of acquisitions of AusCann Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act). If so, it intends to exercise those rights.

- (iv) Liquidity risk

A large portion of the Offer Consideration to be issued to the AusCann Shareholders will be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules. Based on the Merged Entity capital structure, these Shares will equate to approximately 47% of the Merged Entity issued share capital (assuming \$3 million is raised under the Public Offer). This could be considered an increased

liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(c) Specific risks relating to the Merged Entity's operations:

(i) Current business model reliant on legislative changes

AusCann's business model is reliant on obtaining the necessary licences and approval to commence operations in accordance with its business model. The regulatory system for the cultivation and manufacture of cannabis in Australia commenced on 30 October 2016. The Merged Entity will apply for the licences and undertake the necessary requirements for approval. At this stage the length of time for the license process to reach a decision is unknown. 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 Merged Entity.

The Company's clinical study activities are reliant on obtaining the relevant licences and permits under the existing regulatory system in respect to research and development and importation of schedule 8 and 9 substances, such as cannabis products. For further information, please refer to Section 5.6(b)(iv) of this Bidder's Statement.

(ii) Risk of adverse publicity

The cultivation, production, manufacture, possession and distribution of controlled substances by the Merged Entity 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 Merged Entity's products. These pressures could also limit or restrict the introduction and marketing of the Merged Entity'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 Merged Entity's products. The nature of the Merged Entity's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, the Merged Entity's reputation may be harmed.

(iii) 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:

- (A) participant recruitment not meeting trial timelines;
- (B) lower than expected rates of compliance with the trial protocol by the participants;
- (C) low rate of participant retention for the duration of the trial;
- (D) lack of availability of the trial product for the duration of the trial due to manufacturing constraints, or regulatory constraints (including importation);
- (E) unfavourable results from third party pre-clinical or clinical studies which regulatory or ethical bodies believe are relevant; and
- (F) 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:

- (A) lack of efficacy of the trial product;
- (B) number or severity of serious adverse events or unexpected side effects;
- (C) 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;
- (D) the mishandling of clinical trial product, including labelling, storage, security and inventory;
- (E) mishandling of trial data, including security of participant information;
- (F) mishandling of trial records; and
- (G) complaints received by participants.

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

(iv) 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. It is expected that this consolidation and strategic partnering will continue. Acquisitions or other consolidating transactions could harm us in a number of ways, including:

- (A) 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 Merged Entity to lose access to necessary resources);
- (B) the relationship between the Merged Entity and third parties may deteriorate and have an adverse impact on the Merged Entity's business; and
- (C) Merged Entity'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.

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

If any of the products sold by the Merged Entity 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:

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

The Merged Entity's cultivation, manufacture, production and sale may voluntarily be suspended or terminated if at any time Board believe that they present an unacceptable risk to consumers, or that they are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

(vi) Risk of changes to laws and regulations

The Merged Entity'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 Merged Entity is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the Merged Entity may cause adverse affects 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 Merged Entity's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the Merged Entity and its Shares. In addition, there is a risk that legal action may be taken against the Merged Entity in relation to commercial, legal, regulatory or other matters.

(vii) **Protection of proprietary technology**

The Merged Entity's success will depend, in part, on the Merged Entity's ability to obtain patents, protect the Merged Entity's trade secrets and operate without infringing on the proprietary rights of others. The Merged Entity will rely upon a combination of patents, trade secret protection (i.e. know-how), and confidentiality agreements to protect the Merged Entity's intellectual property and licensing agreements to access third party intellectual property.

If the Merged Entity fails to adequately protect its intellectual property, it may face competition from companies who attempt to create a product similar to the Merged Entity's proposed products. The Merged Entity may also face competition from companies who develop a substantially similar product to one of the Merged Entity's proposed products that is not covered by any of the Merged Entity'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 Merged Entity's patents or marketing of competing products in violation of the Merged Entity's proprietary rights generally. Proceedings to enforce the Merged Entity's patent rights in foreign jurisdictions could result in substantial cost and divert the Merged Entity's efforts and attention from other aspects of the Merged Entity's business.

Patents

The strengths of patents in the pharmaceutical field involve complex legal and scientific questions and can be uncertain. Where appropriate, the Merged Entity will seek patent protection for certain aspects of the Merged Entity's products and technology. Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so the Merged Entity'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 being developed. If the Merged Entity must spend significant time and money protecting or enforcing its patents, the Merged Entity's business and financial condition may be harmed.

Trade secrets

Trade secrets are difficult to protect. The Merged Entity may rely in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect its 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 unauthorised disclosure of confidential information. In addition, others may independently discover, or reverse engineer, the Merged Entity's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Merged Entity's proprietary rights. Failure to adequately protect the confidentiality of the Merged Entity's trade secrets could enable competitors to develop products that compete with the Merged Entity's products or have additional and material adverse impact upon the Merged Entity's business, results of operations and financial condition.

Plant breeders' rights

The International Convention for the Protection of New Varieties of Plants 1961 was implemented 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 Merged Entity 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 Merged Entity.

The Convention extends to derived varieties and therefore it is possible that a protected plant breed is 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 Merged Entity could be infringing third party patent rights when commercially using the product, including the derivation of new varieties to be registered by the Merged Entity.

(viii) **Uncertainty of future profitability**

AusCann's business is currently focussed on undertaking activities which assist in achievement of AusCann's key objectives. To date, it has funded its activities principally through issuing securities and other capital raising activities.

The Merged Entity's profitability will be impacted by its ability to successfully obtain and 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.

(d) **Risks related to the Company's growing and manufacturing facilities**

(i) **Agricultural risks**

The Merged Entity'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 Merged Entity 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.

(ii) **Dependency on key inputs and their related costs**

The Merged Entity's 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 Merged Entity. 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 Merged Entity.

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

These risks will arise if the Merged Entity'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 Merged Entity may be subject to various product liability claims, including among others that the Merged Entity'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 Merged Entity could result in increased costs, could adversely affect the Merged Entity's reputation with its clients and consumers generally and could have a material adverse effect on the Merged Entity's results of operations and financial conditions.

(e) Company-specific risks

(i) Insufficient working capital risk

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Merged Entity. Additional funding may be required in the event costs exceed TWH'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 Merged Entity may incur. If such events occur, additional funding will be required.

(ii) Funding risk

The Merged Entity's ability 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 Merged Entity may incur may depend in part on its ability to raise additional funds. The Merged Entity may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Merged Entity's activities and future projects may result in delay and indefinite postponement of development or research. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Merged Entity and might involve substantial dilution to Shareholders.

Further, the Merged Entity, in the ordinary course of its operations and developments, may be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Merged Entity'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 issue and finance leases (and any related guarantee and security) that may be entered into by the Merged Entity 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 Merged Entity would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Merged Entity or default under a finance lease could also result in the loss of assets.

The Merged Entity 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 Merged Entity will not be able to meet its financial obligations as they fall due; and the risk that market prices may which will affect the Merged Entity's income.

(iii) Product liability and uninsured risks

Through its intended business, the Merged Entity 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 Merged Entity may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Merged Entity's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although the Merged Entity 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, and injury to the Merged Entity's reputation or increased insurance costs.

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

Further, the Merged Entity is exposed to the risk of catastrophic loss to necessary equipment or facilities which would have a serious impact on the Merged Entity's operations. The Merged Entity 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.

(iv) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account. Although the Merged Entity is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Merged Entity.

(v) Management of growth

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

(f) General Risks

(i) 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 Merged Entity's production activities, as well as on its ability to fund those activities.

(ii) Market conditions

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

- (A) general economic outlook;
- (B) introduction of tax reform or other new legislation;
- (C) interest rates and inflation rates;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) 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 Merged Entity nor the Directors warrant the future performance of the Merged Entity or any return on an investment in the Merged Entity.

(iii) Insurance risks

The Merged Entity intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Merged Entity'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 Merged Entity.

(iv) Loss of key personnel

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

(v) New market

The market for the Merged Entity's Shares is relatively new, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Merged Entity's Shares will develop or continue after the completion of the Offer. The price at which the Merged Entity's Shares trade on ASX after listing may be higher or lower than the Public Offer Price and could 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 Merged Entity 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 the Merged Entity's Shares will develop or that the price of the Shares will increase.

There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the 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.

(vi) Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Merged Entity or by shareholders in the Merged Entity. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Merged Entity and the value of its shares.

Merged Entity should be considered a highly speculative investment and you should consult your professional advisers before deciding whether to accept the Offer.

10. ADDITIONAL INFORMATION

10.1 Bid Implementation Agreement

The Company and AusCann entered into an agreement on 29 September 2016 whereby the Company and AusCann have agreed to co-operate with each other in relation to the Offer (**Bid Implementation Agreement**). A summary of certain key terms of the Bid Implementation Agreement is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of each of the Company and AusCann under the Bid Implementation Agreement. The full terms of the Bid Implementation Agreement can be viewed in the announcement made by the Company in connection with the Offer on the Announcement Date.

- (a) **(The Offer)** Under the Bid Implementation Agreement:
 - (i) The Company has agreed to make the Offer to all AusCann Shareholders in respect of all of their AusCann Shares.
 - (ii) AusCann consents to the Company despatching the Bidder's Statement and accompanying documents to AusCann Shareholders earlier than the date for dispatch under item 6 of section 633(1) of the Corporations Act.
- (b) **(Conditions)** The Bid Implementation Agreement sets out the conditions to the Offer (being the Conditions). These Conditions are set out in paragraph 8 of Annexure A to this Bidder's Statement.
- (c) **(Exclusivity)** During the Exclusivity Period:
 - (i) each party must not directly or indirectly, solicit, invite, encourage or initiate any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal; and
 - (ii) AusCann:
 - (A) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party, AusCann or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and
 - (B) must use its best endeavours to procure that none of the AusCann Board change their recommendation in favour of the Offer to publicly recommend an actual, proposed or potential Competing Proposal (or recommend against the Offer),unless:
 - (C) the AusCann Board acting in good faith and in order to satisfy what the members of the AusCann Board consider to be their statutory or fiduciary duties determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal for AusCann;
 - (D) AusCann has provided the Company with the material terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the third party making the actual, proposed or potential Competing Proposal;
 - (E) AusCann has given the Company at least five (5) Business Days after the date of the provision of the information referred to above to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
 - (F) the Company has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the five (5) Business Day period specified.

- (d) **(Board appointments)** Conditional upon the Company declaring the Offer to be free from all Conditions or the Offer otherwise becoming unconditional, the Proposed Directors will be appointed to the Board and the Directors will resign.
- (e) **(Termination)** Either party to the Bid Implementation Agreement may terminate that agreement by written notice to the other party if at any time after the date on which the Offer is announced and before the end of the Offer Period:
 - (i) the AusCann Board changes its recommendation in relation to the Offer as a result of the AusCann Board determining that it has received a Superior Proposal for AusCann;
 - (ii) a member of the Board that has provided a recommendation in relation to the Essential Resolutions changes or withdraws that recommendation or fails to vote (or procure the vote) of its TWH Shares;
 - (iii) the other party is in material breach of the Bid Implementation Agreement and, to the extent that the breach is capable of remedy, that breach is not remedied by that other party within five (5) Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
 - (iv) a representation or warranty given by the other party is or becomes untrue in any material respect and the breach of the representation or warranty is of a kind that, had it been disclosed to the first party before its entry into the Bid Implementation Agreement, could reasonably be expected to have resulted in that first party either not entering into this document or entering into it on materially different terms;
 - (v) a court or Public Authority has issued an order, decree or ruling, or taken other action, that permanently restrains or prohibits the Offer, and the action is final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of a successful appeal or review; or
 - (vi) the Company withdraws the Offer or the Offer lapses for any reason, including non-satisfaction of a Condition.

AusCann may terminate the Bid Implementation Agreement by written notice to the Company if at any time before the end of the Offer Period, a Bidder Material Adverse Change occurs.

10.2 TWH's interest in AusCann Shares

As at the Announcement Date, AusCann Shareholders holding approximately 32.6% of the AusCann Shares have entered into the Pre-existing Sale Agreements with TWH.

AusCann became subject to Chapter 6 of the Corporations Act on 28 September 2016 as a result of holders of convertible notes in AusCann converting their notes into AusCann Shares. As a consequence of the conversion, the number of AusCann Shareholders increased from 29 to 111. TWH entered into the Pre-existing Sale Agreements on various dates on or before 5 July 2016 and, at that time, AusCann was not a company regulated by Chapter 6 of the Corporations Act.

Under the terms of the Pre-existing Sale Agreements, the relevant AusCann Shareholder will receive the same consideration that is offered to AusCann Shareholders under the Offer.

The terms of the Pre-existing Sale Agreements are summarised in Section 10.3 below.

10.3 Pre-existing Sale Agreements

The material terms of the Pre-existing Sale Agreements are:

- (b) **(Acquisition):** In each case, TWH agrees to acquire the relevant Securities from the AusCann Shareholder in exchange for the issue of Shares and Performance Shares;
- (c) **(Conditions precedent):** Completion under each Pre-existing Sale Agreement is conditional upon and subject to satisfaction of the Conditions;
- (d) **(Consideration):** The consideration payable to each AusCann Shareholder varies according to the number of AusCann Shares they hold. The combined total consideration to be paid in accordance with the Pre-existing Sale Agreements is 957,718,474 TWH Shares and 184,287,904 Performance Shares (on a pre-Consolidation basis);

- (e) **(Warranties and indemnities):** Each Pre-existing Sale Agreement contains some standard warranties and indemnities by the AusCann Shareholders.

The Pre-existing Sale Agreements otherwise contain clauses typical for agreements of this nature.

10.4 Acquisitions of AusCann Shares by TWH and its Associates

- (a) Previous 4 months

Neither TWH nor any Associate of TWH has provided, or agreed to provide, consideration for AusCann Shares under any purchase or agreement (other than the Pre-existing Sale Agreements and the Bid Implementation Agreement) during the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement.

- (b) Period before Offer

Neither TWH nor any Associate of TWH has provided, or agreed to provide, consideration for AusCann Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer.

10.5 No escalation agreements

Neither TWH nor any Associate of TWH has entered into any agreement that is prohibited by section 622 of the Corporations Act.

10.6 Collateral benefits

- (a) Previous 4 months

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither TWH nor any Associate of TWH gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Offer; or
- (ii) dispose of their AusCann Shares,

and which is not offered to all holders of AusCann Shares under the Offer.

- (b) Period before Offer

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer, neither TWH nor any Associate of TWH gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (i) accept the Offer; or
- (ii) dispose of their AusCann Shares,

and which is not offered to all holders of AusCann Shares under the Offer.

10.7 Disclosure of information

Due to the fact that TWH is offering TWH Shares as consideration for the acquisition of AusCann Shares under the Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of TWH Shares under sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, TWH is subject to regular disclosure requirements. In particular, TWH is required to disclose information concerning its finances, activities and performance. This disclosure is available on TWH's website as well as on the ASX website (ASX Code: TWH).

Please refer to Section 3.8 for further details in relation to TWH's continuous disclosure obligations and the availability of public information in respect of TWH.

10.8 Interests and benefits relating to the Offer

(a) Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (i) director or proposed director of TWH;
- (ii) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (iii) promoter of TWH; or
- (iv) broker or underwriter in relation to the issue of TWH Shares pursuant to the Offer or financial services licensee named in this Bidder's Statement as being involved in the issue of TWH Shares,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (i) the formation or promotion of TWH;
- (ii) any property acquired or proposed to be acquired by TWH in connection with its formation or promotion or in connection with the offer of TWH Shares under the Offer; or
- (iii) the offer of TWH Shares under the Offer.

The current Directors of TWH, Messrs David Wheeler, Nicholas Calder and Simon Taylor will each receive 1,000,000 TWH Options (on a pre-Consolidation basis) upon the Offer becoming Unconditional, as consideration for and in recognition of the services provided by the them as directors of TWH, including in respect of the Offer, and as a method of providing remuneration without depletion of the TWH's cash reserves. The TWH Options are exercisable at \$0.0105 (on a pre-Consolidation basis) within 36 months of completion of the Offer.

Certain advisors to TWH and AusCann will also receive fees for consulting services provided to TWH and AusCann in relation to the Offer to be issued as follows:

	CPS Capital	Gemelli Nominees	Dr Stewart Washer
TWH Shares	153,552,779	68,435,891	68,435,891
TWH Performance Rights	29,547,221	13,168,700	13,168,700

(b) Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (i) to a director or proposed director of TWH to induce them to become, or to qualify as, a director of TWH; or
- (ii) for services provided by an Interested Person in connection with the formation or promotion of TWH or the offer of TWH Shares under the Offer.

The fees paid in connection with the preparation and distribution of this Bidder's Statement and for services provided in connection with the Offer, including financial, legal and registry fees, are expected to total approximately \$25,000 (excluding GST).

10.9 Disclosure of interests of Directors and Proposed Directors

The directors of TWH do not have any interests in TWH Securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement. However, the Company proposes to issue 1,000,000 TWH Options (on a pre-Consolidation basis) to each of the Directors as a condition to the Offer.

Pathways Corporate Pty Ltd, a company of which TWH Director David Wheeler is a director and shareholder, holds 12,121,212 AusCann Shares and will receive 12,121,212 TWH Shares and 2,332,411 Performance Shares under the Offer, assuming he accepts the Offer and the Offer is declared Unconditional.

Other than Mr Wheeler, the directors of TWH do not have any interests in AusCann Securities (either directly, held by entities controlled by them or held by entities of which they are directors).

Dr Malcolm Washer, Ms Elaine Darby; Mr Harry Karelis; Hon Cheryl Edwardes; Mr Bruce McHarrie and Mr Bruce Linton are Proposed Directors of TWH and each have no interest in any TWH Securities.

For information regarding the interests of the Proposed Directors in AusCann, please refer to Section 5.5 of this Bidder's Statement. Assuming each of the Proposed Directors accepts the Offer and the Offer is declared Unconditional, the Proposed Directors and their Associates will receive 603,902,599 TWH Shares and 116,205,281 TWH Performance Shares in aggregate.

10.10 Fees and Benefits of Directors

The Constitution of TWH 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 TWH in general meeting.

The annual remuneration of the Directors for the last two financial years is as follows:

Director		Salary and Fees \$	Other \$	Total \$
Mr David Wheeler ¹	FY2015/2016	40,000	Nil	40,000
	FY2014/2015	24,666	Nil	24,666
Mr Nicholas Calder ²	FY2015/2016	96,000	Nil	96,000
	FY2014/2015	59,200	Nil	59,200
Mr Simon Taylor	FY2015/2016	36,000	Nil	36,000
	FY2014/2015	22,200	Nil	22,200

Notes:

- Messrs Wheeler, Calder and Taylor were appointed as Directors on 18 November 2014.
- Fees paid to Mr Calder include both directors' fees and fees for providing company secretarial services.

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of TWH and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by TWH.

Deeds of indemnity, insurance and access

TWH has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, TWH agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of TWH. TWH is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers in certain circumstances.

10.11 Restricted securities

As the TWH Consideration Securities issued to accepting AusCann Shareholders will be issued in consideration for the acquisition of a "classified asset" (as defined in the Listing Rules), AusCann Shareholders may be required under the Listing Rules to enter into restriction agreements under which they will be restricted from trading some or all of their TWH Shares issued as TWH Consideration Securities for periods of up to 24 months.

TWH will apply to the ASX for a waiver from the certain restriction requirements on the basis that a majority of AusCann Shareholders paid cash for their AusCann Shares upon issue by AusCann and have held their AusCann Shares for a substantial period of time prior to TWH making the Offer.

It is anticipated that, on a post-Consolidation basis:

- (a) 95,645,795 TWH Shares to be issued to the AusCann Shareholders (or their nominees) will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- (b) 18,404,535 TWH Performance Shares to be issued to the AusCann Shareholders (or their nominees) will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules;
- (c) 14,521,228 TWH Shares to be issued to certain advisers to the Company (or their nominees) in consideration for the provision of services will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules; and
- (d) 2,794,231 TWH Performance Rights to be issued to certain advisers to the Company (or their nominees) in consideration for the provision of services will be subject to ASX escrow for 24 months from the date of re-compliance with the Listing Rules.

None of the TWH Shares issued under the Public Offer are expected to be restricted securities.

As part of the acceptance documentation for the Offer, the AusCann Shareholders will acknowledge that some or all of the TWH Consideration Securities may be escrowed in accordance with the requirements of ASX and will sign such form of escrow agreement as required by the ASX.

The restricted securities listed above are subject to change depending on the escrow periods imposed by ASX in accordance with the Listing Rules. Prior to TWH's Shares being reinstated to trading on the ASX, TWH will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and TWH will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

10.12 Expenses of the Offer

The total amount of cash that TWH may become obliged to pay to satisfy all expenses incurred by TWH and relating to the Offer will be provided from TWH's existing cash balances.

TWH estimates it will incur the following fees for services provided in connection with the Offer:

ASX additional listing fee	\$87,000
ASIC Fees	\$2,350
Legal, accounting and due diligence expenses	\$40,000
Printing, mailing, share registry and other expenses	\$5,000
Other	\$2,500
Total	\$136,850

10.13 Material litigation

TWH is not aware of any litigation or threatened, or other legal proceedings in relation to TWH.

10.14 Notice to foreign Shareholders

This Bidder's Statement and the Offer do not constitute an offer of securities in any jurisdiction in which it would be unlawful. In particular, this Bidder's Statement may not be distributed to any person, and the TWH Consideration Securities may not be offered or sold, in any country outside Australia and New Zealand.

10.15 Status of Conditions

The Conditions are set out in paragraph 8 of Annexure A.

TWH will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, TWH is not aware of any events which would result in a breach or inability to satisfy the Conditions.

TWH will give a notice of the status of the Conditions in accordance with the Corporations Act on 25 November 2016 (subject to extension if the Offer Period is extended).

10.16 Consents

Each of the parties referred to in this Section 10.16:

- (a) makes no representation regarding, and to the maximum extent permitted by law expressly disclaims and takes no responsibility for, any statements in or omissions from any part of this Bidder's Statement of that party as specified in this Section 10.16 (if any); and
- (b) has not caused or authorised the issue of this Bidder's Statement or the making of the Offer.

Each of the following has consented to being named in this Bidder's Statement in the form and context as noted below and have not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC:

- (c) Computershare Investor Services Pty Limited as the share registry of TWH; and
- (d) Blackwall Legal as TWH's solicitors.

10.17 Other material information

There is no other information material to the making of a decision by a holder of AusCann Shares whether or not to accept the Offer, being information that is known to TWH and which has not previously been disclosed to holder of AusCann Shares other than as is contained elsewhere in this Bidder's Statement.

10.18 Early despatch

The directors of AusCann have agreed that TWH may send this Bidder's Statement to AusCann Shareholders earlier than would otherwise be permitted under the Corporations Act.

10.19 Expiry date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement, being the expiry date of this Bidder's Statement.

10.20 Date for determining holders

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

10.21 ASIC modifications and exemptions, ASX waivers

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including TWH, in relation to the operation of Chapter 6 of the Corporations Act. TWH may rely on this "Class Order" relief.

In addition, TWH has obtained or sought waivers from ASX:

- (a) permitting it to issue the TWH Options to Directors later than 1 month following the TWH Shareholder Meeting but no later than 3 months following the TWH Shareholder Meeting; and
- (b) granting "look through" relief to certain AusCann Shareholders for the purpose of determining appropriate escrow periods and proportions of restricted securities for those shareholders.

11. DIRECTORS AUTHORISATION

This Bidder's Statement is dated 31 October 2016 and was approved pursuant to a unanimous resolution passed by the directors of TWH.

A handwritten signature in black ink, appearing to read 'D. Wheeler', with a small horizontal line at the end.

Signed for and on behalf of

TW Holdings Limited

David Wheeler

Director

12. DEFINITIONS AND INTERPRETATION

12.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or **Dollar** means Australian dollars.

Acceptance Form means the Offer Acceptance Form.

Acquisition has the meaning given in Section 3.1 of this Bidder's Statement.

Announcement Date means 29 September 2016, being the date the Offer was announced on ASX.

Associate has the meaning given in chapter 6 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

ASX Settlement Corporation means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

AusCann means AusCann Group Holdings Ltd (ACN 601 953 860).

AusCann Board means the board of directors of AusCann.

AusCann Material Adverse Change means:

- (a) an event, change, condition, matter or thing occurs or will or is reasonably likely to occur;
- (b) information is disclosed or announced by AusCann concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur; or
- (c) information concerning any event, change, condition, matter or thing that has occurred or is reasonably likely to occur becomes known to TWH (whether or not becoming public),

(each of (a), (b) and (c) a **Specified Event**) which, whether individually or when aggregated with all such events, changes, conditions, matters or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have:

- (d) a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the AusCann taken as a whole; or
- (e) without limiting the generality of paragraph (d) above, the effect of a diminution in the value of the consolidated net assets of AusCann, taken as a whole, by at least \$500,000 against what it would reasonably have been expected to have been but for such Specified Event,

other than:

- (f) an event, matter, change or circumstance caused, or materially contributed to, by TWH;
- (g) anything required or permitted to be done or not done under this agreement or otherwise required to be done in connection with the legal obligations for the implementation of the Offer;
- (h) any event, matter, change or circumstance fairly disclosed by AusCann to TWH or any Related Person of TWH at any time prior to the date of the Bid Implementation Agreement;
- (i) an event, matter, change or circumstance in or relating to:
 - (i) economic, business, regulatory or political conditions in general;
 - (ii) credit, financial or currency markets in general, or the state of securities markets in general (including any reduction in market indices);
 - (iii) any change affecting the industry in which AusCann operates generally;

- (j) the portion of any event, matter, change or circumstances which is as a consequences of losses, expenses, damages or other costs covered by insurance which AusCann's insurers have agreed to pay; or
- (k) anything done with the prior written consent of TWH.

AusCann Notes means convertible notes issued by AusCann, all of which were converted into AusCann Shares prior to the Announcement Date.

AusCann Options means the options to acquire fully paid ordinary shares in the issued capital of AusCann, issued to Canopy exercisable at \$0.01 per option (on a pre-Consolidation basis) on or before 36 months from the date of issue.

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

AusCann Shareholder means a holder of AusCann Shares.

Bid Implementation Agreement or **BIA** means the bid implementation agreement between TWH and AusCann dated 29 September 2016.

Bidder Material Adverse Change means any event or occurrence during the Offer Period, which is discovered or becomes public which has or could reasonably be expected to have a materially adverse effect on the:

- (a) assets, liabilities, financial position, performance, profitability or prospects of the Company; or
- (b) status or terms of (or rights attaching to) any material approvals from a Public Authority applicable to Bidder,

including without limitation:

- (c) any creditor demanding repayment of a debt of \$100,000 or more; and
- (d) any person accelerating or adversely modifying the performance of any obligations of the Company under any material agreements, contracts or other legal arrangements,

but does not include any change:

- (e) fairly disclosed to AusCann on or before the date of the Bid Implementation Agreement (including as a result of disclosures made to ASX);
- (f) occurring as a result of any matter, event or circumstance required by this document, the Offer or the transactions contemplated by them; or
- (g) approved in writing by AusCann.

Bidder's Statement means this document including the Annexures.

Board or TWH Board means the board of directors of TWH.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Perth, Western Australia.

Canopy means Canopy Growth Corporation (formerly Tweed Marijuana Inc.), a company incorporated and existing in Canada and listed on the TSX Venture exchange as CGC.

CGT means capital gains tax as defined in the *Income Tax Assessment Act 1997* (Cth).

CHESS means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

Competing Proposal means a bona fide proposal or offer that, if successfully completed, would result in a person other than TWH or its associates:

- (i) directly or indirectly acquiring control of AusCann;
- (ii) directly or indirectly acquiring or becoming the holder of any interest in all or a substantial part of the business or assets of AusCann; or
- (iii) otherwise acquiring or merging with AusCann,

whether by way of takeover offer, scheme of arrangement, shareholder-approved acquisition, capital reduction, buy back, sale or purchase of shares or assets, joint venture, dual listed company structure (or other synthetic merger) or other transaction or arrangement.

Conditions means the conditions of the Offer.

Constitution means the constitution of TWH.

Controlling Participant in relation to Your Shares has the same meaning as in the ASX Settlement Operating Rules.

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

Director means a director of TWH as at the date of this Bidder's Statement.

Essential Conditions means in respect of the Offer, the conditions set out in paragraphs 8(a)(i) to 8(a)(iv) of Annexure A.

Essential Resolutions means resolutions 1 – 10 and 12 – 18 in the Notice of Meeting, being resolutions for approval of the following matters:

- (a) change to nature and scale of activities;
- (b) consolidation of the issued capital of TWH;
- (c) the issue of a new class of securities;
- (d) the issue of TWH Consideration Securities;
- (e) the issue of TWH Options to Canopy;
- (f) the issue of TWH Shares and TWH Performance Rights to certain advisers to the Company;
- (g) the issue of the TWH Options to the Directors;
- (h) the acquisition of a substantial asset;
- (i) the issue TWH Shares under the Public Offer;
- (j) the appointment of Dr Mal Washer as a director;
- (k) the appointment of Ms Elaine Darby as a director;
- (l) the appointment of Mr Harry Karelis as a director;
- (m) the appointment of Mr Bruce McHarrie as a director;
- (n) the appointment of Hon Cheryl Edwardes as a director;
- (o) the appointment of Mr Bruce Linton as a director; and
- (p) the change of TWH's name.

Foreign Law means a law of a jurisdiction other than Australia.

Heads of Agreement has the meaning given to that term in Section 3.1.

Intellectual Property means all items of intangible property and includes trademarks and service marks (whether or not registered or registration has been applied for), domain names, trade names, business names, designs, brand names, patents, patent applications, inventions (whether or not patented), trade secrets and copyrights (whether or not registered or registration has been applied for).

Listing Rules means the listing rules of ASX, as amended from time to time.

Merged Entity means TWH and its subsidiaries following the acquisition by TWH of all, or a portion of AusCann Securities on issue.

Minimum Acceptance Condition means the condition to the Offer set out in paragraph 8(a)(iii) of Annexure A.

New Constitution has the meaning given to that term in Section 4.5 of this Bidder's Statement.

Notice of Meeting means TWH's notice of meeting despatched to TWH Shareholders on 29 September 2016 to convene the TWH Shareholder Meeting.

Offer means the off market takeover offer by TWH to acquire AusCann Shares on the terms and conditions set out in this Bidder's Statement.

Offer Acceptance Form means the form of acceptance for the Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to an AusCann Shareholder by TWH's share registry in relation to the Offer.

Offer Consideration means the offer of TWH Shares and TWH Performance Shares under the Offer.

Offer Period means the period during which an Offer is open for acceptance in accordance with paragraph 2 of Annexure A.

Official List means the official list of entities that ASX has admitted and not removed.

Option Purchase Agreement means the agreement to be entered into between TWH and Canopy whereby TWH will acquire the AusCann Options from Canopy in consideration for TWH Options on the terms set out in Annexure D.

Participant means an entity admitted to participate in the Clearing House Subregister System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

Pathways Corporate means Pathways Corporate Pty Ltd ACN 166 523 771.

Performance Milestone means the performance based milestone specified in Section 4.5 of this Bidder's Statement.

Pre-existing Sale Agreements means the agreements for the sale and purchase of AusCann Shares entered into by the Company with certain AusCann Shareholders prior to the date of this Bidder's Statement.

Prescribed Occurrence means (other than as required or contemplated by the Bid Implementation Agreement) the occurrence of any of the following (being the occurrences listed in section 652C of the Corporations Act):

- (a) AusCann converting all or any of the AusCann Shares into a larger or smaller number of Shares under section 254H of the Corporations Act;
- (b) AusCann or a Subsidiary of AusCann resolving to reduce its share capital in any way;
- (c) AusCann or a Subsidiary of AusCann entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (d) AusCann or a Subsidiary of AusCann making an issue of AusCann Shares (other than the issue of AusCann Shares on the exercise of options) or granting an option over the shares or agreeing to make such an issue or grant such an option;
- (e) AusCann or a Subsidiary of AusCann issuing, or agreeing to issue, convertible notes;
- (f) AusCann or a Subsidiary of AusCann disposing or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) AusCann or a Subsidiary of AusCann granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (h) AusCann or a Subsidiary of AusCann resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of the AusCann or a Subsidiary of AusCann;
- (j) the making of an order by a court for the winding up of AusCann or a Subsidiary of AusCann;
- (k) an administrator of AusCann or a Subsidiary of AusCann being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) AusCann or a Subsidiary of AusCann executing a deed of company arrangement; or
- (m) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of AusCann or a Subsidiary of AusCann.

Proposed Directors means the proposed Directors of TWH upon completion of the Offer, Dr Malcolm Washer, Ms Elaine Darby, Mr Harry Karelis, Hon. Cheryl Edwardes, Mr Bruce McHarrie and Mr Bruce Linton.

Prospectus means the prospectus lodged with ASIC by TWH on 21 October 2016 for the purpose of making the Public Offer.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchanges.

Public Offer means the offer of up to 25 million TWH Shares by TWH at an issue price of \$0.20 per TWH Share to raise a minimum of \$3 million and maximum of \$5 million.

Re-Compliance Process means the process and actions undertaken by TWH to re-comply with Chapters 1 and 2 of the Listing Rules, including preparation of the Prospectus.

Record Date means the date set by TWH under section 633(2) of the Corporations Act, being 5:00pm (WST) on 4 November 2016.

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Related Person means:

- (a) a related body corporate;
- (b) its advisers or an adviser of a related body corporate of that party; or
- (c) an officer or employee of any entity referred to in paragraphs (a) or (b) of this definition.

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

Rights means all accreditations, benefits and rights attaching to or arising from AusCann Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by AusCann).

Section means a section of this Bidder's Statement.

Security Interest has the meaning given to that term in section 51A of the Corporations Act.

Subsidiary has the meaning given to that term in Division 6 of Part 1.2 of the Corporations Act.

Superior Proposal means a Competing Proposal in relation to AusCann that the AusCann Board determines in good faith is:

- (a) reasonably capable of being valued and completed in a timely manner, taking into account all aspects of the Competing Proposal and the person making it; and
- (b) more favourable to AusCann Shareholders as a whole than the Offer, taking into account all the terms and conditions of the Competing Proposal.

provided that a financial adviser, independent of the AusCann Board, has provided a written opinion to the AusCann Board which supports the determination of the matters in paragraphs (a) and (b) above.

Target's Statement means the statement to be issued by AusCann in response to the Bidder's Statement.

TWH or Company means TW Holdings Limited (ACN 008 095 207).

TWH Consideration Securities means the TWH Shares and TWH Performance Shares to be issued as consideration under the Offer and pursuant to the Pre-existing Sale Agreements.

TWH Option means an option to acquire a TWH Share.

TWH Share or Share means a fully paid ordinary share in the capital of TWH.

TWH Performance Right means a right to be issued a TWH Share on the same terms and conditions as those set out for a TWH Performance Share in Annexure C.

TWH Performance Share or Performance Share means a performance share to be issued by the Company on the terms set out in Annexure C.

TWH Securities means securities on issue in the capital of TWH.

TWH Security holder means a holder of TWH Securities.

TWH Share means a share in the capital of TWH, and includes the TWH Shares and TWH Performance Shares.

TWH Shareholder or **Shareholder** means a holder of TWH Shares.

TWH Shareholder Meeting means the general meeting of TWH Shareholders to be held on 31 October 2016.

Unconditional means TWH issuing a notice in accordance with section 630(3) of the Corporations Act, declaring that the Offer is free or freed (as the case may be) from all defeating conditions otherwise applicable to the Offer other than the Prescribed Occurrence Condition, subject to compliance with section 650F(1)(a) of the Corporations Act.

VWAP means volume weighted average price of 'on market' trades on ASX (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

WST means Western Standard Time, being the time in Perth, Western Australia.

Your AusCann Shares or **Your Shares** means the AusCann Shares: (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of AusCann at 5.00pm (WST) on the Record Date; or (b) to which you are able to give good title at the time you accept the Offer during the Offer Period.

12.2 Interpretation

- (a) The words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.
- (b) The following rules of interpretation apply unless intention appears or the context requires otherwise:
 - (i) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
 - (ii) headings are for convenience only and do not affect interpretation;
 - (iii) the singular includes the plural and conversely;
 - (iv) a reference to a Section is to a Section of this Bidder's Statement;
 - (v) a gender includes all genders;
 - (vi) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
 - (vii) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
 - (viii) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
 - (ix) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
 - (x) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
 - (xi) a reference to any instrument or document includes any variation or replacement of it;
 - (xii) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;

- (xiii) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (xiv) a reference to you is to a person to whom the Offer is made; and

ANNEXURE A – TERMS OF THE OFFER

1. GENERAL TERMS

- (f) TWH offers to acquire all of Your AusCann Shares, together with all Rights attached to them, on the following terms and conditions set out in this Offer.
- (g) The Offer Consideration being offered by TWH for the acquisition of all of Your AusCann Shares is:
 - (i) one (1) TWH Shares; and
 - (ii) approximately 0.1924 TWH Performance Shares,for every one AusCann Share you own, subject to the terms and conditions set out in this Offer. Fractional entitlements, if any will be rounded to the nearest whole number.
- (h) The rights and obligations of the TWH Shares to be issued under the Offer is summarised in Sections 4.6 and 4.7 of the Bidder's Statement.
- (i) The Offer is dated 7 November 2016.

2. OFFER PERIOD

- (a) Unless withdrawn, this Offer will remain open for acceptance during the period commencing on the date of this Offer (being 7 November 2016) and ending at 5:00pm (WST) on the later of:
 - (i) 7 December 2016; or
 - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) TWH reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Offer is varied to improve the consideration offered; or
 - (ii) TWH's voting power in AusCann increases to more than 50%,then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with section 624(2) of the Corporations Act.

3. WHO MAY ACCEPT

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of AusCann Shares on AusCann's register of members at 5.00pm (WST) on the Record Date.
- (b) The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of AusCann Shares due to the conversion of, or exercise of rights conferred by AusCann Options that are on issue at the Record Date and any person who becomes registered as the holder of Your AusCann Shares during the Offer Period.
- (c) A person who:
 - (i) is able during the Offer Period to give good title to a parcel of AusCann Shares; and
 - (ii) has not already accepted this Offer which relates to those AusCann Shares,may accept as if an Offer from TWH on terms identical with this Offer had been made to that person in relation to those AusCann Shares.

- (d) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your AusCann Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those AusCann Shares; and
 - (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other AusCann Shares you hold to which the Offer relates; and
 - (iii) this Offer will be deemed to have been withdrawn immediately at that time.
- (e) If at any time during the Offer Period you are registered as the holder of one or more parcels of AusCann Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Offer for each distinct parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call TWH on 1300 133 921 to request those additional copies.
- (f) This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). The Offer is not registered in New Zealand, but is being made in New Zealand pursuant to the *Securities Act (Overseas Companies) Exemption Notice 2013*. It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.
- (g) If Your AusCann Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Offer.

4. HOW TO ACCEPT THIS OFFER

- (a) Subject to paragraph 3(e) of this Annexure A, you may only accept this Offer in respect of all (and not a lesser number) of Your AusCann Shares. For example, if you have 10,000 AusCann Shares and you wish to accept the Offer, you may only accept this Offer in respect of 10,000 AusCann Shares.
- (b) You may accept this Offer at any time during the Offer Period.
- (c) To accept this Offer for AusCann Shares held in your name on AusCann's register, you must:
 - (i) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
 - (ii) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.

Acceptance Form and Other Documents

- (a) The Acceptance Form forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer.
- (d) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by TWH at the address shown on the Acceptance Form before the end of the Offer Period.
- (e) The postage and transmission of the Acceptance Form and other documents is at your own risk.
- (f) When accepting the Offer, you must also forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased AusCann Shareholder, the relevant grant of probate or letters of administration.
- (g) When accepting the Offer, you must also provide a duly executed copy of the restriction agreement (which will be provided to you by the Company) in respect of some or all of your TWH Consideration Securities as required by ASX.

5. VALIDITY OF ACCEPTANCES

- (a) Subject to this paragraph 5 of this Annexure A, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in paragraph 4 of this Annexure A.
- (b) TWH will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. TWH is not required to communicate with you prior to or after making this determination. The determination of TWH will be final and binding on all parties.
- (c) Notwithstanding paragraph 4 of this Annexure A, TWH may at any time in its sole discretion:
 - (i) deem any Acceptance Form it receives to be a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of Your AusCann Shares, TWH may, in its sole discretion, regard the Offer to be accepted in respect of those of Your AusCann Shares but not the remainder.
- (d) In respect of any part of an acceptance treated by it as valid, TWH will provide you with the relevant consideration in accordance with paragraph 1 of this Annexure A, and the exercise of TWH's rights under Section 5(c) of this Annexure A will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by TWH.
- (e) This Section is not a condition of this Offer.

6. THE EFFECT OF ACCEPTANCE

- (a) Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Offer or otherwise dispose of Your AusCann Shares, except as follows:
 - (i) if, by the times specified in paragraph 6(b) of this Annexure A, the Conditions in paragraph 8(a) of this Annexure A have not all been fulfilled or waived, the Offer will automatically terminate and you will retain Your AusCann Shares; or
 - (ii) if the Offer is varied in accordance with the Corporations Act in a way that postpones for more than 1 month the time when TWH has to meet its obligations under the Offer, and, at the time, the Offer is subject to one or more of the Conditions in Section 8(a) of this Annexure A, you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.
- (b) The relevant times for the purposes of paragraph 6(a) of this Annexure A are:
 - (i) in relation to the Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act in relation to AusCann, the end of the third business day after the end of the Offer Period; and

- (ii) in relation to all other conditions in paragraph 8(a) of this Annexure A, the end of the Offer Period.
- (c) By following the procedures described in paragraph 4 of this Annexure A, you will be deemed to have:
- (i) accepted this Offer (and any variation to it) in respect of Your AusCann Shares and agreed to sell all of Your AusCann Shares to TWH, regardless of the number of AusCann Shares specified in the Acceptance Form;
 - (ii) agreed to the terms of the Offer and, subject to the Conditions contained in paragraph 8(a) of this Annexure A being fulfilled or waived, agreed to transfer to TWH all of Your AusCann Shares and all of the Rights attached to those AusCann Shares in accordance with the terms of the Offer;
 - (iii) agreed to accept the consideration being offered by TWH and have authorised TWH to place your name on its register of shareholders in respect of TWH Shares offered by TWH as consideration, and agreed to be bound by the New Constitution;
 - (iv) irrevocably authorised TWH (and any director, secretary, nominee or agent of TWH) to alter the Acceptance Form on your behalf by completing any blanks and correcting any errors in, or omissions from, the Acceptance Form as may be necessary:
 - (A) to make the Acceptance Form an effective acceptance of this Offer; and/or
 - (B) to enable registration of the transfer to TWH of Your AusCann Shares;
 - (v) irrevocably authorised and directed AusCann to pay to TWH or to account to TWH for all Rights which are declared, paid or which arise or accrue after the date of this Offer in respect of Your AusCann Shares (subject to TWH accounting to you for any such Rights received by it if your acceptance of this Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
 - (vi) represented and warranted to TWH that:
 - (A) TWH will acquire good title to and beneficial ownership of all of Your AusCann Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind and free from restrictions on transfer of any nature (whether legal or otherwise);
 - (B) you have paid AusCann all amounts which are due in respect of Your AusCann Shares;
 - (C) all of Your AusCann Shares are fully paid; and
 - (D) you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership of Your AusCann Shares (together with all Rights attached to them) to TWH;
 - (vii) agreed to accept the TWH Shares to which you become entitled by accepting this Offer subject to the New Constitution and the terms of issue of the TWH Shares and to have authorised TWH to place your name on its register of shareholders as the holder of the TWH Shares issued to you under the Offer;
 - (viii) represented and warranted to TWH that the making by TWH to you, and your acceptance, of this Offer is lawful under any Foreign Law which applies to you, to the making of this Offer, and to your acceptance of this Offer;
 - (ix) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared, Unconditional, irrevocably appointed TWH and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning Your AusCann Shares or in exercise

of any right or power derived from the holding of Your AusCann Shares including, without limitation:

- (A) attend and vote in respect of Your AusCann Shares at any and all meetings of AusCann;
- (B) requisition or join with other holders of AusCann Shares in requisitioning and/or convening a meeting of the members of AusCann;
- (C) demand a poll for any vote to be taken at any meeting of AusCann Shareholders;
- (D) propose or second any resolutions to be considered at any, and all meetings of AusCann Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of TWH as a proxy in respect of all or any of Your AusCann Shares and a transfer form for Your AusCann Shares), proxies, consents, agreements and resolutions relating to Your AusCann Shares;
- (F) request AusCann to register in the name of TWH or its nominee Your AusCann Shares which you hold on any register of AusCann; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of TWH as the beneficial owner and intended registered holder of Your AusCann Shares in respect of which you have accepted this Offer and to have further agreed to do all such acts, matters and things that TWH may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of AusCann) if requested by TWH;

- (x) with effect from the later of acceptance of the Offer and the date that any contract resulting from that acceptance becomes, or is declared Unconditional, agreed not to attend or vote in person, by proxy, or otherwise at any general meeting of AusCann or at any Court convened meeting of AusCann or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on TWH and the directors, secretaries and other officers of TWH by paragraph 6(c)(ix) of this Annexure A;
 - (xi) irrevocably authorised TWH to notify AusCann on your behalf that your place of address for the purposes of serving notices in respect of Your AusCann Shares is the address specified by TWH in the notification;
 - (xii) represented and warranted to TWH that, unless you have notified it in accordance with paragraph 3(e) of this Annexure A, Your AusCann Shares do not consist of a separate parcel of shares;
 - (xiii) agreed to indemnify TWH in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your share certificate or in consequence of the transfer of Your AusCann Shares to TWH being registered by AusCann without production of your share certificate for Your AusCann Shares; and
 - (xiv) agreed, subject to the conditions of this Offer in paragraph 8(a) of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that TWH may consider necessary or desirable to convey Your AusCann Shares registered in your name and Rights to TWH.
- (d) The representations, warranties, undertakings and authorities referred to in this paragraph 6 of this Annexure A will remain in force after you receive the consideration for Your AusCann Shares and after TWH becomes registered as the holder of them.

7. PAYMENT OF CONSIDERATION

- (a) Subject to the terms of this Offer and the Corporations Act, TWH will provide the consideration for Your AusCann Shares on or before the earlier of:
- (i) 1 month after the date of your acceptance or, if this Offer is subject to a defeating condition when you accept this Offer, within 1 month after this Offer becomes Unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Offer, regardless of any delay in providing the consideration or any extension of the Offer.
- (c) Where the requires an additional document to be given with your acceptance (such as a power of attorney):
- (i) if that document is given with your acceptance, TWH will provide the consideration in accordance with paragraph 7(a) of this Annexure A;
 - (ii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is subject to a Condition, TWH will provide the consideration due to you on or before the earlier of:
 - (A) 1 month after this Offer becomes Unconditional; or
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is not subject to a Condition, TWH will provide the consideration due to you on or before the earlier of:
 - (A) 1 month after that document is given to TWH; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a Condition, TWH will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act in relation to AusCann, TWH will provide the consideration due to you within 21 days after the Offer becomes Unconditional.
- (d) The obligation of TWH to allot and issue any TWH Shares to which you are entitled under the Offer will be satisfied by:
- (i) entering your name on the register of members of TWH; and
 - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of AusCann's register of members after the Offer goes Unconditional, a uncertificated holding statement in your name. If Your AusCann Shares are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders, and forwarded to the last recorded address on the most recent copy of AusCann's register of members.
- (e) If, at the time you accept the Offer, any of the following:
- (i) *Banking (Foreign Exchange) Regulations 1959 (Cth)*;
 - (ii) *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)*;
 - (iii) *Charter of the United Nations (Sanctions – Al-Qaida and the Taliban) Regulations 2008 (Cth)*;
 - (iv) *Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth)*; or
 - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your AusCann Shares, or would make it unlawful for TWH to provide any consideration to you for Your AusCann Shares, you will not be entitled to receive any consideration for Your AusCann Shares until all requisite authorities, clearances or approvals have been received by TWH. In such circumstances, for tax purposes, acceptance of the Offer should not create in (or transfer to) you a right to receive any consideration from TWH until the required regulatory approval is obtained.

8. CONDITIONS OF THIS OFFER

- (a) Subject to paragraphs 8(b) and 8(c) of this Annexure A, the Offer and any contract that results from acceptance of the Offer is subject to the fulfilment of the following conditions:
- (i) **Approval of Essential Resolutions**

TWH Shareholders approve the Essential Resolutions in accordance with the Corporations Act, the Listing Rules and the constitution of TWH before the end of the Offer Period.
 - (ii) **Public Offer**

The Public Offer closes and, as at the close of the Public Offer, TWH receives or becomes entitled to receive, in immediately available funds, gross proceeds of not less than \$3,000,000 (before the costs of the Public Offer) as a result of subscriptions made under the Public Offer.
 - (iii) **Minimum acceptance**

On or before the end of the Offer Period TWH has a relevant interest in at least 90% of the AusCann Shares on issue and is entitled to proceed to compulsory acquisition of all outstanding AusCann Shares under the Corporations Act.
 - (iv) **ASX consent to re-quotations**

TWH receives from ASX written confirmation that ASX will terminate the suspension of TWH Shares from official quotation, subject to the satisfaction of such terms and conditions (if any) as are prescribed by ASX or the Listing Rules and such conditions being capable of being satisfied.
 - (v) **Completion under other agreements**

No later than at the same time as completion occurs with each AusCann Shareholder with respect to their AusCann Shares under the Offer, TWH also completes the sale and purchase or cancellation (as the case may be) of all of the:

 - (A) Sale Agreement Shares under the Pre-Existing Sale Agreements (except to the extent that TWH is entitled to and does acquire such Sale Agreement Shares under the Offer); and
 - (B) AusCann Options under the Option Purchase Agreement.
 - (vi) **Regulatory approvals**

Before the end of the Offer Period, all approvals or consents that are required by law, by any public authority, or by any other third party as are necessary to permit:

 - (A) the Offers to be lawfully made to and accepted by the AusCann Shareholders;
 - (B) the transactions contemplated by this Bidder's Statement to be completed; and
 - (C) AusCann to be in material compliance with each of its and its subsidiaries' contracts, permits, licences and other agreements,

are granted, given, made or obtained on an unconditional basis, remain in full force and effect in all respects, and do not become subject to any notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew the same.

- (vii) No regulatory action and consents
- Between the Announcement Date and the end of the Offer Period (each inclusive):
- (A) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
 - (B) no action or investigation is announced, commenced or threatened by any Public Authority; and
 - (C) no application is made to any Public Authority (other than by TWH or any associate of TWH),
- in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of any transaction contemplated by the Bidder's Statement or which requires the divestiture by TWH of any AusCann Shares or any material assets of AusCann or any subsidiary of AusCann.
- (viii) No AusCann Material Adverse Change
- Between the Announcement Date and the end of the Offer Period (each inclusive), no AusCann Material Adverse Change occurs.
- (ix) No litigation on foot or pending
- Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against AusCann which may reasonably result in a judgment of \$100,000 or more is commenced, is threatened to be commenced, is announced, or is made known to TWH (whether or not becoming public) or AusCann, other than that which is in the public domain as at the Announcement Date.
- (x) Equal Access
- Between the Announcement Date and the end of the Offer Period (each inclusive), AusCann promptly, and in any event within 2 Business Days, providing to TWH all information that is not generally available (within the meaning of the Corporations Act) relating to AusCann or any of its subsidiaries, or their respective assets, liabilities or operations, that has been provided by AusCann or any of its directors, officers, agents or representatives to any person other than TWH, other than in the ordinary course of business, for the purposes of soliciting, encouraging or facilitating any proposal with respect to:
- (A) a takeover bid for, or scheme of arrangement proposed by, AusCann, under the Corporations Act;
 - (B) the acquisition by that person or an associate of substantially all the assets and operations of AusCann; or
 - (C) any transaction having a similar economic effect.
- (xi) No Prescribed Occurrences
- Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), no Prescribed Occurrence occurs.
- (xii) No distributions
- Between the Announcement Date and the end of the Offer Period (each inclusive), AusCann does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
- (xiii) Escrow
- Each AusCann Shareholder (including Canopy) enters into such form of restriction agreement in respect of the TWH Consideration Securities issued to them (including any TWH Shares issued upon satisfaction of the Performance Milestone

under the terms of the Performance Shares or pursuant to the exercise of a TWH Option) as ASX may require.

- (b) Each condition in Section 8(a) of this Annexure A is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of TWH alone and may only be relied upon by TWH.
- (c) All the conditions in paragraph 8(a) of this Annexure A are conditions subsequent. The non-fulfillment of any condition subsequent does not, until the end of the Offer Period (or in the case of any Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, the end of the third business day after the end of the Offer Period), prevent a contract to sell Your AusCann Shares from arising, but entitles TWH by written notice to you, to rescind the contract resulting from your acceptance of this Offer.

9. FREEING THE OFFER OF CONDITIONS

- (a) Subject to paragraph 9(b) of this Annexure A, TWH may free this Offer, and any contract resulting from its acceptance, from all or any of the Conditions in paragraph 8(a) of this Annexure A at its sole and absolute discretion by giving notice to AusCann declaring the Offer to be free from the relevant conditions specified in accordance with section 650F of the Corporations Act.
- (b) TWH may only waive the Essential Conditions with the prior written consent of AusCann (such consent not to be unreasonably withheld or delayed).
- (c) If, at the end of the Offer Period (or in the case of any Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, the end of the third business day after the end of the Offer Period) the Conditions in paragraph 8(a) of this Annexure A have not been fulfilled and TWH has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.
- (d) Subject to the provisions of the Corporations Act, TWH alone will be entitled to the benefit of the Conditions in paragraph 8(a) of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by TWH.

10. NOTICE OF STATUS OF CONDITIONS

The date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is 25 November 2016, subject to extension in accordance with section 630(2) if the Offer Period is extended.

11. QUOTATION

- (a) An application will be made within 7 days after the start of the Offer Period to ASX for the granting of quotation of the TWH Shares to be issued in accordance with the Offer. However, quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Offer is subject to a condition that quotation is made for quotation of the TWH Shares to be issued pursuant to the Offer in accordance with paragraph 11(a) of this Annexure A and permission for quotation by ASX (as the circumstances require) of the TWH Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the Offer Period.

12. WITHDRAWAL OF OFFER

TWH may withdraw this Offer with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, TWH will give notice of the withdrawal to ASX and to AusCann and comply with any other conditions imposed by ASIC.

13. VARIATION

TWH may vary this Offer in accordance with the Corporations Act at its sole and absolute discretion.

14. DUTY OR OTHER COSTS

- (a) All costs and expenses of the preparation, dispatch and circulation of this Offer and any duty payable in respect of the transfers will be paid by TWH.
- (b) As long as Your AusCann Shares are registered in your name and you deliver them directly to TWH in accordance with the terms of this Offer, you will not incur any brokerage in connection with your acceptance of this Offer.

15. GOVERNING LAW

This Offer and any contract that results from your acceptance of this Offer is governed by the laws in force in Western Australia.

16. DATE OF OFFER

This Offer is dated 7 November 2016.

ANNEXURE B – TWH'S ASX ANNOUNCEMENTS

TWH has lodged the following announcements with ASX since 22 September 2016 being the date on which the most recent audited financial statements of TWH for the year ended 30 June 2016 were lodged with ASX:

Date Lodged	Description of Announcement
30/09/2016	Market Update - Acquisition of AusCann Group Holdings Ltd
30/09/2016	TWH Notice of Meeting and IER and Proxy Form
18/10/2016	Change of Company Secretary
21/10/2016	Notice of Annual General Meeting/Proxy Form
21/10/2016	Prospectus
25/10/2016	AusCann Investor Presentation - October 2016
25/10/2016	Consolidation/Split – TWH
31/10/2016	Appendix 4C – quarterly
31/10/2016	Voluntary Suspension

ANNEXURE C – TERMS AND CONDITIONS OF TWH PERFORMANCE SHARES

1. DEFINITIONS

In these terms and conditions, unless the context otherwise requires, italicised terms defined in the Glossary in Schedule 1 shall have the meanings given to them therein, and further, the following terms bear the following meanings:

- (a) **holder**
A holder of Performance Shares.
- (b) **Milestone Date**
The date which is eighteen months after the date on which the Company achieves Re-compliance
- (c) **Performance Milestone**
The milestone set out in paragraph 6 of this Annexure C.
- (d) **Performance Shares**
Performance Shares on terms and conditions set out in this Annexure C.
- (e) **terms and conditions**
These terms and conditions set out in this Annexure C.

2. RIGHTS ATTACHING

- (a) Each Performance Share shall be issued for nil cash consideration.
- (e) Each Performance Share is a share in the capital of the Company.
- (f) A Performance Share:
 - (i) confers on the holder:
 - (A) a right to receive Notices of General Meetings of shareholders and financial reports and accounts of the Company that are circulated to shareholders; and
 - (B) a right to attend General Meetings of shareholders; and
 - (ii) does not entitle a holder:
 - (A) other than to the extent required by law, to vote at any Meeting of shareholders;
 - (B) to any dividend;
 - (C) to a return of capital, whether in winding up upon a reduction of capital or otherwise;
 - (D) any right to participate in the surplus profits or assets of the Company upon the winding up of the Company; or
 - (E) to participate in new issues of Securities.
- (g) A Performance Share is not transferrable.
- (h) Performance Shares do not confer on a holder any rights other than those expressly provided in these terms and conditions, and those provided at law where such rights cannot be excluded by these terms and conditions.
- (i) The holder of a Performance Share (and any ordinary share issued upon the conversion of a Performance share under these terms and conditions) agrees to be bound by the New Constitution.

3. QUOTATION

- (c) The Performance Shares will not be quoted on ASX.
- (d) Notwithstanding item 3.1, the Company must:
 - (i) apply for Quotation of any Shares issued upon conversion of a Performance Share under item 5 in accordance with the Listing Rules, and
 - (ii) use its best endeavours to obtain such Quotation.
- (e) Holders must comply with any ASX requirement that Shares arising from a conversion under item 5 be escrowed and that a holder enter into a restriction agreement necessary to effect the escrow, and must do so prior to the issue of the converted Shares.
- (f) Upon issue of a Share pursuant to the conversion of a Performance Share under these terms and conditions the Company will (if required) either:
 - (i) give to ASX a Notice under section 708A(5)(e) of the Corporations Act and such Notice must confirm that the Company is not withholding any 'excluded information' for the purposes of section 708A(6)(e) of the Corporations Act; or
 - (ii) if the Notice under item 3.4(a) is not able to be issued by the Company or for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure under the Corporations Act, then the Company must, no later than 10 days after the date of the issue of the Shares, lodge a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors under the Corporations Act.

4. REORGANISATION

If at any time the capital of the Company is reorganised, the Performance Shares shall be treated in the manner set out in Listing Rule 7.21 (or other applicable Listing Rules), such that the number of Performance Shares or the conversion ratio under item 5 or both will be reorganised so that holders will not receive a benefit that shareholders do not receive, and shareholders do not receive a benefit that holders do not receive.

5. CONVERSION

- (a) Within seven (7) days of achievement of the Performance Milestone, each Performance Share shall convert to Shares at the rate of one (1) fully paid ordinary share for every one (1) Performance Share.
- (b) If a conversion under item 5.1 would cause a contravention of section 606 of the Corporations Act, the conversion shall be subject to the approval of Shareholders under item 7, section 611 of the Corporations Act, and the Company must:
 - (i) promptly convene a Meeting of Shareholders for the purposes of considering such approval; and
 - (ii) use its reasonable endeavours to procure that approval.
- (c) If the Performance Milestone has not occurred on or prior to the Milestone Date, each and every Performance Share will be cancelled for nil or nominal consideration.
- (d) Upon the occurrence of either:
 - (i) a takeover bid under Chapter 6 of the Corporations Act being made in respect of the Company, and:
 - (A) the bidder having received acceptances in respect of greater than 50% of the Shares on issue at that time; and
 - (B) the bid having been declared unconditional by the bidder; or

- (ii) a court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other Company or companies,

to the extent the Performance Shares have not yet converted under item 5.1 or been cancelled under item 5.3, those Performance Shares will automatically convert into Shares at the rate set out in item 5.1 up to a maximum number (when counted together with any other Shares being issued in respect of other classes of Performance share, if any) constituting ten percent (10%) of the Shares then on issue. Any Performance Shares not converted in this manner will continue to be held by the holder on the same terms and conditions.

- (e) The Company will issue a holder with a new holding statement for the Shares issued under items 5.1 or 5.3 as soon as practicable following the conversion of each Performance Share.
- (f) All Shares issued upon conversion of Performance Shares shall rank pari passu in all respects with all other Shares (including, without limitation, in respect of rights relating to dividends), and shall be issued free from all liens, charges and encumbrances whether or not known about and including statutory and other pre-emptive rights and transfer restrictions.

6. PERFORMANCE MILESTONE

The Performance Milestone shall occur if, before the Milestone Date:

- (a) AusCann obtains a permit, licence, authority, registration or approval under the *Narcotics Drugs Act 1967* (as amended by the *Narcotic Drugs Act Amendment Act 2016*) and any Associated regulations in respect of the cultivation and production of cannabis and cannabis resin for medicinal and related scientific purposes; or
- (b) AusCann obtains a permit, licence, authority, registration or approval for the cultivation and production of cannabis and cannabis resin for medicinal and related scientific purposes in another jurisdiction; or
- (c) AusCann is issued or acquires an interest of not less than 49% in a party or entity that holds a permit, licence, authority, registration or approval for the cultivation and production of cannabis and cannabis resin for medicinal and related scientific purposes in another jurisdiction; or
- (d) the Company, having merged with AusCann, is granted a licence referred to in paragraph (a) or (b) above or is issued or acquires an interest referred to in paragraph (c) above.

7. COMPLIANCE

- (a) Notwithstanding anything contained in these terms and conditions, if the Listing Rules, the Corporations Act or the New Constitution prohibit an act from being done, that act shall not be done to the extent of that prohibition.
- (b) Nothing in these terms and conditions requires to be done anything that the Listing Rules, the Corporations Act or the New Constitution prohibit from being done to the extent of that prohibition.
- (c) The Company may unilaterally amend these terms and conditions if and to the extent necessary to resolve any conflict between these terms and conditions and the Listing Rules, the Corporations Act or the New Constitution, or to make these terms and conditions compliant with the Listing Rules, the Corporations Act or the New Constitution.

ANNEXURE D – TERMS AND CONDITIONS OF TWH OPTIONS TO CANOPY

1. ENTITLEMENT

- (a) Each option will entitle the holder to subscribe for one fully paid ordinary share in the Merged Entity (**Share**).
- (b) All Shares issued upon the exercise of the options will rank equally in all respects with the Merged Entity's then existing Shares.

2. EXERCISE PRICE

Each option shall entitle the holder to acquire one share upon payment of the sum of \$0.20 per option (**exercise price**) to the Merged Entity.

3. EXERCISE OF OPTIONS

- (a) The options may be exercised at any time prior to the date which is 36 months after their issue (**expiry date**) in whole or in part, by completing and delivering a duly completed form of notice of exercise to the registered office of the Merged Entity together with the payment of the exercise price in immediately available funds for the number of Shares in respect of which the options are exercised.
- (b) An option not exercised on or before the expiry date will lapse.
- (c) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued, and a holding statement or share certificate provided to the holders of options in respect of those Shares, on the above terms and conditions not more than 5 Business Days after the receipt of a duly completed form of notice of exercise and the exercise price in immediately available funds in Australian dollars in respect of the options exercised.

4. QUOTATION

- (a) Application will not be made to ASX for official Quotation of the options.
- (b) Provided the Merged Entity is listed on ASX at the time, application will be made for official Quotation of the Shares issued upon exercise of options not later than 5 Business Days after the date of allotment.

5. TRANSFER

The options are not transferable.

6. PARTICIPATION AND ENTITLEMENTS

- (a) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of Securities offered to shareholders during the currency of the options.
- (b) However, the Merged Entity must give notice to the holders of options of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules so as to give holders the opportunity to exercise their options before the date for determining entitlements to participate in any issue.

7. REORGANISATION OF SHARE CAPITAL

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Merged Entity, all rights of holders of options shall be changed to the extent necessary

to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

8. BONUS ISSUE

If, from time to time, before the expiry of the options the Merged Entity makes a pro-rata issue of Shares to shareholders for no consideration, the number of Shares over which an option is exercisable will be increased by the number of Shares which the holder would have received if the option had been exercised before the date for calculating entitlements to the pro-rata issue.

9. PRO-RATA ISSUE

If the Merged Entity makes a pro-rata issue of Securities (except a bonus issue) to shareholders (other than an issue in lieu or in satisfaction of dividends or by way of a dividend reinvestment) the exercise price of an option shall be reduced according to the following formula:

$$O' = O - (E(P - (S + D))) / (N + 1)$$

where:

- O' = the new exercise price for an option
- O = the old exercise price for an option
- E = the number of underlying Securities into which an option is exercisable.
- P = The average market price per security (weighed by reference to volume) of the underlying Securities during the five trading days ending on the day before the ex-rights date or ex entitlements date.
- S = The subscription price for a security under the pro-rata issue.
- D = The dividend due but not yet paid under the existing underlying Securities (except those to be issued under the pro-rata issue).
- N = The number of Securities with rights or entitlements that must be held to receive a right to one new security.