



ASX ANNOUNCEMENT

19 JANUARY 2018

SHARE PURCHASE PLAN CLOSES HEAVILY OVERSUBSCRIBED

- Share Purchase Plan applications of approximately \$16 million received
- Reflects strong shareholder support for Cann's business strategy

19 January 2018 – Cann Group Limited (ASX: CAN) is pleased to advise that the Share Purchase Plan (SPP) conducted in conjunction with a share placement, as announced to the ASX on 30 November 2017, closed on 15 January 2018 heavily oversubscribed with applications received totalling approximately \$16 million.

The success of the SPP demonstrates strong support from existing shareholders following the Company's recently completed placement. As announced on 30 November 2017 and 4 December 2017, the placement (**Institutional Placement**) raised \$58.7 million via an underwritten placement to eligible institutional, sophisticated and professional investors in Australia and certain overseas jurisdictions (**Institutional Investors**) at \$2.50 per New Share.

On 17 January 2018 the Company announced that shareholders had approved Director participation in the Institutional Placement of a further \$1.3 million at \$2.50 per New Share.

The SPP was capped at A\$10 million, and in accordance with the terms of the SPP the Directors have determined that all applicants will be provided a minimum allocation of \$2,000 (800 shares at 2.50 per share) and applications greater than \$2,000 were scaled back on a pro-rata basis.

The SPP was fully underwritten by Canaccord Genuity Australia Ltd.

Canaccord Genuity Australia Ltd, together with PAC Partners Pty Ltd, acted as Joint Lead Managers to the SPP.

Subsequent to completion of the SPP and as part of the capital raising, Cann's major shareholder Aurora Cannabis Inc. has irrevocably undertaken to subscribe for approximately \$7.8 million in further shares at the issue price of \$2.50 per share, to increase its shareholding in the Company to 22.9%.

In total, the Company has raised approximately \$78 million which will enable the immediate commencement of the planned phase 3 expansion. The phase 3 expansion will allow additional involvement in, and support for, clinical trial activity, and further development of product manufacturing capabilities. Further expansion plans will progress as demand for medicinal cannabis continues to build.

Cann Group recently commissioned its second production facility, and is progressing plans to develop a 16,000m² state of the art cultivation, research and development, and manufacturing facility as part of its phase 3 expansion.

Cann’s Chairman Allan McCallum said: “Thanks to the continued support of Cann’s shareholders via the Share Purchase Plan, and following the recently completed share placement, the Company is now fully financed for the development of its phase 3 expansion. Against a backdrop of increasing global and domestic customer demand for medicinal cannabis, and supported by recent changes announced by the Federal Government to allow the export of medicinal cannabis products, the year ahead looks very promising for Cann and its shareholders.”

Performance rights issued

The Company advises that it has allotted the following Performance Rights pursuant to its Performance Rights Plan (**Plan**) (with each Performance Right translating to 1 ordinary share in Cann subject to achievement of various Vesting Conditions) to employees of Cann:

Employee	Position	Number of Performance Rights	Vesting Conditions
Peter Crock	CEO	1,000,000 Class C Performance Rights	<ul style="list-style-type: none"> i. 250,000 Performance Rights, subject to continuous employment to 25 September 2019 and the 30-day Volume Weighted Average Price of Cann’s ordinary shares as traded on the ASX being greater than \$1.00; ii. 350,000 Performance Rights, subject to continuous employment to 25 September 2019 and the 30-day Volume Weighted Average Price of Cann’s ordinary shares as traded on the ASX being greater than \$1.50; and iii. 400,000 Performance Rights, subject to continuous employment to 25 September 2019 and the 30-day Volume Weighted Average Price of Cann’s ordinary shares as traded on the ASX being greater than \$2.00.
Richard Baker	Company Secretary / CFO	100,000 Class D Performance Rights	i. 100,000 Performance Rights, subject to completion of the Institutional Placement and SPP with Performance Rights not to vest before 4 May 2019.

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About Cann Group

Cann Group is building a world-class business focused on breeding, cultivating and manufacturing medicinal cannabis for sale and use within Australia. The company has established research and cultivation facilities in Melbourne and is striving to provide access to medicinal cannabis for Australian patients. Cann Group has executed collaboration agreements that will enable it to establish a leading position in plant genetics, breeding, extraction, analysis and production techniques required to facilitate the supply of medicinal cannabis for a range of diseases and medical conditions. It was issued with Australia's first medicinal cannabis research licence in February 2017, in addition to Australia's first medicinal cannabis cultivation licence in March 2017. Aurora Cannabis Inc – Canada's second largest listed medicinal cannabis company – is a cornerstone investor in Cann, with a 22.9% shareholding.