



14 December 2017

Dear Shareholder

NOTICE OF GENERAL MEETING

I am pleased to invite you to attend the General Meeting of Cann Group Limited to be held at 9.30am on Wednesday 17 January 2018 (**General Meeting**), in the King Room at the offices of William Buck, Level 20, 181 William Street, Melbourne and have enclosed the Notice of General Meeting and Explanatory Notes.

As announced on 30 November 2017 and 4 December 2017, Cann is undertaking a staged capital raising of up to approximately \$78 million to enable the Company to immediately move ahead with the planned phase 3 expansion, while allowing additional involvement in and support for clinical trial activity, and further development of product manufacturing capabilities. In addition, this funding will facilitate progress on further expansion plans as demand for medicinal cannabis continues to build.

This capital raising is made up of:

(a) an underwritten placement to raise \$60 million made up of:

- \$58.7 million via an underwritten placement of new fully paid ordinary share in the capital of Cann (**New Shares**) to eligible institutions, sophisticated and professional investors in Australia and certain overseas jurisdictions (**Institutional Investors**) at \$2.50 per New Share (**Institutional Placement**), which has been completed; and
- as part of that placement to raise \$60 million, \$1.3 million via a fully underwritten placement to the Directors of Cann of 520,000 New Shares at \$2.50 per New Share (being the same price as the Institutional Placement price) (**Directors' Placement**),

(collectively the "**Placement**");

(b) a fully underwritten Share Purchase Plan to raise up to \$10 million at \$2.50 per New Share (**SPP**); and

(c) following completion of the SPP and the Directors' Placement, the issue of such number of New Shares at \$2.50 per New Share as are required to enable Aurora Cannabis Inc (**Aurora**) to achieve a 22.9% shareholding (up from 19.9%) at the completion of the capital raising. This will be satisfied through the Placement and placement of shortfall securities in the SPP (to the extent there is a shortfall). In the event there is no shortfall, or not a sufficient shortfall, under the SPP to bring Aurora's shareholding to 22.9%, the Company will issue such number of New Shares at \$2.50 per New Share up to raise up to approximately \$8.0 million for Aurora to achieve a 22.9% shareholding.

The Directors' Placement is subject to the approval of Cann's shareholders in a general meeting. Accordingly, this General Meeting has been convened for this purpose.



This is an important document. Please read it carefully.

If you are unable to attend the meeting in person, I encourage you to return the enclosed proxy form or to cast your vote online in accordance with the instructions contained in the Notice of General Meeting. The proxy form should be returned in the envelope provided, or faxed to our Share Registry on 02 9287 0309 (within Australia) or +61 2 9287 0309 (outside Australia), so that it is received by 9.30am on Monday 15 January 2018.

I look forward to your attendance at the General Meeting and I thank you for your continued support.

Yours faithfully

A handwritten signature in purple ink, appearing to read "Allan McCallum".

Allan McCallum
Chairman

Notice of General Meeting

Notice is hereby given that a General Meeting of Cann Group Limited ABN 25 603 949 739 (**Cann** or **Company**) will be held in the King Room at the offices of William Buck, Level 20, 181 William Street, Melbourne at 9.30am on Wednesday 17 January 2018 to transact the special business set out below (**General Meeting**).

Members should refer to the accompanying Explanatory Notes for further information concerning the special business to be transacted at this meeting.

Special Business of General Meeting

Resolution – Approval of New Share Placements to Company Directors

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue of a total of 520,000 new fully paid ordinary shares in the capital of the Company at an issue price of \$2.50 per share to the Directors of the Company in the allocations and on the terms and conditions specified in the Explanatory Notes accompanying this Notice of General Meeting be approved.”

By Order of the Board

Richard Baker
Company Secretary
14 December 2017

HOW TO VOTE

Voting entitlement

The Board has determined in accordance with regulation 7.11.37 of the *Corporations Regulations* that for the purpose of voting at the General Meeting, shares will be taken to be held by those persons who hold them at **7.00pm (AEDT) on Tuesday 16 January 2018**. This means that if you are not the registered holder of a share at that time you will not be entitled to vote at the General Meeting in respect of that share.

Attending the General Meeting

If you attend the General Meeting, please bring your personalised proxy form with you. The barcode at the top of the form will help you to register. If you do not bring your form with you, you will still be able to attend the General Meeting but representatives from Link Market Services Limited will need to verify your identity. You will be able to register from 9.00am (AEDT) on the day of the General Meeting.

Voting by proxy

Each shareholder who is entitled to attend and vote at the General Meeting may appoint a proxy to attend and vote on behalf of that shareholder as an alternative to attending the General Meeting in person. The proxy need not be a shareholder of the Company.

Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands. A shareholder who is entitled to cast two or more votes may appoint one or two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion, or number, of shareholder's votes, each proxy may exercise half the shareholder's votes (disregarding fractions).

Directed and Undirected Proxies

If you choose to appoint a proxy, the Board encourages you to direct your proxy how to vote on the resolution, by marking either '**For**', '**Against**' or '**Abstain**' for the item of business on the proxy form.

If you sign the enclosed proxy form and do not appoint the chairperson or specify an individual or body corporate as your proxy, you will have appointed the chairperson as your proxy by default. In that case, your shares will be voted on the proposed resolution in accordance with your directions on the proxy form.

If you do not direct the chairperson how to vote your shares, the chairperson will vote undirected proxies on, and in favour of, of the proposed resolution. Where the chairperson is appointed as your proxy, you will be taken to have expressly authorised the chairperson to cast your votes on the proposed resolution.

If you appoint as your proxy any other Director or any of their associates, they will not vote undirected proxies in favour of the proposed resolution. They will not cast any votes in respect of the proposed resolution that arise from undirected proxies.

You may appoint the chairperson of the General Meeting as your proxy by nominating him in the proxy form. If you return your proxy form but do not nominate the identity of your proxy, the chairperson will automatically be your proxy. If you return your proxy form but your nominated proxy does not attend the General Meeting, then your proxy will revert to the chairperson. When the resolution is to be determined on a poll, if your nominated proxy is either not recorded as attending the General Meeting or does not vote on the resolution, the chairperson is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution.

Lodging your Proxy

A proxy appointment form is enclosed in this Notice of General Meeting. For the appointment of a proxy to be effective for the General Meeting, the following documents must be received no later than 48 hours before the scheduled time for the General Meeting; that is by **9.30am (AEDT) on Monday 15 January 2018**:

- (a) the proxy's appointment; and
- (b) if the appointment is signed by the appointor's attorney - the authority under which the appointment was signed or a certified copy of the authority.

Documents may be lodged online, by posting, delivery or facsimile to the Company's Share Registry at:

Link Market Services Limited

Online: www.linkmarketservices.com.au



By Post:

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Delivery to Link Market Services Limited*:

1A Homebush Bay Drive
Rhodes NSW 2138

or

Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9.00am-5.00pm)

Facsimile:

(+61 2) 9287 0309

If you have any queries and wish to contact Link Market Services Limited, please call (+61) 1300 554 474.

Bodies corporate

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at the General Meeting. The appointment may be a standing one. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all of the powers that the body corporate could exercise at the General Meeting or in voting on the resolution. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with Section 250D of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Attorneys

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or certified copy of it) must be received no later than 48 hours before the scheduled time for the General Meeting; that is by 9.30am (AEDT) on Monday 15 January 2018.

Time

All times referred to in this Notice of General Meeting are Melbourne time.

Voting exclusion statement

Resolution – Approval of New Share Placements to Company Directors

The Company will disregard any votes cast on the resolution by a person who may participate in the issue (being the Directors of the Company, Messrs Allan McCallum, Philip Jacobsen, Doug Rathbone and Geoff Pearce) and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and associates of any of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form;
or
- (b) it is cast by the chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



EXPLANATORY NOTES

These Explanatory Notes, which accompany and form part of the Notice of General Meeting, have been prepared to assist shareholders with their consideration of the resolution set out in the Notice of General Meeting dated 14 December 2017.

Special Business

Resolution – Approval of New Share Placements to Company Directors

ASX Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to a related party, which includes a director, without shareholder approval. If shareholder approval is received, approval is not required under Listing Rule 7.1.

As announced to the ASX on 30 November 2017 and 4 December 2017, the Company is undertaking a staged capital raising of up to approximately \$78 million to enable the Company to immediately move ahead with the planned phase 3 expansion, while allowing additional involvement in and support for clinical trial activity, and further development of product manufacturing capabilities. In addition, this funding will facilitate progress on further expansion plans as demand for medicinal cannabis continues to build.

This capital raising is made up of:

- (a) an underwritten placement to raise \$60 million (**Placement**) made up of:
 - \$58.7 million via an underwritten placement of new fully paid ordinary share in the capital of Cann (**New Shares**) to eligible institutions, sophisticated and professional investors in Australia and certain overseas jurisdictions (**Institutional Investors**) at \$2.50 per New Share (**Institutional Placement**), which has been completed; and
 - as part of that placement to raise \$60 million, \$1.3 million via a fully underwritten placement to the Directors of Cann of 520,000 New Shares at \$2.50 per New Share (being the same price as the Institutional Placement price) (**Directors' Placement**),(collectively the "**Placement**").
- (b) a fully underwritten Share Purchase Plan to raise up to \$10 million at \$2.50 per New Share (**SPP**); and
- (c) following completion of the SPP and the Directors' Placement, the issue of such number of New Shares at \$2.50 per New Share as are required to enable Aurora Cannabis Inc (**Aurora**) to achieve a 22.9% shareholding (up from 19.9%) at the completion of the capital raising. This will be satisfied through the Placement and placement of shortfall securities in the SPP (to the extent there is a shortfall). In the event there is no shortfall, or not a sufficient shortfall, under the SPP to bring Aurora's shareholding to 22.9%, the Company will issue such number of New Shares at \$2.50 per New Share to raise up to approximately \$8.0 million for Aurora to achieve a 22.9% shareholding.

The Directors' Placement is subject to the approval of Cann's shareholders in a general meeting under ASX Listing Rule 10.11. Accordingly, this General Meeting has been convened for this purpose.

In addition to the SPP, the Directors' Placement is fully underwritten by Canaccord Genuity (Australia) Ltd. PAC Partners Pty Ltd, together with Canaccord, are Joint Lead Managers to the SPP.

The number of shares that each Director has committed to subscribe for, subject to shareholders' approval, is set out in the table below:

CANN

GROUP LIMITED

Name of Director	Number of New Shares	Total Subscription
Allan McCallum	100,000	\$250,000
Philip Jacobsen	280,000	\$700,000
Doug Rathbone	40,000	\$100,000
Geoff Pearce	100,000	\$250,000
TOTAL	520,000	\$1,300,000

The Resolution seeks shareholder approval for the issue of a total of 520,000 New Shares at \$2.50 each to the Directors of the Company (or their respective nominees) as allocated in the table above.

The New Shares will be issued under the Directors' Placement no later than one month after the date of the General Meeting, and will rank equally with the Company's existing fully paid ordinary shares in Cann. The \$1,300,000 raised will be applied toward the same purposes of the Company as part of its overall capital raising. The New Shares are expected to be issued under the Directors' Placement on or about Monday 22 January 2018.

Under Section 208 of the *Corporations Act*, a 'financial benefit' cannot be provided to related parties (which includes directors) of a company without shareholder approval unless an exception applies. Under Section 210 of the *Corporations Act*, shareholder approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the company and the related party were dealing at arm's length.

As the terms of the proposed placement of shares contained in this resolution are at the same price as the New Shares placed with the Institutional Investors under the Institutional Placement (being on arm's length terms), and at the same price as the issue of New Shares under the SPP (being on arm's length terms), the exception in Section 210 applies in the circumstances and shareholder approval is not required for the purposes of Section 208 of the *Corporations Act*.

As each Director has an interest in the outcome of this Resolution, a voting recommendation to shareholders will not be made.

A voting exclusion statement is set out in the Notice of Meeting.

The chairperson intends to vote available undirected proxies in favour of this Resolution.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Cann Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

☐

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **9:30am on Wednesday, 17 January 2018 in the King Room at the offices of William Buck, Level 20, 181 William Street, Melbourne** (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

For Against Abstain*

- 1 Approval of New Share Placements to Company Directors

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:30am on Monday, 15 January 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Cann Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**