

21 September 2022

ASX Market Announcements Office, Melbourne
Level 4, North Tower, Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir / Madam

Cann Group Limited (ASX:CAN) – Notice of Annual General Meeting – Tuesday, 25 October 2022

In accordance with Listing Rule 3.17, I attach a copy of the following documents being sent to shareholders today:

1. Chairman's Cover Letter to Notice of Annual General Meeting to be held on Tuesday, 25 October 2022;
2. Notice of Annual General Meeting and Explanatory Memorandum; and
3. Proxy voting form.

Yours faithfully,



Geraldine Farrell
Company Secretary
Cann Group Limited

Authorised for release by the Board of Directors, Cann Group Limited.

About Cann Group

Cann Group Limited (ABN 25 603 949 739) is enhancing patients' lives by developing, producing, and supplying innovative cannabis medicines. The Company has built world-class research, cultivation and GMP manufacturing facilities in Melbourne, and a state-of-the-art large-scale cultivation and GMP manufacturing facility near Mildura, Victoria. Cann Group supplies a range of dried flower and oil products, as well as active pharmaceutical ingredients and extracts, to customers in Australia and around the world. Cann Group also owns Satipharm and its patent-protected capsule technology.

Learn more at: www.canngrouponlimited.com | www.satipharm.com



21 September 2022

Dear Shareholder

ANNUAL GENERAL MEETING

You are invited to the Annual General Meeting of Cann Group Limited (**Company** or **Cann Group**) to be held in person at **10.00am (Melbourne time)** on **Tuesday 25 October 2022** at the offices of Lander & Rogers, Level 15, 477 Collins Street, Melbourne, VIC 3000.

The Notice of Annual General Meeting (**Meeting**) and Explanatory Memorandum (**Notice**), and other documents and information, can be viewed and downloaded at the Company's website at <https://investors.canngrouponlimited.com/Investors/>.

The Notice contains information that is material in respect of the business of the Meeting and, accordingly, should be read in its entirety.

Both I and Mr Peter Crock (Cann Group's Chief Executive Officer) will be making presentations at the Meeting regarding the Company's operations.

Shareholders are strongly encouraged to vote by lodging a Proxy Form as early as possible, and in any event prior to the cut-off for proxy voting as set out in the Notice (being **10.00am (Melbourne time) on Sunday, 23 October 2022**). Instructions for lodging proxies are included in your personalised Proxy Form. In addition to your personalised Proxy Form, the Proxy Form is also available on the Company's website at <https://investors.canngrouponlimited.com/Investors/>.

In accordance with the Company's constitution, each resolution considered at the Meeting will be decided on a poll. The Company will also provide shareholders with the opportunity to ask questions during the meeting regarding the formal items of business, as well as general questions regarding the Company and its business.

We look forward to your attendance and participation at the Meeting. Your continued support is greatly appreciated.

Yours faithfully

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

Allan McCallum AO
Chairman



ACN 603 949 739

**Notice of Annual General Meeting
and
Explanatory Memorandum**

TIME: 10.00am (Melbourne time)

DATE: Tuesday, 25 October 2022

**PLACE: Lander & Rogers
Level 15
477 Collins Street
Melbourne VIC 3000**

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety.

If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, lawyer or other professional adviser without delay.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Cann Group Limited ABN 25 603 949 739 (**Company**) will be held at the offices of **Lander & Rogers, Level 15, 477 Collins Street, Melbourne, VIC 3000** at **10.00am (Melbourne time) on Tuesday, 25 October 2022** to transact the business set out below.

Shareholders should refer to the accompanying Explanatory Memorandum for further information concerning the special business to be transacted at this Annual General Meeting.

Business of the Annual General Meeting

1. Financial Statements and Reports

To receive the financial report, directors' report and auditor's report for the Company and its controlled entities for the financial year ended 30 June 2022.

(Please note that no resolution will be required to be passed on this matter and there is no requirement for shareholders to approve these reports).

2. Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, to pass the following non-binding advisory resolution as an **ordinary resolution**:

"That, pursuant to and in accordance with section 250R(2) of the Corporations Act, the Remuneration Report for the financial year ending 30 June 2022 as set out in pages 28 to 35 (inclusive) of the Annual Report be adopted."

(Please note that this resolution is advisory only and does not bind the Company or the Directors).

(Refer to How To Vote section for Voting Exclusions applying to this resolution).

3. Resolution 2 - Re-election of Director

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

"That Mr Allan McCallum, AO, a Director who retires from office in accordance with ASX Listing Rule 14.4 and Rule 50.2 of the Company's Constitution and being eligible for re-election, be re-elected a Director of the Company."

4. Resolution 3 – Re-election of Director

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

"That Mr Robert Barnes, a Director who was appointed to fill a casual vacancy with Rule 49.1 of the Company's Constitution until this Annual General Meeting in accordance with ASX Listing Rule 14.4 and being eligible for re-election, be re-elected a Director of the Company."

5. Resolution 4 - Ratification of shares issued to CSIRO

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

"That, for the purpose of Listing Rule 7.4, Shareholders ratify the prior issue of 254,687 ordinary shares issued to Commonwealth Scientific and Industrial Research Organisation"

as set out in the Explanatory Memorandum which accompanies and forms part of the Notice of this Meeting."

6. Resolution 5 - Approval of additional 10% placement capacity for 12 months

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

"That, for the purpose of Listing Rule 7.1A, approval is given for the issue of equity securities, as that term is defined in the Listing Rules, totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2."

By Order of the Board

A handwritten signature in black ink, appearing to read 'G. Farrell', with a stylized flourish at the end.

**Geraldine Farrell, Company Secretary
Cann Group Limited
21 September 2022**

HOW TO PARTICIPATE AND VOTE

Voting entitlement

The Board of Directors of the Company (**Board**) has determined that for the purpose of voting at the Annual General Meeting, shares will be taken to be held by those persons who are registered as holding them at **7.00pm (Melbourne time) on Sunday, 23 October 2022**. 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 Annual General Meeting (**Meeting**) in respect of that share.

Attendance at the Annual General Meeting

If you attend the 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 Meeting but representatives from our share registry will need to verify your identity. You will be able to register from **9.30am** on the day of the Meeting.

All resolutions will be determined by poll

In accordance with the Constitution, each resolution considered at the Meeting will be decided by a poll.

Voting by proxy

If a shareholder is unable to attend and vote at the Meeting, they are entitled to appoint a proxy to attend and vote on their behalf. To do so, they can appoint the Chairman as their proxy or insert the name of their alternative proxy in the space provided in the enclosed Proxy Form. You can direct your proxy to vote for or against, or abstain from voting on, a resolution by marking '**For**', '**Against**' or '**Abstain**' for the item of special business in the appropriate box in the enclosed Proxy Form.

The Proxy Form is available on the Company's website at <https://investors.canngrouponlimited.com/Investors/>.

The following applies in terms of proxy appointments:

- a proxy need not be a shareholder, and may be an individual or a body corporate. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting;
- a shareholder entitled to cast two or more votes may appoint two proxies; and
- where two proxies are appointed, each proxy may be appointed to represent a specified proportion of the shareholder's voting rights. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of that shareholder's votes.

Directed and undirected proxies

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

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

If you do not direct the Chairman how to vote your shares, the Chairman will vote undirected proxies on, and in favour of, all of the proposed Resolutions set out in this Notice. Where the

Chairman is appointed as your proxy, you will be taken to have expressly authorised the Chairman to cast your votes on all of the proposed Resolutions set out in the Notice.

If you return your Proxy Form but your nominated proxy does not attend the Meeting, then your proxy will revert to the Chairman. As each Resolution will be determined on a poll, if your nominated proxy is either not recorded as attending the Meeting or does not vote on the Resolution, the Chairman is taken, before voting on the Resolution closes, to have been appointed as your proxy for the purposes of voting on the Resolution.

If you do not direct the Chairman how to vote your shares, the Chairman intends to vote undirected proxies in favour of each Resolution.

To vote by proxy, please complete and sign the enclosed Proxy Form and return in accordance with the instructions set out on the Proxy Form. Completed Proxy Forms must be delivered as set out below.

Lodging your Proxy Form

For the appointment of a proxy to be effective for the Meeting, the following documents must be received no later than 48 hours before the scheduled time for the Meeting; that is, by **10.00am on (Melbourne time) on Sunday, 23 October 2022:**

- the enclosed Proxy Form; and
- if the enclosed Proxy Form 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, by hand delivery or by facsimile to the Company's Share Registry at:

Link Market Services Limited

Online: www.investorcentre.linkgroup.com

** 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, you will need your "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN)*

By Post:

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

By Facsimile:

(+61 2) 9287 0309

By hand delivery*:

Link Market Services Limited
Parramatta Square, Level 22, Tower 6
10 Darcy Street, Parramatta NSW 2150
OR
Level 12, 680 George Street, Sydney NSW 2000

** Delivery only during business hours (Monday to Friday, 9.00am-5.00pm)*

If you have any queries and wish to contact our share registry, please call (+61) 1300 554 474.

Shareholders should consider lodging the Proxy Form electronically at the Company's Share Registry at www.investorcentre.linkgroup.com so that it is received by **10.00am (Melbourne time) on Sunday, 23 October 2022**, in order to be valid.

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 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 Meeting or in voting on a Resolution. Unless it has previously been given to the Company, the representative should provide a "Certificate of Appointment of Corporate Representative" to the Company's Share Registry by emailing that certificate to vote@linkmarketservices.com.au no later than 48 hours before the scheduled time for the Meeting; that is, by **10.00am (Melbourne time) on Sunday, 23 October 2022**. A form of the certificate may be obtained from the Company's Share Registry or online at www.linkmarketservices.com.au. The appointment must comply with Section 250D of the 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 Meeting; that is by **10.00am (Melbourne time) on Sunday, 23 October 2022**.

VOTING EXCLUSION STATEMENTS

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(4) and 250BD of the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of Excluded Persons.

However, the Company will not disregard a vote in favour of Resolution 1 made by an Excluded Person as proxy if the vote is not cast on behalf of an Excluded Person, and either:

- (a) the Excluded Person is appointed as proxy or attorney in writing that specifies the way the proxy or attorney is to vote on the resolution; or
- (b) the Excluded Person is the Chairman who has been appointed as proxy for a person entitled to vote and the appointment of the Chairman:
 - does not specify the way the proxy is to vote on the resolution; and
 - expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

Resolution 4 – Ratification of shares issued to CSIRO

The Company will disregard any votes cast in favour of Resolution 4 by, or on behalf of Commonwealth Scientific and Industrial Research Organisation as (**CSIRO**), or an Associate of CSIRO.

However, the Company need not disregard a vote in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following criteria are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5 - Approval of 10% placement capacity for 12 months

In accordance with the Listing Rules, the Company is required to disregard any votes cast in favour of this resolution by any person who is expected to participate in the issue of equity securities under this resolution and any person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company, if this resolution is passed, and any Associates of those persons. However as at this time the Company has no proposal to issue any securities under Listing Rule 7.1A.2, no persons are excluded.

Definitions

For the purposes of this voting exclusion statement:

- (a) "Associate" has the meaning set out in Chapter 19 of the Listing Rules;
- (b) "Excluded Persons" means the Key Management Personnel and their Closely Related Parties;
- (c) "Key Management Personnel" are the Directors and those other persons who have authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly, as listed in the Remuneration Report for the year ended 30 June 2022; and
- (d) a "Closely Related Party" of such a Key Management Personnel means:
 - a spouse or child of such a Key Management Personnel;
 - a child of such a Key Management Personnel;
 - a dependent of such a Key Management Personnel or of the spouse of such a Key Management Personnel; or
 - a company which a Key Management Personnel controls.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum, which accompanies and forms part of the Notice of Annual General Meeting of Cann Group Limited ("Company"), has been prepared to assist shareholders of the Company and any of their appointed representatives ("Shareholders") with their consideration of the resolutions set out in the Notice of Annual General Meeting dated 21 September 2022 ("Notice").

Background

Item 1 - Financial Statements and Reports

During the Meeting there will be a reasonable opportunity for Shareholders to ask questions and comment on the financial report, directors' report, auditor's report for the Company and its controlled entities for the for the financial year ended 30 June 2022, and on the business, operations and management of the Company. No resolution will be required to be passed on this matter.

Further, in accordance with section 250PA of the *Corporations Act 2001* (Cth) (**Corporations Act**), a Shareholder who is entitled to cast a vote at the Company's Annual General Meeting (**Meeting**) may submit a written question to the Company's auditor if the question is relevant to:

- (a) the content of the auditor's report; or
- (b) the conduct of the audit of the financial report,

by giving the question to the Company by no later than **5.00pm (Melbourne time) on Tuesday, 18 October 2022**, being the fifth business day before the day on which the AGM is to be held. The auditor will then compile the questions relevant to the content of the auditor's report or the conduct of the audit of the financial report into a question list. At or before the start of the Meeting, the Company will make the question list reasonably available to the Shareholders attending the Meeting.

Shareholders can view or download the Company's 2022 Annual Report (**Annual Report**) from the Company's website at

<https://investors.canngrouponlimited.com/investors/?page=annual-reports>.

Item 2 - Resolution 1 - Adoption of Remuneration Report

The Remuneration Report for the year ended 30 June 2022 is set out in the Annual Report.

Pursuant to section 250R(2) of the Corporations Act, a resolution that the Company's 2022 Remuneration Report as set out in pages 28 to 35 (inclusive) of the Annual Report (**Remuneration Report**) be adopted must be put to a vote at the Meeting. The vote on the proposed resolution is advisory only and does not bind the Company or the Company's Board of Directors (**Board**). However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Pursuant to the Corporations Act, if 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings of the Company (**AGMs**), Shareholders will be required to vote at the second of those AGMs on a resolution (a **spill resolution**) to decide whether a general meeting of Shareholders is to be held within 90 days of the date of that AGM to consider the election of the Company's directors (**Directors**). If a spill resolution is passed (that is, more than 50% of votes cast in favour), all of the Directors will cease to hold office at the end of that general meeting, unless re-elected at that meeting.

During the Meeting there will be a reasonable opportunity for Shareholders at the Meeting to comment on and ask questions about the Remuneration Report.

The Chairman of the Meeting (**Chairman**) intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in FAVOUR of adopting the Remuneration Report.

Item 3 - Resolution 2 - Re-election of Director

Mr McCallum was appointed as a Director and Chairman on 30 January 2015 and has served two subsequent terms, having been re-elected as a Director by Shareholders at both the 2016 AGM and the 2019 AGM. Mr McCallum is required to retire from office under the Constitution and ASX Listing Rule 14.4, which requires that no Director holds office (without re-election) past the longer of 3 years and the third AGM following their appointment (other than the Managing Director). Being eligible, Mr McCallum has offered himself for re-election and is seeking re-election by Shareholders at the Meeting. His biographical details are set out below:

Allan McCallum, AO, Dip. Ag Science, FAICD

Mr McCallum has broad experience as a public company director in agribusiness and healthcare who has strong ethics, proven leadership capabilities and extensive experience in strategy development and implementation, and mergers and acquisitions. Mr McCallum is the immediate past Chair of Tassal Group Ltd (ASX:TGR) from 7 October 2003 to 28 October 2021, Australia's largest producer of Atlantic salmon and prawns. Mr McCallum is also a member of Rabobank Australia Limited's Advisory Board (wholesale banking).

He has previously been a director of ASX listed companies Medical Developments International Ltd (ASX:MVP) from 27 October 2003 to 17 December 2018, Incitec Pivot Ltd (ASX:IPL) from 30 January 1998 to 19 December 2013 and Graincorp Ltd (ASX:GNR) from 26 February 1998 to 26 August 2005.

Mr McCallum has served as Chairman of the Company since his appointment as a director on 30 January 2015.

The Chairman intends to vote undirected proxies in favour of the re-election of Mr McCallum.

Directors' recommendation

The Directors (other than Mr McCallum) recommend that Shareholders vote in FAVOUR of the re-election of Mr McCallum.

Item 4 - Resolution 3 – Re-election of Director

Mr Barnes was appointed as a Director in September 2022 to fill a casual vacancy. Pursuant to ASX Listing Rule 14.4, under which a Director appointed to fill a casual vacancy must not hold office (without re-election) past the next AGM, Mr Barnes is eligible for re-election at the Meeting. Being eligible, he has offered himself for re-election and is seeking re-election by Shareholders at this Meeting. His biographical details are set out below:

Robert Barnes

Mr Barnes joined the Cann Board as a Director in September 2022. Mr Barnes is an experienced senior executive who has delivered extensive leadership and operational outcomes across a wide variety of healthcare industries, including pharmaceutical, nutraceutical, infant formula, consumer, medical devices, and diagnostics. He has an applied science degree in Medical Science, a MBA, and is a Graduate of the Australian

Institute of Company Directors. Having worked both globally and in Australia in leading commercial healthcare organisations, he brings substantial and diverse commercial and scientific understanding to the Company.

Robert is not, and has not in the past three years been, a director of any other ASX-listed companies.

The Chairman of the Meeting intends to vote undirected proxies in favour of the re-election of Mr Barnes.

Directors' Recommendation

The Directors (other than Mr Barnes) recommend that Shareholders vote in FAVOUR of the re-election of Mr Barnes.

Item 5 – Resolution 4 - Ratification of shares issued to CSIRO

Introduction

This resolution seeks Shareholder approval to ratify the prior issue of 254,687 shares to CSIRO (**CSIRO Shares**) under a research services agreement between the Company and CSIRO dated 24 October 2018 (**Research Services Agreement**).

Listing Rule 7.1 and 7.4

Generally speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (**Placement Capacity**).

Listing Rule 7.4 provides that, an issue of equity securities by an entity made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 at the time of issue and approval of its Shareholders is subsequently obtained.

Approval of issue of shares to CSIRO

The issue of the CSIRO Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it utilises part of the Company's Placement Capacity.

The issue of the CSIRO Shares did not breach Listing Rule 7.1 at the time of issue. Ratification of the issue of the CSIRO Shares is sought to preserve the Company's Placement Capacity. In the current environment, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder ratification of the issue of the CSIRO Shares under Listing Rule 7.4.

If Resolution 4 is passed, the issue of the CSIRO Shares will be excluded from the Company's Placement Capacity. This will allow the Company ongoing flexibility in its ability to issue equity in these continued uncertain times.

If Resolution 4 is not passed, the CSIRO Shares will utilise the Company's Placement Capacity, decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the issue date of the CSIRO Shares.

Failure to ratify the issue of the CSIRO Shares would result in the Company being unable to maximise further business opportunities by making a further issue of equity securities within the next 12-month period without first undertaking the administrative burden and delay and

cost of obtaining Shareholder approval. Any delay associated with obtaining Shareholder approval means that the Company cannot act in an opportunistic manner and potentially puts any such raising at risk through the approval period.

Information required under Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is set out below:

- (a) the CSIRO Shares were issued to CSIRO on 29 June 2022 at \$0.32 per share;
- (b) the CSIRO Shares were issued as fully paid ordinary shares in the capital of the Company and from the date of issue rank equally in all respects with the existing shares;
- (c) the CSIRO Shares were issued pursuant to terms and conditions of a share purchase agreement between CSIRO and the Company for services provided to the Company by CSIRO under a Research Services Agreement. No funds were raised by the Company from the issue;
- (d) a summary of the material terms of the Research Services Agreement are included in the schedule to the Notice; and
- (e) a voting exclusion statement is included in the Notice.

The Chairman intends to vote undirected proxies in favour of this resolution.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in FAVOUR of Resolution 4.

Item 6 – Resolution 5 - Approval of 10% placement capacity for 12 months

General

Listing Rule 7.1A provides that an Eligible Entity (as defined in the Listing Rules) may seek Shareholder approval at its annual general meeting to allow it to issue equity securities up to 10% of its issued capital over the following period of 12 months (**10% Placement Capacity**). The Company is an Eligible Entity.

If Shareholders approve this resolution, the number of equity securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

The effect of this Resolution 5 will be to allow the Company to issue up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the date of the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

The Directors understand that many Eligible Entities have sought this form of Shareholder approval to enable a capital raising to be implemented where appropriate during the following year, without incurring costs for obtaining Shareholder approval or incurring any time delay and associated deal risk in obtaining such approval.

Accordingly, Shareholder approval of this resolution is considered to be a prudent approach. The Directors believe that this resolution will provide the Company with flexibility to raise capital quickly if advantageous terms are available, and is in the best interests of the Company.

If the resolution is not passed, the Company will not be able to access the additional 10% Placement Capacity and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1. If the Company then needs to issue

additional equity securities it will need to call a Shareholder meeting to seek that approval, attracting the relevant costs and time delay and associated deal risk from that delay.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of this resolution for it to be passed.

Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue equity securities in addition to those under the Eligible Entity's 15% annual placement capacity under Listing Rule 7.1.

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

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

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and as at 12 September 2022 has a market capitalisation of \$96,622,679.45, based on a share price of \$0.275.

Any equity securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted equity securities. The Company currently has one class of quoted equity securities, being fully paid ordinary shares in the capital of the Company (ASX Code: CAN).

The exact number of equity securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$(A \times D) - E$

Where:

- A:** is the number of shares on issue 12 months before the date of issue or agreement:
- plus the number of shares issued in the previous 12 months under an exception in Listing Rule 7.2, other than exception 9, 16 or 17;
 - plus the number of shares issued in the previous 12 months on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or 7.4;
 - plus the number of shares issued in the previous 12 months under an agreement to issue securities within Listing Rule 7.3 exception 16 where:
 - the agreement was entered into before the commencement of the previous 12 month period; or
 - the agreement or issue was approved, or taken under the Listing Rules to have been approved, under Listing Rule 7.1 or rule 7.4;
 - plus the number of partly paid ordinary shares that became fully paid in the previous 12 months;

- plus the number of shares issued in the previous 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
- less the number of shares cancelled in the previous 12 months.

D: is 10%.

E: is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders or shares under Listing Rule 7.1 or 7.4.

Information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this resolution.

(a) *Minimum Price*

The minimum price (being a cash only price) at which the equity securities may be issued is 75% of the volume weighted average price of equity securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the equity securities are to be issued is agreed; or
- if the equity securities are not issued within 10 ASX trading days of the date on which the price at which the equity securities are to be issued is agreed, the date on which the equity securities are issued.

(b) *Date of issue*

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

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

or such longer period if allowed by ASX.

(c) *Risk of voting dilution*

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any shares under the issue.

If the Resolution is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing shares is shown in the table below.

The table below seeks to demonstrate the potential dilution of existing Shareholders resulting from the issue of equity securities under the 10% Placement Capacity calculated in accordance with the formula contained in Listing Rule 7.1A.2. The table does this by setting out the potential number of shares issued and funds raised on the basis of:

- (i) the current number of shares on issue;
- (ii) the number of shares on issue changing (variable 'A' in the formula); and
- (iii) a variation in the issue price of the shares (noting that shares may only be issued at up to a 25% discount based on the volume weighted average price of the shares calculated over the 15 ASX trading days preceding the issue).

Number of shares on issue - Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.138 (50% decrease in Issue Price)	\$0.275 (Current Issue Price)	\$0.55 (100% increase in Issue Price)
Current shares on issue 351,355,198 shares (Current Variable A)	Additional 10% Shares issued	35,135,519	35,135,519	35,135,519
	Funds raised	\$4,831,134	\$9,662,268	\$19,324,535
50% increase in Variable A* 527,032,797 shares	Additional 10% Shares issued	52,703,279	52,703,279	52,703,279
	Funds raised	\$7,246,701	\$14,493,402	\$28,986,803
100% increase in Variable A* 702,710,396 shares	Additional 10% Shares issued	70,271,039	70,271,039	70,271,039
	Funds raised	\$9,662,268	\$19,324,536	\$38,649,071

*The number of Shares on issue (variable A in the formula) could increase as a result of Shares that do not require Shareholder approval to be issued (such as under a pro-rata rights issue, shares issued under a takeover offer or shares issued on the exercise of options) or that are issued with Shareholder approval under Listing rule 7.1.

The table above uses the following assumptions:

1. The current number of shares on issue is 351,355,198 as at 21 September 2022.
2. The current issue price set out in the table is the closing price of the shares on the ASX on 12 September 2022.
3. The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
4. The Company has not issued any equity securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. No further securities are bought back and cancelled by the Company under an on-market buyback.
6. The issue of equity securities under the 10% Placement Capacity consists only of shares. It is assumed that no options are exercised into shares before the date of issue of the equity securities.
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
8. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
9. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue - this is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

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

Purpose of issue under 10% Placement Capacity

The Company may issue equity securities under the 10% Placement Capacity for cash consideration only, in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with an acquisition), continued expenditure on the Company's current assets and general working capital.

The cash issue price will comply with the minimum issue price noted in paragraph (a) above.

Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue under the 10% Placement Capacity. The identity of the allottees under the 10% Placement Capacity will be determined on a case by case basis having regard to the factors including the following:

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

No allottees under the 10% Placement Capacity have been determined as at the day of finalisation of this Notice and may include existing substantial Shareholders and/or new Shareholders. However, the allottees cannot include any directors, related parties or associates of a related party of the Company without further specific Shareholder approval.

Previous Issues

The Company has issued no equity securities in the 12 months prior to the Meeting under Listing Rule 7.1A.2.

Previous Approval

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting on 29 November 2019.

Compliance with Listing Rules 7.1A.4 and 3.10.5A

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will:

- (i) state in its ASX announcement of the proposed issue under Listing Rule 3.10.3 or in its application of the equity securities under Listing Rule 2.7 that the equity securities are being issued under Listing Rule 7.1A; and
- (ii) give to the ASX a list of the recipients of the equity securities and the number of equity securities issued to each (not for release to the market) immediately after the equity securities are issued, in accordance with Listing Rule 7.1A.4(b).

Special resolution

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

Voting exclusion

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of equity securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on this resolution.

The Chairman intends to vote undirected proxies in favour of this resolution.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in FAVOUR of this resolution.

Schedule – Summary of Research Services Agreement with CSIRO

The Research Services Agreement was entered into between the CSIRO and the Company on 24 October 2018, with a commencement date of 1 October 2018. Under this agreement, which operates as an umbrella agreement, CSIRO agrees to undertake certain research services for the Company in relation to the development of technologies to be used in the commercial manufacture and sale of medicinal cannabis products for human use. The services are outlined by way of individual Projects (specified in individual Project Agreements) that are governed by the umbrella terms of the Research Services Agreement. Under the Research Services Agreement, the Company owns all Project IP and Project Deliverables that are generated by CSIRO under Projects.

The Company and CSIRO agree that 50% of the fees payable under the Research Services Agreement are payable as a cash component, with the remaining 50% of the fees payable by way of shares (**Share Component**), as further specified in a share purchase agreement which was entered into between the parties on 24 October 2018, the same date as the Research Services Agreement.

Fees are generally invoiced by CSIRO on a quarterly basis.

The Share Component for the fees is calculated in accordance with the following formula:

$$\text{No. of shares} = \frac{50\% \text{ of the service fees under the RSA}}{\text{VWAP}}$$

The VWAP is calculated as the 10 daily VWAP (rounded to the nearest cent) for all shares sold through a normal trade on the ASX automated trading system during the 10 days ending on the third business day prior to the last day of each quarter.

The Research Services Agreement is due to expire on the earlier of 30 September 2022 or whenever the total fees spent on Projects totals \$3 million. Any Projects that are commenced during the term will continue, notwithstanding the termination or expiry of the Research Services Agreement.

LODGE YOUR VOTE



ONLINE

<https://investorcentre.linkgroup.com>



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
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

NAME AND ADDRESS

SRN/HIN

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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 Annual General Meeting of the Company to be held at **10:00am (Melbourne time) on Tuesday, 25 October 2022 at the offices of Lander & Rogers, Level 15, 477 Collins Street, Melbourne, VIC 3000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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*

Special Resolution

For Against Abstain*

1 Adoption of Remuneration Report

☐	☐	☐
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5 Approval of additional 10% placement capacity for 12 months

☐	☐	☐
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2 Re-election of Director - Allan McCallum

☐	☐	☐
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3 Re-election of Director – Robert Barnes

☐	☐	☐
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4 Ratification of shares issued to CSIRO

☐	☐	☐
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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 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).



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, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

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 they choose. 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" must 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 <https://investorcentre.linkgroup.com>.

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 **10:00am (Melbourne time) on Sunday, 23 October 2022**, 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 as follows:



ONLINE

<https://investorcentre.linkgroup.com>

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).



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*
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

or

Level 12
680 George Street
Sydney NSW 2000

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



COMMUNICATION PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, shareholders will need their "Holder Identifier" - Shareholder Reference Number (SRN) or Holder Identification Number (HIN).

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