

Increase to EuroCann Facility and Contract for Sale of Wangara Premises

9 September 2022 - AusCann Group Holdings Limited (ASX: AC8) ('AusCann' or 'the Company') is pleased to provide the following updates to the market.

Loan Facility with European Cannabis Corporation

As announced on 29 August 2022, the Company has previously entered into a secured loan facility with European Cannabis Corporation Limited ('EuroCann') ('Secured Loan Agreement') in connection with the Company and EuroCann exploring mutual opportunities in the European and Australian cannabis markets.

Subsequently, the Company and EuroCann have agreed to increase the facility provided by the Company under the Secured Loan Agreement by an additional A\$3.75 million (**Additional Advance**).

Drawdown by EuroCann of the Additional Advance is conditional on EuroCann providing to the Company:

- evidence that no event of default under the Secured Loan Agreement is subsisting;
- evidence that the proceeds from the Additional Advance are to be used for the approved purpose (refer to the Company's announcement on 29 August 2022); and
- any other documents or information requested by the Company.

Other than the Additional Advance, the terms of the Secured Loan Agreement remain as per the Company's announcement on 29 August 2022.

As set out in the Company's announcement on 29 August 2022, Tod McGrouther (the Chair of the Company) is a director of EuroCann and also holds an indirect shareholding in EuroCann. Additionally, Chris Mews (the Chief Financial Officer and Director of the Company) is an employee and officer of the investment manager for EuroCann's major shareholder.

Notwithstanding the above, the Board (excluding Tod McGrouther and Chris Mews) consider the Additional Advance to be on commercial arm's length terms and in the best interest of the Company as a whole.

It is anticipated that draw down by EuroCann of the Additional Advance will occur in the coming days.

Contract for Sale of Wangara Premises

Additionally, the Company is pleased to announced its wholly-owned subsidiary, AusCann Operations Pty Ltd (**AusCann Ops**) has entered into a conditional contract for the sale of the property held by AusCann Ops at 11 Excellence Drive, Wangara WA 6065 (**Wangara Premises**) (**Sale Contract**).

Under the Sale Contract, the purchase price for the Wangara Premises is \$7,000,000 (as a going concern), and the proposed purchaser is Yolena Pty Ltd (**Purchaser**).

The Sale Contract is on the terms and conditions as the REIWA Contract for Sale of Land and is conditional on:

- the Purchaser obtaining finance (**Finance Condition**); and
- the Purchaser completing due diligence investigations to its satisfaction (**Due Diligence Condition**).

The Sale Contract will automatically terminate if either the Finance Condition or the Due Diligence Condition are not satisfied within 30 days of the date of the Sale Contract.

The Company has also granted exclusivity to the Purchaser in connection with the Sale Contract.

Change of Address

The Company further advises its principal place of business has changed to the following –

Level 1
Suite 1.10
20A Danks Street
Waterloo NSW 2017
Australia

The Company's contact telephone number has changed to +61 8 6444 1720.

Proposed Transaction

The Company confirms that discussions are progressing in relation to the proposed transaction under Listing Rule 11.1 referred to in the Company's request for voluntary suspension on 31 August 2022.

The Company will update the market in due course.

ENDS

This ASX announcement was authorised for release by the Board of AusCann.

For more information, please contact:

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ABOUT AUSCANN

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based company focused on the development and commercialisation of cannabinoid-derived therapeutic products to address unmet needs for humans and animals within Australia and internationally. Our key difference is the commitment to rigorous product development, focused on providing reliable, stable and standardised cannabinoid-derived therapeutics products, whilst generating robust safety, quality assurance and efficacy data to support market access in various regulatory environments around the world.