

CANN
GROUP LIMITED

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PROSPECTUS

CANN GROUP LIMITED
ACN 603 949 739



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PROSPECTUS

For an offer of 376,620 (being 600,000 x AUD:USD applicable rate, rounded up) convertible notes with a face value of US\$1.15 each and at a total subscription price of \$600,000, 7,000,000 ordinary shares as placement shares, and 7,877,876 options, to be calculated in accordance with the terms of this Prospectus (**Offer**).

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER PROFESSIONAL ADVISOR.

AN INVESTMENT IN THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE CONSIDERED HIGHLY SPECULATIVE IN NATURE.

THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES NOR FOR DISTRIBUTION IN THE UNITED STATES OTHER THAN TO OBSIDIAN GLOBAL GP, LLC

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IMPORTANT INFORMATION

General

This Prospectus is dated 12 March 2025 and was lodged with ASIC on the same date.

Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No SP Securities will be issued on the basis of this Prospectus any later than 13 months after the Prospectus Date (being the expiry date of this Prospectus).

The Company will apply to ASX within seven days of the Prospectus Date for Quotation by ASX of the SP Placement Shares offered under this Prospectus.

The Company does not intend to apply for Quotation by ASX of the SP Notes or SP Options offered under this Prospectus.

A copy of this Prospectus is available electronically at www.canngrouponlimited.com.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offer.

Acceptance Form

Acceptance Form accompanying this Prospectus is important.

Applications for Securities under the Offer can only be submitted via the Acceptance Form provided with a copy of this Prospectus by the Company.

By returning the Acceptance Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

Eligibility

The Offer will only be extended to Obsidian and Application Forms will only be provided by the Company to Obsidian.

Overseas Applicants

This Prospectus does not, and is not intended to, constitute an offer of securities in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Prospectus.

No action has been taken to permit the offer under this Prospectus in any jurisdiction other than Australia and the United States to persons who are Obsidian Global GP, LLC. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus. In particular, the Securities may not be offered or sold, directly or indirectly, to persons in the United States other than to Obsidian Global GP, LLC. The Securities have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The distribution of this Prospectus in jurisdictions outside the above jurisdictions is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Nominees and custodians may not distribute this Prospectus and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia except where the Company has determined it is lawful and practical to make the Offer and has provided its written consent.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information which would be included in a prospectus for an initial public offering.

Exposure Period

No exposure period applies to the Offer.

Speculative Investment

An investment in the SP Securities offered under this Prospectus should be considered highly speculative. Refer to Section 5 for details of the key risks applicable to an investment in the Company.

Prospective shareholders should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the SP Securities before deciding to invest in the Company.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any prospective shareholder. Before making any investment in the Company, each prospective shareholder should consider whether such an investment is appropriate to his/her particular needs, their individual risk profile for speculative investments, investment objectives and individual financial circumstances, and should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that the SP Securities will make a return on the capital invested, that dividends will be paid on the SP Shares or that there will be an increase in the value of the SP Securities in the future.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 5. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The pro forma financial information provided in this Prospectus is for illustrative purposes only and is not represented as being indicative of the Company's view on its future financial condition and/or performance.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus unless specifically referenced.

Data

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to Melbourne time, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 9.

Enquiries

Any questions in relation to this Prospectus should be directed to the Cann Group's Company Secretary, Mr Steven Notaro on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia) between the hours of 8:00am and 5:00pm Monday to Friday until the Closing Date.

CORPORATE DIRECTORY

Directors

Douglas Rathbone, AM	Non-executive Chairman
Robert Barnes	Non-executive Director
Jennifer Pilcher	CEO & Managing Director

Company Secretary

Steven Notaro	Company Secretary
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Registered Office

262-276 Lorimer Street
Port Melbourne, Victoria 3207

Tel: 03 9095 7088
Email: contact@canngrouplimited.com
Website: www.canngrouplimited.com.au

Share Registry[#]

MUFG Corporate Markets

A division of MUFG Pension & Market Services
Locked Bag A14
Sydney South NSW 1235
Phone: +61 1300 554 474
Email: support@cm.mpms.mufg.com

ASX Listing

The Company is listed on the ASX with the ticker code: CAN

[#] MUFG Corporate Markets (AU) Limited is included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

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1. Investment Overview

The below information is a selective overview of the Offer only. Participants should read the Prospectus in full before deciding to invest in SP Securities.

1.1. Indicative Timetable

Event	Date
Lodgement of Prospectus with ASIC and ASX	12 March 2025
Open Date	19 March 2025
Closing Date	20 March 2025

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice.

1.2. Background to the Offer

As announced on 21 November 2023, via the execution of the Convertible Securities Agreement, Cann entered into an unsecured convertible securities facility (**Facility**) with Obsidian Global GP, LLC (**Obsidian**). Under the Facility, Cann and Obsidian agreed to a first drawdown of A\$2 million, with further drawdowns of up to \$A13 million in total.

On 27 February 2025, Obsidian agreed to a further drawdown under the Facility (**Special Purchase or SP**) of \$750,000 to occur across the following stages:

- **First Special Purchase:** in the amount of \$150,000, to be received no later than 28 February 2025, in consideration of the Company issuing to Obsidian:
 - o 99,550 SP Notes; and
 - o 1,746,147 SP Options.
- **Second Special Purchase:** in the amount of \$600,000, to be received following the lodgement of this Prospectus, in consideration of the Company issuing to Obsidian:
 - o 7,000,000 Shares (**SP Placement Shares**);
 - o 376,620 SP Notes¹; and
 - o 7,877,876 SP Options²

The above background and below information are a selective overview of the Offer only. The Investor should read the Prospectus in full before deciding to invest in SP Securities.

¹ \$600,000 purchase price multiplied by an estimated AUD:USD exchange rate of 0.6277.

² 1/3 of \$600,000 divided by the 5 daily VWAPs for the 5 Actual Trading Days immediately prior to the Second Special Purchase of \$0.0253876.

1.3. Offer

Topic	Summary
What is the Offer?	<p>The Offer is an offer of SP Notes, SP Placement Shares and SP Options, issued under the Second Special Purchase as follows:</p> <p>In consideration of payment of A\$600,000, the Investor shall receive:</p> <ul style="list-style-type: none"> (i) 376,620 SP Notes, being 600,000 x AUD:USD rate³,(rounded up), each with a face value of US\$1.15, and for a total subscription price of A\$600,000; (ii) 7,000,000 SP Placement Shares; and (iii) 7,877,876 SP Options as determined by the following formula: $\\$600,000 \times 33.333\% \text{ divided by the average of the 5 daily VWAPs for the 5 Actual Trading Days immediately prior to the relevant Special Purchase Date.}$
Who can participate in the Offer?	<p>The Offer will only be extended to Obsidian and Application Forms will only be provided by the Company to Obsidian. Obsidian is a sophisticated investor within the meaning of sections 708(8) of the Corporations Act and does not ordinarily require a disclosure document under Chapter 6D of the Corporations Act to subscribe for Securities under the Offer.</p>
On-sale	<p>The Offer is being made such that the relief provided under ASIC Corporations (Offers of Convertibles) Instrument 2016/83 with respect to the on-sale provisions of section 707 of the Corporations Act is available.</p> <p>Specifically, if the Securities under the Offer are issued with disclosure under this Prospectus, then the Securities and the Shares issued upon the conversion of any of those Securities can be on-sold within 12 months of their issue, without a disclosure document for the on-sale offer.</p> <p>See section 2.7 for further details</p>
Application for Securities	<p>Applications for Securities under the Offer may only be made by Obsidian and must be made using the relevant Application Form accompanying this Prospectus.</p> <p>By completing the Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.</p> <p>Payment for the SP Notes subscribed for under the Offer must be made in full being the amount of A\$600,000.</p> <p>Completed Application Forms must be made as set out on the Application Form, with sufficient time to be received by or on behalf of the Company by no later than 5:00pm (AEST) on the Closing Date.</p>
Minimum subscription	<p>There is no minimum subscription</p>

³ "rate" means the spot rate of exchange displayed for that day on the Reserve Bank of Australia website or as reported by IRESS (as determined by Obsidian)

Topic	Summary						
Oversubscriptions	No oversubscriptions will be accepted by the Company						
Is the Offer underwritten?	No						
Issue of Securities	<p>The issue of the Securities offered under the Second Special Purchase of the Offer will take place as soon as practicable after the Closing Date of the Offer.</p> <p>Holding statements for Securities issued under this Prospectus will be emailed to Obsidian.</p>						
Applicants outside Australia	<p>The distribution of this Prospectus outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws.</p> <p>The Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular, the Securities may not be offered or sold, directly or indirectly, to persons in the United States other than to Obsidian.</p> <p>The Securities have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.</p>						
What is the effect of the Offer on the Company?	<p>The maximum number of Securities that will be issued under the Offer and the First Special Purchase is a total of 7,000,000 Placement Shares and 33,000,000 SP Shares upon the conversion of all SP Notes, plus approximately 7,877,876 SP Options (subject to rounding).</p> <p>See section 4 for further details</p>						
What are the terms of the SP Notes?	Terms and conditions of the SP Notes are detailed in Section 6.1						
What are the terms of the SP Options?	<p>The SP Options have an exercise price of 200% of the average of the 5 daily VWAPs for the 5 Actual Trading Days immediately prior to the relevant Special Purchase and will expire 24 months after their date of issue.</p> <p>The terms and conditions of the SP Options are detailed in Section 6.2.</p>						
What are key risks associated with an investment in the Company?	<p>Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to acquire shares in the Company.</p> <p>There are a number of specific risks to the Company, that are explained in Section 5. A summary of those risks is outlined below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #D9D9D9;">Risk</th> <th style="background-color: #D9D9D9;">Summary of the risk as it relates to Cann</th> <th style="background-color: #D9D9D9;">Section</th> </tr> </thead> <tbody> <tr> <td>Requirements for additional capital</td> <td>The risk that additional capital will be required should revenues not be sufficient to fund operations or growth plans.</td> <td>5.1 (a)</td> </tr> </tbody> </table>	Risk	Summary of the risk as it relates to Cann	Section	Requirements for additional capital	The risk that additional capital will be required should revenues not be sufficient to fund operations or growth plans.	5.1 (a)
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Requirements for additional capital	The risk that additional capital will be required should revenues not be sufficient to fund operations or growth plans.	5.1 (a)					

Topic	Summary		
	R&D funding	The risk the Company can no longer access the annual R&D Tax Credit cash refund which provides an important source of funding.	5.1 (b)
	Going concern	The Company notes the material uncertainty related to going concern in the auditor's report to the members regarding interim report for the half year ended 31 December 2024. Specifically, the auditors draw attention to Note 1 in the interim report. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on Cann Group's ability to continue as a going concern. There is therefore the risk that Company may need to source additional funding to continue as a going concern and pay its debts as and when they are due. Any investor should read Note 1 to the interim report aforementioned in full before deciding to invest.	5.1 (c)
	Operating losses risks	The Company is currently loss-making and requires revenue growth to achieve profitability which may or may not occur. If Cann continues to be loss making, it will require additional capital to fund operations whilst it is loss making, and shareholder returns on investment may be impacted.	5.1 (d)
	Agricultural risks	The risk of lower than expected yields, disease, mould and insects and other pests, and/or adverse weather events, which may impact production and revenue generation.	5.1 (e)
	Production risks	The risk that production may be impacted by of plant design errors, non-performance by third party contractors, increases in materials or labour costs and/or limits on availability of materials or labour, production performance falling below expected levels of output or efficiency, human error, the agricultural factors described above, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, any rise in energy and utilities costs and limits on availability of such utilities.	5.1 (f)
	Import risks	The risk of overseas suppliers not meeting quality or license regulations for Cann's imported range of products which may impact revenues.	5.1 (g)
	Regulatory approvals	Cann's ability to continue its business is dependent on holding certain authorisations, licences and permits and adherence to all regulatory requirements related to such	5.1 (h)

Topic	Summary		
		<p>activities. Any failure to comply with the conditions of those approvals and licences, or to renew the approvals and licences after their expiry dates, would have a material adverse impact on the financial position, financial performance and/or prospects of Cann.</p>	
Product approvals		<p>The risk that Cann’s medicinal cannabis products won’t be approved for supply to patients under current Australian government approved pathways or that these pathways will remain available.</p>	5.1 (i)
Compliance with licence conditions		<p>A licence to cultivate, produce and/or manufacture under the <i>Narcotic Drugs Act 1967</i> (Cth) is subject to a number of conditions, which if not maintained may result in a suspension or revocation of the licence or permit.</p>	5.1 (j)
Product development:		<p>Cann may not be successful in developing effective and safe new products to market in time to be effectively commercialised which may impact its growth initiatives.</p>	5.1 (k)
Diversionary risk and theft		<p>A security breach at one of Cann’s facilities could expose Cann to additional liability and to potentially costly fines, penalties and litigation, and loss or revenue.</p>	5.1 (l)
Industry confidence		<p>There is a risk that medical incidents involving medicinal cannabis beyond the control of Cann could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence.</p>	5.1 (m)
Competition risks		<p>The risk that changes to the Australian medicinal cannabis market bring in new competition which may negatively impact pricing and affect Cann’s ability to supply the market with its product.</p>	5.1 (n)
Third party manufacture risks		<p>The risk that suppliers Cann depends on for manufacturing are adversely impacted which could impact Cann’ own product supply, and therefore revenues.</p>	5.1 (o)

Topic	Summary	
	<p>In addition to the above summary of Company specific risks, there are also industry-related and general risks which apply. These are summarised below and outlined in Section 5:</p>	
	Risk	Summary of the risk as it relates to Cann
	Section	
	General regulatory risk	The risk that changes to laws and regulations has an adverse effect of the Company's financial performance, financial position and future prospects.
	Market risk	There is a risk that the demand for medicinal cannabis products may decrease, and that pricing may fall, which will impact revenues.
	Clinical trial outcomes	An adverse finding from an approved or recognised clinical trial in medicinal cannabis may have a material adverse effect on a Company's prospects in the medicinal cannabis sector and its financial performance.
	Nature of investment	The SP Shares under the Offer do not guarantee payment of dividends, return on capital or maintenance of capital or value. No assurances can be given that the SP Shares will trade at or above a certain price at any time, or that they may be sold at any price.
	Dilution risk	If Cann needs to raise additional equity in the future, this may dilute the shareholdings of existing shareholders, who may not have the opportunity to participate in that raising.
	General economic conditions	Adverse changes in economic conditions (e.g. interest rates, exchange rates, inflation etc) are outside Cann's control and have the potential to have an adverse impact on Cann's financial performance and/or financial position and its operations.
	Tax legislation & accounting standards	Changes in tax laws or accounting standard from time to time can have an adverse impact on the financial performance, financial position and / or prospects of a company.
	Cyber security	A company may suffer material losses from cyber-attacks or other information security breaches, and may incur additional expenditure to prevent such cyber-attacks.
	Privacy	A breach of Cann's obligations under the Privacy Act may have an adverse effect on the

Topic	Summary		
		company's business, reputation, financial position, financial performance and/or prospects.	
	SP Notes	The SP Notes are unsecured and therefore the Investor is at risk in the event the Company is wound up while the SP Notes are outstanding. The Company may also redeem the SP Notes prior to the maturity date which may impact their expected financial return.	5.5 (a)
	SP Options	The SP Options may remain out of the money for a significant period of time, including up to the expiration date of the SP Options, negatively impacting the Investor's expected financial return.	5.5 (b)

2. Company Overview

2.1 Overview

The principal activities of the Company are cultivation of medicinal cannabis for both medicinal and research purposes pursuant to the licenses and permits issued to Cann Group and the development and manufacture (via third party arrangements) of finished product formulations.

The Company is based in Melbourne, Australia, with its major production facility located near Mildura, Victoria.

2.2 Strategic Plan

Cann Group is committed to expanding its cultivation and production activities at its Mildura facility with the aim of growing its revenue base and transitioning to profitability.

Production

The focus is on expanding and maximising production in cultivation zones 1 and 3, which were completed as part of Stage 1A of the Mildura facility build in 2022. Zones 1 and 3 have capacity to produce approximately 10 tonnes of dried cannabis flower per annum. The target production for the financial year ended 30 June 2025 is 5.5 tonne which the Company is on track to meet. At maximum capacity, Cann is well positioned to achieve positive cash flows.

Commercial

Cann's commercial strategy is to provide medicinal cannabis to the market via its own Botanitech brand and as bulk cannabis flower. Botanitech is currently sold in a variety of forms to meet patient demand, such as inhalable flower, oils, and vapes. All forms are available in various THC and CBD combinations. Cann Group conducts its own packing and filling via its GMP Mildura facility and consequently most of the entire production chain through to finished goods is handled in-house.

In addition to Botanitech, Cann will be focussing on producing product for its white label customers, and for bulk dried flower sales. Both of these are important sources of revenue for Cann going forward.

Significant dependencies

Cann's commercial plan is dependent on the production of consistent quality cannabis flower from Cann's regional facility that meets a certain criteria that is demanded by the market. It also relies on the sale price per gram of flower to be maintained at level that exceeds the cost of production, and that also delivers a reasonable margin. In addition, it requires Cann's regulatory licenses and permits to be maintained, and for the market for medicinal cannabis to continue to grow.

Financial

Following the restructure of Cann's operations in 2024, Cann now has a more manageable cost base, from which it can drive towards profitability. Cann will continue to investigate options for additional capital, debt restructuring and merger and acquisitions to provide Cann with the opportunity to deliver its production and commercial strategies outlined above.

2.3 Finance arrangements

The Company has a debt position of \$72 million at 31 December 2024 (refer Table 4.2.1). An amount of \$65.5 million of this debt is secured and borrowed from the National Australia Bank (NAB) and attracts an interest rate of BBSY + 2.64% per annum (or 2.34% per annum for \$15.6 million) and incurs a facility fee of 0.35% per annum and has a maturity date of 30 September 2025 (as recently agreed by the NAB). A further \$5 million is owed to a private credit lender and incurs an interest rate of 15% per annum, and has a maturity debt of 6 May 2025, with the lender currently considering an extension to 30 September 2025. The remainder of the debt is a convertible note (\$1.3 million) holding with the Investor and a small finance leasing arrangement of \$0.2 million.

In February, the NAB agreed to capitalise two upcoming quarterly interest payments (due on or near 25 February 2025 and 22 May 2025) of approximately \$1.8 million.

2.4 Funding

The Offer will raise \$600,000, before costs.

2.5 Use of Funds

The Company proposes to use the funds raised through the Offer for third party supplier expenses related to the commercial release costs of its cannabis flower (irradiation, jars, bottles, lids) (\$150k), the manufacturing of vapes and oils (\$150k) and for internal payroll coverage (\$300k).

2.6 Future of Cann Group

Cann Group's strategic plan is to expand its cultivation and production activities with the ultimate aim of growing its revenue base. The Company firmly believes that this Offer will enable it to continue working towards execution of its strategic plan.

2.7 Removal of Secondary Trading Restrictions

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(5) of the Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5).

The Company was suspended from trading on the ASX for more than five trading days in the last twelve months. Specifically for the period commencing 1 March 2024, under Listing Rule

19.11A(b) in relation to the disclaimer conclusion of the independent auditor in its review of the Company's half year financial report for the period ended 31 December 2023, and ending 4 June 2024 when the Company was reinstated following the Company's compliance with ASX's reinstatement conditions.

As a result, the Company is precluded from issuing a 'cleansing' notice in accordance with section 708A(5) of the Corporations Act.

Section 708A(11) of the Corporations Act provides an exemption from the general requirement in section 707(3) of the Corporations Act where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

Before deciding to invest in Shares, prospective shareholders should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

The secondary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to the SP Shares issued or to be issued by the Company on or prior to the Closing Date of the Offer so that the holders of those SP Shares, if they choose to, may sell those SP Shares within the twelve months following their issue, without the issue of a prospectus.

The Company is not issuing the SP Shares with the purpose of the persons to whom they are issued selling or transferring the SP Shares, or granting, issuing or transferring interests in, or options over the SP Shares within twelve months of the issue, however this Prospectus provides them with the ability to do so should they wish.

This Prospectus also enables the Company to take advantage of:

- (a) *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80* which allows the on-sale of any Shares issued on the exercise of the SP Options in the future without the need for the Company to issue a 'cleansing notice' each time such Shares are issued; and
- (b) *ASIC Corporations (Offers of Convertibles) Instrument 2016/83* which allows the on-sale of any Shares issued on the conversion of the SP Notes in the future without the need for the Company to issue a 'cleansing notice' each time such Shares are issued.

3. Details of the Offer

3.1 Purpose of the Offer

The purpose of the Offer is to raise \$600,000 and to remove any trading restrictions that may attach to Securities offered and under this Prospectus or Shares issued on conversion of the Securities issued under this Prospectus.

3.2 Use of funds

The funds raised from the Offer (after expenses) are planned to be used for The Company proposes to use the funds raised through the Offer for third party supplier expenses related to the commercial release costs of its cannabis flower (irradiation, jars, bottles, lids) (\$150k), the manufacturing of vapes and oils (\$150k) and for internal payroll coverage (\$300k).

3.3 Current capital structure

As at the Prospectus Date, the Company has Securities on issue as set out in Table 3.3.1 below.

Table 3.3.1 - Securities on issue at Prospectus Date

Class of Security	Number
Quoted Shares	545,843,826
Options	54,063,112
Performance Rights	1,430,352
Convertible Notes	497,513
Unquoted Shares ¹	270,000

¹Unquoted Shares represent performance rights that have been converted after the vesting conditions were met, however they remain unquoted until the earlier of 24 months or the employee leaving the Company.

All of the SP Placement Shares issued under the Second Purchase will rank equally with the Shares on issue at the Prospectus Date. All SP Shares issued on the conversion of the SP Notes and/or SP Options will rank equally with the Shares on issue at the time of issue.

Refer to Section 6.1 for a summary of the rights attaching to SP Notes, Section 6.2 for a summary of the rights attaching to SP Options and Section 6.3 for a summary of the rights attaching to SP Placement Shares and SP Shares.

3.4 Opening and closing dates - Offer

The Company will accept Acceptance Forms and Application Monies in respect of the Offer from Obsidian from the Opening Date until 5:00pm (Melbourne time) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date of the Offer without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

3.5 Investor outside Australia

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Offer has not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, these securities may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The SP Securities will only be offered and sold in the United States to persons who are Obsidian Global GP, LLC.

3.6 Risks of the Offer

As with any securities investment, there are risks associated with investing in the SP Securities. Having regard to the risks applicable to the Company and its business detailed in Section 5, investors should be aware that an investment in Shares in the Company should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the SP Securities of the Company, the Investor should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

3.7 Acceptance Form and Payments

Obsidian may apply for SP Securities under the Offer by following the instructions in the Acceptance Form including without limitation, by making payment of the relevant Special Purchase in accordance with the terms of the Acceptance Form, which creates a legally binding contract between Obsidian and the Company.

If the Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Acceptance Form is final.

3.8 Issue and Dispatch

All SP Securities under the Offer are expected to be issued on or before the dates specified in the Indicative Timetable.

3.9 Application Monies

All Application Monies will be deposited directly into a bank account of the Company as instructed by the Company to Obsidian.

3.10 ASX quotation

An application will be made to ASX no later than seven days after the Prospectus Date for Quotation of the SP Placement Shares offered under this Prospectus.

If ASX does not grant Quotation of the SP Placement Shares within three months after the Prospectus Date (or such period as ASIC allows), no SP Placement Shares will be issued or allotted under the Offer and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

The Company does not intend to apply for Quotation by ASX of the SP Options or SP Notes offered under this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Quotation is not to be taken in any way as an indication of the merits of the Company or the SP Securities.

3.11 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHES, prospective shareholders will not receive a certificate but will receive statements of their holding of Securities (one in relation to SP Shares, one in relation to SP Options).

If you are broker sponsored, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Share Registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

CHES statements or Issuer Sponsored statements will routinely be sent to securityholders at the end of any calendar month during which the balance of their security holding changes. Securityholders may request a statement at any other time, however, a charge may be made for additional statements.

3.12 Nominees and custodians

Nominees and custodians may not distribute this Prospectus and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Offer.

3.13 Taxation implications

The Directors do not consider it appropriate to give advice regarding the taxation consequences of subscribing for SP Securities.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Prospective shareholders. Prospective shareholders should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

3.14 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2024 is contained in the Annual Report which is available on the Company's website at <https://www.canngrouponlimited.com/home>.

A summary of the major activities and financial information relating to the Company for the half year ended 31 December 2024 is contained in the Half Yearly Report which is available on the Company's website at <https://www.canngrouponlimited.com/home>.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year ended 30 June 2024 with ASX on <https://www.canngrouponlimited.com/home/> are detailed in Section 7.1.

Copies of these documents are available free of charge from the Company or the Company's website <https://www.canngrouponlimited.com/home/>. Directors strongly recommend that the Investor review these and all other announcements prior to deciding whether or not to participate in the Offer.

3.15 Privacy

The Company collects information about each investor provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the investor's security holding in the Company.

By submitting an Acceptance Form, the investor agrees that the Company may use the information provided by the investor on the Acceptance Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on an Acceptance Form, the Company may not accept or process your Application.

An Investor has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

3.16 Enquiries concerning Prospectus

Any questions in relation to this Prospectus should be directed to the Cann Group's Company Secretary, Mr Steven Notaro on 03 9095 7088 (local call cost) or +61 3 9095 7088 (outside Australia) between the hours of 8:00am and 5:00pm Monday to Friday until the Closing Date.

4. Effect of the Offer

4.1 Capital structure on completion of the Offer

On the basis that the Company completes the Offer, the Company's capital structure will be as set out in Table 4.1.1 below.

Table 4.1.1 - Capital structure after Offer

	Number of Shares	Number of Options	Number of Performance Rights	Convertible Notes
Balance as at the Prospectus Date	545,843,826	54,063,112	1,430,352	497,513
Offer⁽¹⁾	7,000,000 ⁽²⁾	7,877,876 ⁽³⁾	-	376,620 ⁽⁴⁾
TOTAL	552,843,826	61,940,988	1,430,352	874,133

Notes:

- (1) Assuming no existing options or performance rights are exercised, and no convertible notes converted, prior to the Record Date.
- (2) SP Placement Shares
- (3) SP Options being estimated at $\$600,000 \times 33.3333\% / \0.0253876
- (4) SP Notes being estimated at $\$600,000 \times 0.6277$ (applicable AUD:USD exchange rate)

4.2 Pro-forma statement of financial position

Set out in Table 4.2.1 is the Company's Consolidated Statement of Financial Position as at 31 December 2024 (as reviewed by the Company's auditor) (**Statements**) and which have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position as a result of the Offer.

The Pro-Forma Statement of Financial Position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 December 2024 and the completion of the Offer except for:

- (a) receipt of the First Special Purchase funding of \$150,000 on 6 March 2025;
- (b) a full subscription of the Offer to raise \$600,000 (before associated costs); and
- (c) estimated costs and fees of the Offer of \$20,000.

No allowance has been made for expenditure incurred in the normal course of business from the Prospectus Date to the Closing Date.

Table 4.2.1 - Pro-forma consolidated statement of financial position

	Reviewed by auditor 31 December 2024	Impact of Offer & First Special Purchase	Pro Forma
	\$'000	\$'000	\$'000
Current Assets			
Cash and cash equivalents	60	740	800
Trade receivables	2,154	-	2,154
Inventories & biological assets	8,958	-	8,958
Prepayments	1,014	-	1,014
Total Current Assets	12,186	740	12,926
Non Current Assets			
Property plant and equipment	72,744	-	72,744
Intangible assets	21	-	21
Financial assets	18	-	18
Total Non Current Assets	72,783	-	72,783
Total Assets	84,969	740	85,709
Current Liabilities			
Trade and other payables	5,484	-	5,484
Borrowings & convertible notes	72,012	750	72,762
Other	608	-	608
Total Current Liabilities	78,104	750	78,854
Non Current Liabilities			
Borrowings	347	-	347
Other	196	-	196
Total Non Current Liabilities	543	-	543
Total Liabilities	78,647	750	79,397
Net Assets	6,322	(10)	6,312
Shareholder Equity			
Issued Capital	186,160	-	186,160
Reserves	332	-	332
Accumulated losses	(180,170)	(10)	(180,180)
Total Shareholder Equity	6,322	(10)	6,312

4.3 Effect on the control of the Company

As at the Prospectus Date, the Company does not have any substantial holders (being shareholders who hold 5% or more of the shares in the Company). Therefore, it is not expected that the Offer will have any effect on the control of the Company.

5. Risks

The SP Securities are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for SP Securities.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. These risks may be outside the control of the Company or the Directors and may not be able to be mitigated.

5.1 Risks specific to the Company

The current and future operations of the Company, may be affected by a range of factors, including:

(a) Requirements for additional capital

Depending on the Company's ability to generate income from its operations, the Company may require further financing to develop its business. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its operations and its other longer-term objectives as the case may be.

Cann may also enter into transactions to acquire medicinal cannabis or related or synergistic businesses or companies. However, any future expansion of Cann's business may well require additional capital, depending on the nature of the development or expansion. The failure to raise the necessary funding, whether as debt or equity, could result in the delay or indefinite postponement of Cann's business expansion. There can be no assurance that additional funding or other types of financing will be available if needed or that, if available, the terms of such funding will be available on favourable terms.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution.

In addition, debt funding may materially increase Cann's debt levels and gearing. This may increase Cann's funding costs, reduce its financial performance and increase the risk of Cann being in default or being unable to pay its debts when due in the future.

(b) R&D funding risk

An important source of funding for Cann is the cash refund that it can apply for annually under the Australian government's Research and Development Tax Incentive scheme ("R&D Tax Refund"). There can be no assurance that the R&D Tax Refund scheme will remain in place, or that Cann will continue to be entitled to access it in the future. Therefore, if Cann were to not receive an R&D Tax Refund, this is highly likely to negatively impact Cann's financial performance as well as increase its working capital requirements, potentially causing it to seek additional funding.

(c) **Going concern**

The Company notes the material uncertainty related to going concern in the auditor's report to the members regarding interim report for the half year ended 31 December 2024. Specifically, the auditors draw attention to Note 1 in the interim report. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on Cann Group's ability to continue as a going concern. There is therefore the risk that Company may need to source additional funding to continue as a going concern and pay its debts as and when they are due. To the extent that funding is equity or equity type funding it may be dilutive, or on onerous terms, if available at all. In addition, any debt funding would increase the Company's debt levels, increase its funding costs and adversely impact the Company's financial results, again if available. If the Company is unable to obtain such additional funding, it may not be able to meet its future obligations as and when they fall due. There is a further risk that its major lender, National Australia Bank, will cease its support and call in its debt in such circumstances

(d) **Operating losses**

Cann continues to incur operating losses. Cann may not be able to achieve profitability and may continue to incur significant losses in the future. In addition, Cann will increase its operating expenses as it grows its business. If Cann's revenues do not increase to offset these expected increases in expenditures and operating expenses, it will not be profitable. Anticipated or expected sales may not be achieved, and even if achieved, may not result in Cann being profitable. There is no assurance that Cann Group will be successful in achieving a return on shareholders' investments and the chances of success must be considered in light of the proposed expansion of its operations. Also, Cann may require additional funding to meet those losses or bridge the period of time until it becomes profitable, with the associated risks of funding noted above.

(e) **Agricultural risks**

Cann's business involves the cultivation and processing of cannabis, an agricultural product. Risks inherent with agricultural businesses apply to Cann's business, including lower than expected yields, disease, mould and insects and other pests. Although Cann currently grows and expects to grow the significant majority of its product in climate controlled, monitored, indoor locations, there is no guarantee that changes in outside weather and climate, as well as catastrophic weather events such as fires, earthquakes, high winds or storms, will not adversely affect production or that inherent agricultural risks will not arise anyway. Losses in production may increase Cann's costs of goods sold, reducing margin, as well as limiting revenue due to lower amounts of product being available to sell. This would have an adverse effect on Cann's financial performance.

(f) **Production risks**

Cann's ability to produce cannabis and manufacture cannabis products, and to increase its production in the future, may be adversely impacted by a number of production factors. These include plant design errors, non-performance by third party contractors, increases in materials or labour costs and /or limits on availability of materials or labour, production performance falling below expected levels of output or efficiency, human error, the agricultural factors described above, contractor or operator errors, breakdowns, aging or failure of equipment or processes, labour disputes, any rise in energy and utilities costs and limits on availability of such utilities. Further power or water failures could lead to the Mildura Facility not functioning as it is designed with resultant damage to crops.

Any significant interruption or diminution in the availability of the supply chain for key inputs could materially impact Cann's ability to produce cannabis and manufacture cannabis products, which would negatively impact its business, financial performance and/or prospects.

(g) **Import risks**

Some of Cann's operations depends on its ability to import cannabis products, particularly flower, from foreign jurisdictions. If overseas suppliers are unable to meet the requirements to enable Cann to import the necessary volumes of flower e.g. by not providing the required documentation, by not providing flower of the necessary standard, or by not complying with shipping and customs requirements, this would impact Cann's ability to import the products and meet customer demands, which would ultimately have a negative impact on Cann's revenues and prospects.

In addition, there is no guarantee that Australian legislation and regulations will not change in the future and prohibit the importation of cannabis or cannabis products from all or specific overseas jurisdictions which Cann imports from. This may have a material adverse impact on the financial position, financial performance and / or prospects of Cann.

(h) **Regulatory approvals**

Cann's ability to continue its business is dependent on holding certain authorisations, licences and permits and adherence to all regulatory requirements related to such activities. Any failure to comply with the conditions of those approvals and licences, or to renew the approvals and licences after their expiry dates, would have a material adverse impact on the financial position, financial performance and / or prospects of Cann.

(i) **Product approvals**

Cannabis products are currently regulated as medicines in Australia. Generally, medicines imported into, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods (ARTG), which is administered by the Therapeutic Goods Administration (TGA) or through the Special Access Scheme (SAS), Authorised Prescriber (AP) scheme or clinical trial exemptions. Cann cannot guarantee that any or all of its medicinal cannabis products will be approved for supply to patient under these pathways or that these pathways will remain available. Any failure to continue to be able to access these pathways would have a material adverse impact on the financial position, financial performance or prospects of Cann.

(j) **Compliance with licence conditions**

A licence to cultivate, produce and/or manufacture under the *Narcotic Drugs Act 1967* (Cth) is subject to a number of conditions, which if not maintained may result in a suspension or revocation of the licence or permit. Such conditions include ensuring that all staff engaged are suitable, that directors and officers (and the business itself) is a fit-and-proper person and that certain security and reporting measures are maintained. Any failure to maintain these licenses would have a material adverse impact on the financial position, financial performance and / or prospects of Cann.

(k) **Product development**

Cann may not be successful in developing effective and safe new products to market in time to be effectively commercialised, or in obtaining any required regulatory approvals or funding, which may impact its growth initiatives relating to product development with an associated material adverse effect on its prospects.

(l) **Diversions risk and theft**

Given the nature of Cann's cannabis products and despite meeting or even exceeding the TGA and ODC security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of Cann's facilities could expose Cann to additional liability and to potentially costly fines, penalties and litigation, increased expenses relating to the resolution and future prevention of these breaches and may result in the possible suspension or revocation of licences and permits, and may also deter existing or potential customers from purchasing Cann's products. Any such event may have a material adverse effect on Cann's prospects.

(m) **Industry confidence**

There is a risk that incidents beyond the control of Cann could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence or preferences for cannabis or medicinal cannabis products, including serious adverse effect incidents involving medicinal cannabis, negative medical or scientific findings, material breaches of a law or regulation by Cann or a competitor. Any such event may have a material adverse effect on Cann's prospects.

(n) **Competition risks**

Should the size of the Australian medicinal cannabis market increase, the overall demand for products and number of competitors will, or is likely to, increase as well, and in order for Cann to be competitive, Cann will need to invest significantly in research and development, new product and market development, marketing, new client identification, distribution channels and client support. If Cann is not successful in obtaining sufficient resources to invest in these areas, Cann's ability to compete in the market could be adversely affected and this could have a material adverse effect on its business, financial position, financial performance and/or prospects.

(o) **Third party manufacture risks**

Cann is currently reliant on limited sources of manufacturing to manufacture certain of Cann's products. There are other potential commercial manufacturers that Cann could use to meet its manufacturing requirements. However, if Cann needed to engage a new manufacturer, the process of transitioning to a new manufacturer would likely take several months, so there would be a risk that Cann's manufacturing abilities would be adversely impacted during the transition period, with a negative associated impact on Cann's financial performance.

5.2 Industry risks

(a) **General regulatory risk**

Companies which operate in the medicinal cannabis industry are subject to a highly regulated environment and numerous laws and regulations. Changes to such laws, regulations and directives may cause adverse effects on a business operating in this industry, its financial position, financial performance and/or prospects.

(b) **Market risks**

There is a risk that the demand for the supply of medicinal cannabis products may decrease due to various market factors, which could have an associated adverse effect on a business operating in this industry, its financial position, financial performance and/or prospects.

(c) **Clinical trial outcomes**

There are various clinical trials being conducted in Australia and internationally in relation to medicinal cannabis. An adverse finding from an approved or recognised clinical trial is likely to or may have a material adverse effect on a company's prospects of conducting clinical trials in the medicinal cannabis sector, which could have an associated adverse effect on the financial position, financial performance and/or prospects of a company and the medicinal cannabis industry generally.

5.3 General risks

(a) **Nature of investment**

There are inherent risks associated with investment in any listed company. The SP Shares under the Offer do not guarantee payment of dividends, return on capital or maintenance of capital or value. No assurances can be given that the SP Shares will trade at or above a certain price at any time, or that they may be sold at any price. The value of the SP Shares may vary depending on the financial and operating performance of Cann and external factors over which Cann and its directors have no control, including changes to market sentiment.

(b) **Dilution risk**

If Cann needs to raise additional equity in the future, this may dilute the shareholdings of existing shareholders, who may not have the opportunity to participate in that raising.

(c) **General economic conditions**

Adverse changes in economic conditions such as to interest rates, exchange rates, inflation, government policy, taxation law, investor sentiment towards particular market sectors, demand for and supply of capital, national and international economic conditions (including any trade conflicts between major countries, terrorism, war, social upheaval or other hostilities) amongst others are outside Cann's control and have the potential to have an adverse impact on Cann (including Cann's financial performance and/or financial position) and its operations.

(d) **Tax legislation & accounting standards**

Changes in tax laws or accounting standard from time to time can have an adverse impact on the financial performance, financial position and / or prospects of a company.

(e) **Cyber security**

A company may suffer material losses from cyber-attacks or other information security breaches. As cyber threats continue to evolve, a company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities, with an adverse impact on its financial performance.

(f) **Privacy**

A company may collect or be provided with information which is considered personal or sensitive, and the company is responsible for protecting that information from privacy breaches and mandatory reporting obligations under the Notifiable Data Breaches scheme contained within the *Privacy Act 1988* (Cth) (**Privacy Act**). A breach of its obligations under the Privacy Act may have an adverse effect on the company's business, reputation, financial position, financial performance and/or prospects.

5.4 SP Securities Risks

(a) **Risks to the SP Notes**

The SP Notes are unsecured and therefore the Investor is at risk in the event the Company is wound up while the SP Notes are outstanding. The Company may also redeem the SP Notes prior to the maturity date which may impact their expected financial return.

(b) **Risks to the SP Options**

The SP Options may remain out of the money for a significant period of time, including up to the expiration date of the SP Options, negatively impacting the Investor's expected financial return.

5.5 Investment highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the SP Securities offered under this Prospectus. Therefore, the SP Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those SP Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for SP Securities pursuant to this Prospectus.

6. Rights attaching to SP Securities

6.1 Rights attaching to SP Notes

The key terms and conditions of the Convertible Notes offered pursuant to the Offer, are set out below:

Right /Term	Detail
Purchase Price for SP Notes	A\$600,000 under Second Special Purchase
Face Value	US\$1.15 per convertible security
Coupon	Nil
Maturity Date (SP Notes)	18 months from the relevant Special Purchase Date
Conversion Price	The lesser of: (a) 92% of the average of the lowest 3 daily VWAPs during the 15 Actual Trading Days prior to the Conversion Notice Date; and (b) A\$0.05
Maximum Share Number	40,000,000 (Maximum number of SP Securities (including the First Special Purchase) which can convert to Shares without the Company first obtaining shareholder approval)
Commitment Limit (of Facility)	A\$15,000,000
Placement Shares	7,000,000 Shares (Issued under Second Special Purchase in addition to SP Notes)
Commitment Shares	Nil
Ranking on Conversion	Placement Shares and Shares issued on conversion of the SP Notes will rank equally with existing Shares on issue.
No voting rights	Except as required by the Corporations Act, the SP Notes will not carry a right to vote at meetings of the Company prior to any conversion of the SP Notes into SP Shares.

6.2 Rights Attaching to SP Options

The following is a summary of the terms and conditions attaching to SP Options to be issued to investor pursuant to this Prospectus.

(a) **Entitlement**

Each SP Option entitles the holder to subscribe for one Share upon the exercise of the SP Option (subject to adjustment under the terms of issue).

(b) **Exercise Price and Expiry Date**

The SP Options have an exercise price of 200% of the average of the 5 daily VWAPs for the 5 Actual Trading Days immediately prior to the relevant Special Purchase

(**Exercise Price**) and expire at 5:00pm on the date 24 months after their date of issue (**Expiry Date**).

A SP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The SP Options are exercisable at any time on or prior to the Expiry Date.

(d) **Quotation of the SP Options**

The Company does not intend to apply for Quotation by ASX of the SP Options offered under this Prospectus.

(e) **Notice of Exercise**

The SP Options may be exercised by notice in writing to the Company in the manner specified on the SP Option certificate (**Exercise Notice**) and payment of the Exercise Price for each SP Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

SP Options will be deemed to have been exercised on the latest of the date that:

- (i) the Exercise Notice;
- (ii) the Exercise Price; and
- (iii) the applicable holding statement relating to the SP Options (if any),

is received by the Company or the Share Registry.

(f) **Shares Issued on Exercise**

Shares issued on exercise of the SP Options rank equally with the then issued Shares.

(g) **Timing of the Issue of Shares on Exercise and Quotation**

Within two (2) business days of an Exercise Notice being given in accordance with these terms and conditions and payment of the Exercise Price for each SP Option being exercised, the Company will:

- (i) issue the Shares resulting from the exercise of the SP Options; and
- (ii) apply for quotation on ASX of Shares issued resulting from the exercise of the SP Options.

(h) **Adjustment for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the SP Option holders will be varied in accordance with the Listing Rules.

(i) **Transferability**

The SP Options are not transferable.

6.3 Rights Attaching to SP Placement Shares and SP Shares issued on conversion of SP Notes

The SP Placement Shares and SP Shares issued under this Prospectus will rank pari passu in all respects with existing Shares on and from their date of issue.

The following is a summary of the more significant rights and liabilities attaching to SP Placement Shares and SP Shares to be issued pursuant to this Prospectus.

This summary is qualified by the full terms of Company's Constitution and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. A full copy of the Constitution is available from Company on request free of charge or available for inspection at the Company's registered office during normal business hours. It can also be downloaded from the Company's website <https://www.canngrouponlimited.com/> for free) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

Directors may call a meeting of Shareholders whenever they think fit, by Board resolution. Shareholders may call a meeting as provided by the Corporations Act and the Constitution of the Company. All Shareholders are entitled to a notice of meeting.

A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is three eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

(b) Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder and a fraction of a vote for every partly paid Share.

A poll may be demanded by the chairperson of the meeting, any five Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(c) Dividends

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to Shareholders according to their rights and interests. The Directors may, before declaring any dividend, set aside reserves out of the profits of the Company which at the Directors' discretion may be used in the

business of the Company or be invested in such investments as the Directors think fit. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the Share in a manner calculated in accordance with the Constitution.

(d) **Winding up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the sanction of a special resolution of the Company, vest the whole or any part of any such property in trustees on such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Transfer of shares**

Generally, Shares are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia.

Where the Shares are classified by the ASX as 'Restricted Securities' certain restrictions on transfer will also apply.

(f) **Directors**

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is three and the maximum is 15. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director will hold office until the conclusion of the next general meeting (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election, without submitting himself or herself for re-election.

For a person to be eligible for election as a Director, a nomination for the office of Director and the written consent of the proposed director must be received at the Company's registered office not later than 35 Business Days before the meeting.

(g) **Offer of shares**

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors.

Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights on such terms and conditions as they see fit.

(h) **Variation of shares and rights attaching to shares**

The rights and privileges attached to any Shares may be varied in accordance with the requirements of the Corporations Act, and the Company's share capital may be altered in any manner permitted by law.

(i) **Unmarketable parcels**

The Company may procure the disposal of Securities where the member holds Securities of which the aggregate market value is less than a marketable parcel of Securities within the meaning of the Listing Rules (i.e. a parcel of Securities with a market value of less than \$500). To invoke this procedure, the Company must first give notice to the relevant member holding less than a marketable parcel of Securities, who may then elect not to have his or her Shares sold by notifying the Company.

(j) **Share buy-backs**

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(k) **Indemnity and insurance of officers**

Under the Constitution, the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, and against costs and expenses incurred by the officer in defending civil or criminal proceedings; unless the liability arises out of their own dishonesty, negligence, lack of good faith or breach of duty.

To the extent permitted by law, the Company may also pay the premium on any insurance policy for any person who is or has been, an officer against a liability incurred by that person in his or her capacity as an officer of the Company or a subsidiary of the Company.

(l) **Changes to the constitution**

The Constitution can only be amended in accordance with the requirements of the Corporations Act.

(m) **Listing Rules**

Provided the Company remains admitted to the Official List of the ASX, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Constitution will be deemed to comply with the Listing Rules, as amended from time to time.

7. Additional information

7.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The SP Shares are in the same class as Shares that have been quoted on the official list of the ASX during the three months prior to the issue of this Prospectus, and the SP Options are options to be issued Shares.

This Prospectus is a prospectus to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms the Prospectus is only required to contain information in relation to the effect of the issue of SP Securities on the Company and the rights attaching to the SP Securities. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the Company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offer:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2024 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in

paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the announcements set out in Table 8.1.1 below with ASX since the lodgement of its annual report on 13 September 2024 and prior to the lodgement of this Prospectus with ASIC.

Table 8.1.1 - ASX Announcements following last annual report

Date	Description of Announcement
13 September 2024	Appendix 4G and Corporate Governance Statement
19 September 2024	Investor Presentation, Pitt St Research Life Sciences Conference
30 September 2024	Pause in Trading
30 September 2024	Response to ASX Price Query
3 October 2024	Notice of Annual General Meeting/Proxy Form
7 October 2024	Non-renounceable entitlement offer
7 October 2024	Proposed issue of securities - CAN
7 October 2024	Proposed issue of securities - CAN
7 October 2024	Proposed issue of securities - CAN
7 October 2024	Prospectus
7 October 2024	Target market determination
15 October 2024	Despatch of Prospectus and Entitlement and Acceptance Form
15 October 2024	Prospectus and Entitlement and Acceptance Form
15 October 2024	Letter to ineligible shareholders
15 October 2024	Shareholder update webinar
16 October 2024	Investor Update Webinar Presentation
21 October 2024	Entitlement Offer closing date extended
23 October 2024	Quarterly Activities/Appendix 4C Cash Flow Report
23 October 2024	Supplementary Prospectus
25 October 2024	Update - Proposed issue of securities - CAN
25 October 2024	Update - Proposed issue of securities - CAN
6 November 2024	Chair's Address to Shareholders
6 November 2024	CEO & Managing Director AGM Presentation
6 November 2024	Results of Annual General Meeting
8 November 2024	Application for quotation of securities - CAN
11 November 2024	Notification regarding unquoted securities - CAN
15 November 2024	3 x Notification regarding unquoted securities - CAN
15 November 2024	Change of Director's Interest Notice - Appendix 3Y
19 November 2024	Automated Multi Head Filler Reaches 25,000 Units
20 November 2024	Entitlement Offer Closing Monday, 25 Nov 2024
27 November 2024	NAB Defers Interest Payments to Facilitate Revenue Growth
28 November 2024	Results of Non-Renounceable Rights Offer
2 December 2024	Application for quotation of securities - CAN
2 December 2024	Notification regarding unquoted securities - CAN
2 December 2024	Change of Director's Interest Notice - Appendix 3Y
6 December 2024	Application for quotation of securities - CAN
6 December 2024	Notification regarding unquoted securities - CAN

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Date	Description of Announcement
31 January 2025	Quarterly Activities/Appendix 4C Cash Flow Report
4 February 2025	Application for quotation of securities - CAN
10 February 2025	Change of Auditor
10 February 2025	Change of Chairperson
11 February 2025	NAB Extends Loan Maturity Dates and Defers Interest Payments
13 February 2025	Final Director's Interest Notice
25 February 2025	Application for quotation of securities - CAN
26 February 2025	Notification of cessation of securities - CAN
28 February 2025	Convertible Note Drawdown
28 February 2025	Half Yearly Report and Accounts
28 February 2025	Cann FY25 Half Year Results (announcement)
6 March 2025	Proposed issue of securities - CAN
7 March 2025	Notification regarding unquoted securities - CAN

In addition to the above, the following announcements are expected to be made on the Prospectus Date in conjunction with the Offer:

Date	Description of Announcement
12 March 2025	Announcement of Prospectus
12 March 2025	Prospectus
12 March 2025	Appendix 3B for SP Notes, SP Options, and SP Shares (Placement)

The announcements are also available through the Company's website, <https://www.canngrouponlimited.com/investor-overview>.

7.2 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the Prospectus Date, any interests in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer;

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (a) any Director to induce him or her to become, or to qualify as, a Director; or
- (b) any Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer.

Interest in Securities

As at the Prospectus Date, the relevant interests of the Directors and their related entities in securities in the Company, are detailed in Table 8.3.1 below.

Table 8.3.1 - Related party interests in securities

Director	Shares held	Options held	Performance rights held
Jennifer Pilcher	330,500	4,500,000	-
Douglas Rathbone	3,596,185	382,758	-
Robert Barnes	200,000	300,000	-

Directors' Remuneration

The remuneration (including superannuation and share based payments) of existing Directors for the past two financial years (30 June year-end) are as set out in Table 8.3.2 below.

Table 8.3.2 - Directors' Remuneration

Director	Title	Financial Year to 30 June 2023	Financial Year to 30 June 2024
Jennifer Pilcher	CEO and Managing Director ¹	\$80,000	\$186,737
Douglas Rathbone	Non-executive Director and interim Chair ²	\$65,000	\$65,000
Robert Barnes	Non-executive Director	\$49,808	\$65,000

1. Appointed as CEO and Managing Director effective 1 April 2024, previously a non-executive Director. Remuneration combines Director fees and salary over the period (excluding superannuation).
2. Appointed as Interim Chairman effective 10 February 2025.

Further information relating to the remuneration of Directors can be found in the Company's annual financial report for the financial year ended 30 June 2024, which was announced to ASX on 30 August 2024.

7.3 Dividend policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

7.4 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, has, and has not had in the two years before the Prospectus Date, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as disclosed in this Prospectus and as follows:

- (a) MUFG Corporate Markets conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. MUFG Corporate Markets will be paid for these services on standard industry terms and conditions.

7.5 Related party transactions

At the Prospectus Date, no Director interests or material transactions with related parties exist that the Directors are aware of, other than those disclosed in this Prospectus.

7.6 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.041 (13 December 2024)

Lowest: \$0.023 (11 March 2025)

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.023 per Share on 11 March 2025.

7.7 Costs of the offer

The estimated costs of the Offer are estimated to be approximately \$20,000 (excluding GST) and are expected to comprise legal fees and administrative expenses, including ASIC and ASX fees. The estimated expenses will be paid out of the Company's existing working capital.

7.8 Taxation implications

The acquisition and disposal of SP Securities will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the SP Securities (including exercising the SP Options).

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of acquiring and selling the SP Securities (including exercising the SP Options).

7.9 Litigation and claims

So far as the Directors are aware, other than as disclosed by the Company to ASX, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

7.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus.

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

7.11 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Constitution.

7.12 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the SP Securities.

7.13 Electronic Prospectus

Pursuant to Regulatory Guide 107, electronic copies of disclosure documents are permitted where the electronic version is identical in format and content to the disclosure document lodged with ASIC, and contains the same information in the same sequence and with the same prominence, as the lodged disclosure document. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Acceptance Form. If you have not, please contact the Company and the Company will send to you, free of charge to you, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Acceptance Form from an prospective shareholders if it has reason to believe that when that prospective shareholder was given access to the electronic Acceptance Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:

A handwritten signature in black ink, appearing to read 'D. Rathbone', written in a cursive style.

Douglas Rathbone
Chairman

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9. Glossary

In this Prospectus, unless the context otherwise requires:

\$ means Australian dollar.

Acceptance Form means the acceptance form supplied by Company to investor, or in lieu of such form, the actions for acceptance set out in the Convertible Securities Agreement.

Actual Trading Days means any day that the ASX declares is a trading day.

Annual Report means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2024 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2024, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2024.

Application means a valid application made in an Acceptance Form for SP Securities under the Offer.

Application Monies means application monies for SP Shares received by the Company from the investor.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

ASX Settlement Rules means ASX Settlement Operating Rules of the ASX.

Board means the board of Directors.

Business Day means Monday to Friday inclusive, excluding public holidays in Victoria and any other day that ASX declares is not a trading day.

Cann Group means the Company and its subsidiaries.

CHES means ASX Clearing House Electronic Subregistry System.

Closing Date means the date referred to as such in the Indicative Timetable or such later date as determined by the Company.

Company or **Cann** means Cann Group Limited ACN 603 949 739.

Constitution means the constitution of the Company as at the Prospectus Date.

Convertible Securities Agreement means the convertible securities and share placement agreement, as between Cann Group Limited and Obsidian Global GP, LLC, dated 20 November 2023, as varied by deed of variation dated 27 February 2025, under which the Facility was established.

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

Director means a director of the Company.

Facility has the meaning set out in Section 1.2.

First Special Purchase has the meaning set out in Section 1.2 under the heading "First Special Purchase" as reflected in Section 1.3 under the heading "What is the Offer?".

Indicative Timetable means the indicative timetable on page 6 of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Investor means Obsidian.

Listing Rules means the official listing rules of ASX.

Obsidian means Obsidian Global GP, LLC.

Offer has the meaning set out in Section 1.3.

Opening Date means the date referred to as such in the Indicative Timetable.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Prospectus Date means the date of this Prospectus.

Quotation means quotation of securities on the official list of ASX.

Section means a section of this Prospectus.

Securities means any securities including Shares, Notes or Options issued or granted by the Company.

Second Special Purchase has the meaning set out in Section 1.2 under the heading "Second Special Purchase" as reflected in Section 1.3 under the heading "What is the Offer?".

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

Share Registry means MUFG Corporate Markets (AU) Limited.

Shareholder means a registered holder of Shares.

Special Purchase or **SP** means a drawdown of the Facility under the Second Special Purchase as described in Section 1.2 and Section 1.3.

Special Purchase Date means 6 March 2025 with respect to the First Special Purchase (hereafter **First Special Purchase Date**) and within 5 Business Days after the date that this Prospectus is lodged with ASX/ASIC with respect to the Second Special Purchase (hereafter **Second Special Purchase Date**). .

SP Notes means convertible securities issued as a result of a Special Purpose drawdown on the terms and conditions detailed in Section 6.1.

SP Options means Options issued to Obsidian under a Special Purpose drawdown on the terms and conditions detailed in Section 6.2

SP Placement Shares means the SP Shares issued under the Second Special Purchase in the quantity stipulated in section 1.2

SP Securities means SP Shares, SP Placement Shares, SP Notes and SP Options.

SP Shares means Shares issued to Obsidian as a result of conversion of the SP Notes issued following a Special Purchase drawdown.

Statements has the meaning given to that term in Section 4.2.

VWAP means volume weighted average price.