Quarterly Activities Report and Appendix 4C
Quarter ended Sep 2020

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AusCann Progresses Market Launch and Clinical Results

Highlights

- Robust financial position – $16.8 million net cash balance at 30 September 2020
- Roll-out of hard-shell capsules based on Neuvis® platform in Australia under special access provisions for medicines
- Phase I clinical results confirm superior pharmacokinetic profile of Neuvis®-based product
- New CEO, Mr Nick Woolf, appointed in August 2020

28 October 2020 - **AusCann Group Holdings Limited** (ASX: AC8) ('AusCann' or 'the Company'), is pleased to announce an overview of its quarterly activities for the three months ended 30 September 2020.

Financial Update

AusCann had a cash balance at 30 September 2020 of $16.8 million (30 June 2020: $19.2 million), and no debt. This strong capital position supports the continued progress of the Company's growth strategy.

Net cash outflows for the quarter were $2.4 million. Research and development costs of $750K for the period were mainly allocated to the finalisation of the Company Phase I clinical trial with Nucleus Network.

AusCann's proprietary hard-shell capsules, a 1:1 ratio of THC:CBD based on the Neuvis® platform, continued to gain market share during the quarter for Australian patients under special access schemes. In addition to GPs, the Company has had good traction with specialists in the fields of pain, palliative care and rehabilitation. Due to commercial terms of the Company's distribution agreement, cashflow from these sales are received up to two months after the point of sale and, as such, the cash recognition for the quarter is delayed as compared to the sale.

There were no related party payments for the period other than the director fees paid from the pool of fees as approved by the shareholders ($79,381).

Operational Update

The Company has commenced a restructuring programme during the period to reduce the cash burn on corporate and administrative activities. The Company is focusing its expenditure on value-adding R&D and IP, in addition to leveraging its state-of-the-art medicinal cannabis facility in Western Australia.

AusCann reported the results of its Phase I clinical trial evaluating the pharmacokinetics and safety of the Neuvis®-based hard-shell capsules in healthy volunteers. The data from this open-label, cross-over study showed that absorption of active cannabinoids with AusCann's Neuvis® technology was similar to the comparator oil and the Therapeutic Goods Administration (TGA)-registered oral spray, Sativex®, but with a lower peak concentration. This resulted in fewer side-effects, which is an important positive outcome to support the differentiation of AusCann's capsules and their appeal to prescribers and patients.

The Company has extended its medical outreach programme, including the sponsorship of various virtual events in Australia that have helped position and solidify the Neuvis® brand with healthcare professionals.

AusCann's second product based on an enhanced Neuvis®2.0 hard-shell capsule technology delivering CBD only for pain and neurological symptoms, such as anxiety, seizures, insomnia, social withdrawal and irritability, is in formulation development. It is expected to be launched in Q4 FY2021.

Leadership Transition

During the quarter, the Company appointed Mr Nick Woolf as Chief Executive Officer, replacing Mr Ido Kanyon. Mr Woolf has over 25 years of experience in the life sciences industry as well as a background in commercial M&A transactions.

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ENDS

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

For more information, please contact:

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ABOUT AUSCANN

AusCann Group Holdings Limited (ASX:AC8) is an Australian-based pharmaceutical company focused on the development, production, and distribution of cannabinoid-based medicines within Australia and internationally. AusCann transforms the way medicinal cannabis is dispensed today by making standardised, controlled dose products, providing educational support to healthcare professionals and generating clinical evidence that is accessible to patients, physicians and healthcare providers. AusCann is developing a pipeline of proprietary differentiated cannabinoid-based pharmaceutical products. The Company's first product based on the Neuvis® platform was successfully launched in Australia in 2020 and is available under special access provisions for medicines.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

AusCann Group Holdings Limited

ABN	**Quarter ended**
72 008 095 207	30 September 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	5	5
1.2	Payments for		
	(a) research and development	(750)	(750)
	(b) product manufacturing and operating costs	(220)	(220)
	(c) advertising and marketing	-	-
	(d) leased assets	(1)	(1)
	(e) staff costs	(664)	(664)
	(f) administration and corporate costs	(716)	(716)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	32	32
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	5	5
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(2,308)**	**(2,308)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(14)	(14)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(46)	(46)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(59)**	**(59)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	19,166	19,166
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,308)	(2,308)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(59)	(59)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**16,798**	**16,798**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,661	1,661
5.2	Call deposits	15,138	15,138
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,798**	**16,798**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	79
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Explanation of payments to related parties.

- Payment of remuneration to directors for director services.

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**-**	**-**
7.5	**Unused financing facilities available at quarter end**		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9) (excluded one off grant)	2,308
8.2	Cash and cash equivalents at quarter end (item 4.6)	16,798
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	16,798
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	7
	Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as N/A. Otherwise a figure for the estimated quarters of funding available must be included in item 8.5	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
	8.6.2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
	8.6.3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
	Note where item 8.5 is less than 2 quarters, all of the questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.	

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2020

Authorised by: The Board of Directors. of AusCann Group Holdings Ltd
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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