



## NuCannaCo Science Limited

ACN 607 640 513

# Prospectus

An Initial Public Offer of 10,000,000 fully paid ordinary shares at an issue price of \$0.20 per Share to raise \$2,000,000 (subject to a Minimum Subscription of \$500,000) with provision to accept oversubscriptions of up to a further 5,000,000 Shares at \$0.20 each to raise an additional \$1,000,000.

Investment in the Shares of NuCannaCo Science Limited should be considered speculative.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisor without delay.

Lead Manager to the Australian Public Offer  
Sequoia Corporate Finance Pty Ltd





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# 1 Important Information

## 1.1 Background

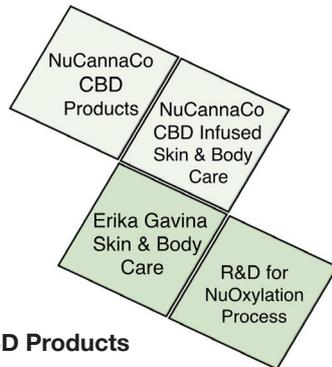
NuCannaCo Science Limited (NuCannaCo or Company) is an Australian corporation (ACN 607 640 513) whose primary operations are located in Texas and Colorado in the US. Operations will be conducted in the US through its wholly owned US subsidiary NuCannaCo Systems, Inc. (NCI).

The Company aims to focus on the following four business segments:

- 1) Market and sell NuCannaCo cannabidiol (CBD) products;
- 2) Market and sell NuCannaCo CBD infused premium organic Skin and Body care products;
- 3) Market and sell Erika Gavina line of Skin, Body and Bath products; and
- 4) Continue research and development of NuCannaCo's proprietary products.

Immediate revenue generation is achieved from existing orders for Erika Gavina products and sales from CBD and CBD infused products expected within three months of Listing. Figure 1.1a is a graphic depiction of the four segments.

Figure 1.1a



### Segment 1 Market and Sell NuCannaCo CBD Products

The Company intends to market and sell the following CBD cannabidiol products in the US through its eCommerce website:

- 1) a CBD liposome liquid for internal consumption; and
- 2) a CBD water soluble powder for internal consumption.

### Segment 2 Market and Sell NuCannaCo CBD Infused Products

The Company intends to market and sell through its eCommerce website a premium line of CBD infused organic skin and body care products including cleansers, treatment serums, day and night facial creams, natural deodorant, hand and body lotions and moisturizers.

### Segment 3 Market and Sell Erika Gavina Products

The Company will market and sell Erika Gavina products, a line of 27 botanical skin and body care products, through the Erika Gavina eCommerce website to retailers, wholesalers, distributors, aestheticians, and day spas. Erika Gavina's long trading history and existing distribution infrastructure and customer base will provide horizontal integration for NuCannaCo for marketing, cross selling, and potential product bundling of CBD products.

### Segment 4 Research and Product Development

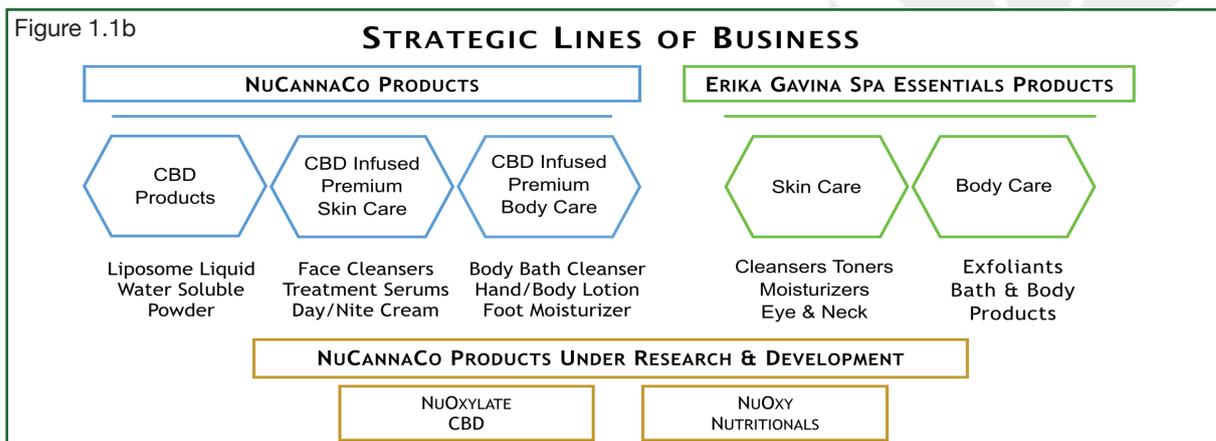
The fourth segment of the Company's business strategy is to finalize development of its exclusive line of CBD products to be produced using its proprietary NuOxylation process. NuOxylate, will be the first proprietary product manufactured followed by NuOxy Nutritionals, a line of nutritional products including NuOxylate in their formulation.

The "NuOxylation Process" was created by David Goughnour, the Company's Managing Director. The intellectual property (IP) for the manufacture of NuOxylate has been assigned to the Company by Mr. Goughnour. (see Section 9 – Research and Development for more information on NuOxylate, the NuOxylation Process and the Company's future plans in R&D).

To accomplish the research and development, the Company intends to establish a state-of-the-art Research and Testing Laboratory ("Laboratory").

Figure 1.1b summarises the Company's proposed products to be sold under the NuCannaCo and Erika Gavina brand names.

Figure 1.1b





# 1 Important Information

## 1.2 Australian Public Offer

The Australian Public Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in NuCannaCo Science Limited (Shares).

## 1.3 Prospectus

**This Prospectus is dated 23 November 2016 and was lodged with ASIC on that date. Within seven days of the date of this Prospectus, the Company will apply to the NSX for listing of the Company and quotation of the Shares on the NSX.**

**The fact that the NSX may admit the Company to the Official List of NSX is not to be taken in any way as an indication of the merits of the Shares, the Australian Public Offer or the Company.**

**Neither ASIC nor NSX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. No Shares will be issued pursuant to this Prospectus later than 13 months after the date of this Prospectus. Shares issued under this Prospectus will be issued on the terms and conditions set out in this Prospectus.**

## 1.4 Not Investment Advice

The information contained in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding to invest in the Company, you should read this Prospectus in its entirety. You should take into account all risk factors referred to in this Prospectus (including those in Section 11) and consider whether Shares represent an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Company.

No person is authorised to give any information or to make any representation in connection with the Australian Public Offer, which is not contained in this Prospectus. Any information or representation in relation to the Australian Public Offer not contained in this Prospectus may not be relied on as having been authorised in connection with the Australian Public Offer by the Company or any other person that may have liability for the content of this Prospectus.

## 1.5 Foreign Jurisdictions

The Australian Public Offer made pursuant to this Prospectus is not made in any jurisdiction other than in Australia. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to qualify the Shares or the Australian Public Offer, or to otherwise permit an offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) in a jurisdiction other than Australia may be restricted by law, and persons who come into possession of the Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of all overseas Applicants to ensure compliance with the laws of any country relevant to their application for Shares under this Prospectus.

Residents of other jurisdictions wishing to subscribe for Shares should consider doing so using Australian domiciled entities, including nominee companies affiliated with Australian broking firms. It is the responsibility of non-Australian resident investors to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus.

## 1.6 Notice to US Residents

The Shares offered under this Prospectus have not been registered under the Securities Act 1933 (US) (as amended to date and the rules and regulations promulgated thereunder) (US Securities Act) and may not be offered or sold in the US in the absence of registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor will there be any sale of the Shares in the US or any state or other jurisdiction in which such offer, solicitation or sale would be unlawful.

## 1.7 Exposure Period

Pursuant to the Corporations Act, this Prospectus is subject to an exposure period of seven days from the date of lodgement with ASIC, which period may be extended by ASIC by a further period of seven days. This period (and extension) is referred to in this Prospectus as the "Exposure Period". The Exposure Period enables this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, the Company will either:



# 1 Important Information

- return any Subscription Amount that the Company has received;
- provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency, and gives the Applicant the option to withdraw the Application within one month and be repaid the Subscription Amount; or
- issue to the Applicant the Shares applied for in the Application, provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency and gives the Applicant the option to withdraw the Application within one month and be repaid the Subscription Amount.

The Company is prohibited from accepting Applications received during the Exposure Period. Application Forms received prior to the expiration of the Exposure Period will therefore not be processed until after the Exposure Period. Except as otherwise indicated in this Prospectus, no preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

## 1.8 No cooling-off rights

Cooling-off rights do not apply to an investment in Shares pursuant to the Australian Public Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## 1.9 Electronic Prospectus

This Prospectus may be viewed online at [www.nucannaco.com](http://www.nucannaco.com). The other information on the Company website does not form part of this Prospectus.

The offer under this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Australian Public Offer made under this Prospectus is only available to persons receiving the Prospectus in Australia. The Company is entitled to refuse an application for Shares under this Prospectus if it believes the Applicant did not receive the Australian Public Offer in Australia. There is no facility for online applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access the Prospectus from within Australia.

Shares to which this Prospectus relates will only be issued on receipt of an Application Form issued together with the Prospectus.

Applications must be made by completing a paper copy of the relevant Application Form. The Company will not accept Application Forms electronically.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered electronic version of this Prospectus (whether printed or remaining in an electronic medium).

## 1.10 Prospectus Availability

During the Offer Period, any person may obtain a paper copy of this Prospectus free of charge by contacting the:

Lead Manager  
Sequoia Corporate Finance Pty Ltd  
+61 3 8548 3333, or  
Share Registry  
Computershare Investor Services Pty Ltd  
+61 03 9415 4376 (outside Australia)  
+1 300 383 308 (within Australia).

## 1.11 Disclaimer

No person is authorised by the Company to give any information or make any representation in connection with the Australian Public Offer that is not contained in this Prospectus. Any information that is not contained in this Prospectus may not be relied upon in connection with the Australian Public Offer.

## 1.12 Financial Information

Section 10 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 14. Except as otherwise noted, the Historical Financial Information has been prepared in accordance with the Australian IFRS standards.

The Pro Forma Historical Information has been prepared to illustrate the financial position of the Company following Completion of the Australian Public Offer and the expenditure of funds for the capital raise.

This Prospectus includes information regarding the past performance of Spa Essentials (SPA) and NuCannaCo. You should be aware that past performance is not indicative of future performance. Certain statements in this Prospectus constitute forward looking statements. These forward looking statements are identified by words such as “may”, “could”, “believes”, “expects”, “intends”, and other similar words that involve risks and uncertainties.

Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied



# 1 Important Information

values, performance or achievements expressed, projected or implied in the statements.

This Prospectus, including the market overview within Section 5, uses market data, industry forecasts and projections. The Company has obtained some of this information from market research prepared by third parties. There is no assurance that any of the forecasts contained in reports, surveys and research of such third parties which are referred to in the Prospectus will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 11.

## 1.13 Financial Forecasts

The Company has considered the matters set out in ASIC Regulatory Guide 170 and believes that it does not have a reasonable basis to forecast future earnings because the operations of SPA have been too inconsistent to predict future revenue and expenses with any reliable degree of certainty and the other facets of the Company are in a start-up phase and therefore the subject of uncertainty. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable financial forecast or projection.

## 1.14 Privacy

The Application Form attached to or accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth) (as amended).

The Company (and the Share Registrar on its behalf) will collect, hold and use that personal information in order to assess your Application, service your needs as an investor, provide the facilities and services that you request, carry out appropriate administration and provide information to you about the Company and its services. Company and tax laws also require some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed.

The Company and the Share Registrar may disclose your personal information for purposes related to your investment to members of the NuCannaCo Group and to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Lead Manager in order to assess your Application;
- the Share Registrar for ongoing administration of the share register; and

- the printers and the mailing house for the purposes of preparation and distribution of holding statements and for handling of mail.

Under the Privacy Act 1988 (Cth), you may request access to your personal information held by (or on behalf of) the NuCannaCo Group or the Share Registrar. You can request access to your personal information by writing to the Company or contacting the Share Registry at:

Computershare Investor Services Pty. Ltd.  
Level 5  
115 Grenfell Street  
Adelaide SA 5000

You can obtain a copy of the Company's Privacy Policy online at the website.

## 1.15 Independent Limited Assurance Report on the Financial Information

An Independent Limited Assurance Report on the financial information is required under the Corporations Act. The Independent Limited Assurance Report is provided in Section 14.

## 1.16 Definitions and Abbreviations

Certain terms and abbreviations in this Prospectus have defined meanings that are explained in the Glossary to this Prospectus. Unless otherwise stated or implied, references to time in this Prospectus are to Australian Central Standard Time (ACST).

## 1.17 Miscellaneous

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## 1.18 Currency Conversions

Where an amount is expressed in this Prospectus in Australian dollars and US dollars, the conversion is based on the Indicative Exchange Rate of USD\$1.00 = AUD\$1.35.

## 1.19 Company Formation History

The Company had its genesis in March 2015 when a group of US Investors formed a limited partnership in the US raising AUD\$1,755,675 for the purpose of furthering research into the benefits of hemp based products and with the ultimate aim of commercialising the results of the research by securing a listing on an Australian stock exchange (see Section 10 for further details).



# 1 Important Information

During this 18 month process, the Company investigated many botanical and hemp based products consistent with the Company's mission to deliver the best scientifically produced CBD products to the marketplace. A strategy was developed to provide immediate revenues and operating capital to the Company while it continues to research and develop its proprietary CBD products from hemp. This strategy includes marketing and selling Company branded CBD products produced by third parties and the continued sales of skin and body care products from its acquisition of the Erika Gavina business.

On 24 August 2016, 43,599,997 Shares were issued to the US investors in the limited partnership and the directors and founding shareholders for their services during the past 18 months. In addition, on 24 August 2016, 1,900,000 Shares were issued to Australian seed capitalists to raise \$185,000.

## 1.20 US Operations

The Company's proposed operations in the US will be undertaken through NCI.

The Company expects that SPA's current operations and NCI's proposed operations as described in this Prospectus will be fully compliant with all applicable laws in the US. The Company may seek to establish operations in other jurisdictions (such as Australia) at a later time, but only when laws and regulations related to those jurisdictions are conducive and can be met.

NCI will be subject to US Federal, State and Local laws of general application regulating all business operations, and also particular laws which specifically relate to the actual operations proposed for NCI. For example, these particular laws govern the sourcing, marketing and sale of CBD, establish standards for the labelling of products, and impose rules regarding the suitability and safety of products. NCI plans to only source CBD on an arm's length basis from suppliers who are fully compliant with applicable US laws.

## 1.21 Regulatory Requirements

Investors should carefully note the definition of "Regulatory Requirements"; (see Appendix B – Glossary). This definition is used in this Prospectus to qualify the anticipated time of commencement of some of the Company's proposed or aspirational business activities and clarifies the need for the Company to comply with the laws, regulations and other requirements of the various jurisdictions

in which the Company proposes to now carry on business or may at some future time seek to carry on business, or in respect of which the Company may have some other connection such as a jurisdiction where it may be registered as a foreign company or a jurisdiction where it may obtain or seek financing for its proposed activities.

Despite profound and rapid changes in the laws relating to activities such as the growing, cultivation, processing, manufacture, sale and use of cannabis (and industrial hemp), the interplay between the laws of various jurisdictions and between the laws and regulations of various levels of government in the same jurisdiction, are, in many cases neither settled or consistent. An activity that may be lawful and encouraged at for example, the State level of a jurisdiction, may nevertheless be a serious offence at the Federal level.

The impact of these inconsistencies or uncertainties on the Company's proposed activities means that some of these proposed activities may not be able to be implemented immediately in certain jurisdictions but only progressively implemented in stages at a later time, or never implemented at all, in order to be fully compliant with the current laws and regulations of that jurisdiction; (see Section 4 The Business Plan Implementation in 4 Stages).

Furthermore, the Regulatory Requirements of one jurisdiction may have a sufficiently broad impact (whether as a result of extra territorial operation or otherwise) to prevent particular aspects of the Company's business plan from being implemented in any jurisdiction.

This also means that the Company will not be engaging in any activities relating to what is commonly known as the "medical marijuana industry". Nor will the Company be undertaking any activities associated with the growing or cultivation of industrial hemp. The immediate focus of the Company is the marketing and sale of CBD products and skin and body care products in the US.

Although the Company aims to be in a position to provide its NuOxylation process for the purpose of enabling industrial hemp based products to be manufactured, processed and sold at the earliest possible time, the Company will only progress to this stage when all Regulatory Requirements can be met, particularly those in the US and Australia.



## 2 Chairman's Letter

23 November 2016

On behalf of the Board of Directors, it is my pleasure to invite you to become an investor in NuCannaCo Science Limited, an Australian company proposing to market and sell cannabidiol (CBD) nutritional products, CBD infused organic Skin & Body Care products and the Erika Gavina line of skin, body and bath products to the growing US Nutritional Industry through its wholly owned US subsidiary, NuCannaCo Systems, Inc.

The Company is proposing to list on the National Stock Exchange of Australia Limited (NSX).

The mission of NuCannaCo is to provide the highest quality products utilizing science and technology in conjunction with its proposed state-of-the-art laboratory facility to be staffed by a Ph.D. chemist to test all products for safety and maximum efficacy.

A proposed rapid entrance to market strategy is expected to produce sales revenue immediately following Listing from the ongoing sales of Erika Gavina products and NuCannaCo's CBD products within the first 90 days; (see Section 8 for details).

The Erika Gavina product line of 27 skin and body care products is currently sold to retail customers through its eCommerce website and distributed through wholesalers, day spas and aestheticians. NuCannaCo CBD products will be integrated with the Erika Gavina business to maximize efficiency and generate economies of scale.

Company web based marketing strategy plans, for both product lines, include implementation of social media websites, educational websites and YouTube product use channels to increase visibility and market presence. The Company anticipates these strategies will increase Erika Gavina sales and foster strong initial sales for NuCannaCo CBD products.

The proposed line of NuCannaCo CBD oral administration products includes a liposome liquid (a liquid phospholipid which encapsulates the CBD providing rapid absorption) and a water soluble powder product (a tasteless CBD formula mixed in water or juice providing a systemic approach to the body).

The proposed line of NuCannaCo CBD topical administration products consists of a premium line of organic CBD infused Skin and Body Care products and includes face cleansers, treatment serums, lotions, shower body wash and a natural deodorant.

Research and development of NuOxylate, a CBD product to be produced using the Company's proprietary NuOxylation technology process will be performed in the Company's state-of-the-art Research and Testing Laboratory Facility. A proposed line of NuOxy Nutritional products will include NuOxylate as an ingredient. (see Section 9 Research and Development for more information on these products)

This Prospectus contains information about the Company, its planned operations, financial position and details of the Australian Public Offer. It also summarises the opportunity for botanical based products for the nutritional, skin and body care markets and describes the key risks associated with an investment in the Company. You should read this Prospectus carefully and seek independent financial advice before making a decision to invest.

David J. Lindh OAM

Chairman  
NuCannaCo Science Limited



# 3 Key Statistics about the Australian Public Offer

NuCannaCo is seeking to raise \$2,000,000 through the issue of 10,000,000 Shares at \$0.20 per Share. Tables 3a and 3b below list the Share and pricing information as well as important dates related to the Australian Public Offer, respectively.

Table 3a

Number of Shares currently on issue	45,500,000
Total number of Shares to be issued pursuant to the Exchange Agreement in respect of the US Private Placement <sup>1</sup>	4,037,175
Total number of Shares assuming full placement	10,000,000
Offer Price per Share <sup>2</sup>	\$0.20
Amount to be raised under the Australian Public Offer <sup>3</sup>	\$2,000,000
Total number of Shares on issue at Completion of the Australian Public Offer <sup>4</sup>	59,537,175
Indicative Market Capitalisation at the Offer Price <sup>5</sup>	\$11,907,435

1 Anticipated to occur approximately seven days after Listing.

2 Shares may not trade at the Offer Price post Listing.

3 Assuming Full Subscription of the Australian Public Offer.

4 Assumes Full Subscription of the Australian Public Offer, Shares currently on issue and Shares issued pursuant to the Exchange Agreement.

5 Market Capitalisation is determined by multiplying the number of Shares on issue by the price at which the Shares trade on the NSX from time to time. In the case referred to in the table above, the price is calculated at the Offer Price.

Table 3b

Important Dates	
Date of Prospectus	23 November 2016
Opening Date for the Australian Public Offer	7 December 2016
Closing Date for the Australian Public Offer* 5:00pm ACST (last day to lodge Application)	22 December 2016
Allotment of Shares	5 January 2017
Despatch of holding statements	10 January 2017
Estimated Date for Listing on NSX**	13 January 2017

\* Subject to any earlier closing of the Australian Public Offer

\*\* Subject to NSX granting approval to the Listing



# 3 Key Statistics about the Australian Public Offer

## 3.1 Dates may change

The dates shown in the above Table of Important Dates, which are later than the date of this Prospectus, are indicative only and may be varied. The Company reserves the right to vary the Opening Date and Closing Date without prior notice and without liability to any person. This may have a consequential effect on other dates. Accordingly, you are encouraged to submit your Application as soon as possible after the Australian Public Offer opens.

## 3.2 How to invest

Applications for Shares can only be made by completing and lodging the Application Form. If you wish to apply for Shares pursuant to the Australian Public Offer, you should complete the Application Form at the back of this Prospectus and send that form together with the Subscription Amount to the address shown on that form, so that it is received before 5.00 p.m. ACST on the Closing Date.

Instructions on how to apply for Shares are set out in Sections 13.11, and 13.12 and on the back of the Application Form.





# 4 Investment Overview

Topic	Summary	For more Information
<b>Introduction</b>		
<b>Who is NuCannaCo?</b>	<p>NuCannaCo is a Company that proposes to market and sell CBD products in the US under the “NuOxy” brand name designed for oral and topical administration. The oral CBD products include a CBD liposome liquid and a CBD water soluble powder. The topical CBD products consist of a premium line of CBD infused organic skin and body care products.</p> <p>The Company will also market and sell the Erika Gavina line of 27 skin, body and bath care products, a US business to be acquired by the Company (see Purchase and Sale Agreement in Section 15.4.7). Erika Gavina has an eleven year trading history and generates sales through the Erika Gavina eCommerce website and wholesale distributors.</p> <p>A proposed Research and Testing Laboratory will be utilised to test Company products to be marketed and sold for safety and efficacy.</p> <p>Company plans include continued development of its proprietary NuOxylation “cold process” technology for manufacture of its proprietary CBD products.</p>	Section 8
<b>What is CBD?</b>	<p>CBD is cannabidiol, a cannabinoid which acts upon the cannabinoid receptors found primarily in the brain and the immune system. CBD derived from plants is a phytocannabinoid whereas cannabinoid produced by the human body is an endocannabinoid. Science has identified 113 different cannabinoids from cannabis.</p> <p>CBD has potent anti-inflammatory properties as studies have shown it to strengthen the immune system through suppression of inflammatory responses. CBD is also a neuroprotectant (limiting neurological damage) and has been shown to mitigate damage from reduced blood supply to the brain resulting from sports injury, stroke or head trauma and alleviating some effects from Alzheimer’s and HIV dementia.</p>	Section 7
<b>What is NuOxylation?</b>	<p>NuOxylation is a “cold process” technology under development by and proprietary to the Company designed to activate cannabinoids. The Company believes this technology activates and preserves the cannabinoid compounds that are thought to be damaged or lost in processing due to high heat, high pressure and/or the use of solvents.</p> <p>The Company will continue researching the NuOxylation process utilizing the proposed Research and Testing Laboratory (Laboratory).</p>	Section 9
<b>What is a botanical?</b>	<p>A botanical is a plant valued for its medicinal, nutritional or therapeutic properties.</p>	Section 5
<b>What is a Botanical Nutritional Product?</b>	<p>A “Botanical Nutritional Product” is a product designation in the US given to nutritional supplements derived from plants, taken orally as a pill or liquid and labelled as such.</p>	Section 5



# 4 Investment Overview

Topic	Summary	For more Information
<b>The Business Plan Implementation in 4 Stages</b>	<p>NuCannaCo proposes to implement its Business Plan in four (4) stages. The stages are summarised below with anticipated implementation expressed in days from Listing.</p> <p><b>Stage One - Rapid Entrance to Market Strategy (Days 1-90)</b></p> <p>The Company will market and sell Erika Gavina products through the existing eCommerce website of that business (<a href="http://www.erikagavina.com">www.erikagavina.com</a>) and wholesale distributors.</p> <p>The Company will market and sell the following NuCannaCo branded CBD products produced by third parties through the NuCannaCo eCommerce website (<a href="http://www.nucannaco.com">www.nucannaco.com</a>):</p> <ul style="list-style-type: none"><li>• a CBD liposome liquid;</li><li>• a CBD water soluble powder; and</li><li>• CBD infused organic skin and body care products.</li></ul> <p>The Company will initiate or complete the following steps for the preparation, marketing and first sales of the CBD products:</p> <ul style="list-style-type: none"><li>• commission development of the NuCannaCo eCommerce website;</li><li>• commission development of informational and educational websites;</li><li>• order and procure inventory; and</li><li>• commence marketing and selling products on the NuCannaCo eCommerce website.</li></ul> <p><b>Stage Two - Build Market Share and Revenue (Days 90-120)</b></p> <p>The Company believes significant revenue enhancement can be achieved by improving the appearance, and functionality of the Erika Gavina eCommerce website and engaging with existing customers and wholesale distributors.</p> <p>The Company plans to launch the NuCannaCo eCommerce website and implement web based marketing strategies to generate sales and revenue for NuCannaCo products and introduce NuCannaCo products to Erika Gavina wholesale distributors.</p> <p>The Company will evaluate sales and demographic data for both product lines, coordinate target marketing efforts through the educational and social media websites. To accomplish these objectives, the Company will:</p> <ul style="list-style-type: none"><li>• activate informational, educational and social media websites designed to direct potential customers to the eCommerce websites of NuCannaCo and Erika Gavina; and</li><li>• activate video information and product use training through the YouTube channels of NuCannaCo and Erika Gavina.</li></ul>	Section 8



# 4 Investment Overview

Topic	Summary	For more Information
	<p data-bbox="683 383 1222 439"><b>Stage Three - Expand Markets and Distribution (Days 120-150)</b></p> <p data-bbox="683 456 1331 598">The Company will gather and evaluate demographics and marketing data from US, Australia and other foreign markets in order to focus marketing efforts, define expansion goals and identify new markets. These undertakings are specifically to:</p> <ul data-bbox="754 624 1276 880" style="list-style-type: none"><li>• engage new product specific distributors and wholesalers as determined by analysis of the data for each product line;</li><li>• evaluate data for future distribution and laboratory locations;</li><li>• review the legal and infrastructure requirements of foreign markets; and</li><li>• review upstream and downstream acquisition and partnering opportunities.</li></ul> <p data-bbox="683 920 1155 976"><b>Stage Four - Research and Development (Day 180 forward)</b></p> <p data-bbox="683 1003 1331 1200">The Company will utilise its Research and Testing Laboratory to continue development of its proprietary NuOxylation “cold process” technology for production of its NuOxylate CBD product and NuOxy Nutritional products and evaluation of all new products to be introduced in to its product lines. The NuOxylation Process is a methodology invented by the Company’s Managing Director, David Goughnour.</p>	
<b>Marketing and Sales eCommerce website</b>	The Company will market and sell products directly to consumers via its NuCannaCo and Erika Gavina eCommerce websites. To complement these websites and create visibility, the Company will establish informational, educational and social media websites as well as product use YouTube channels.	Section 8.5
<b>Research and Testing Laboratory</b>	<p data-bbox="683 1435 1331 1632">The Company plans to establish a state of the art testing laboratory managed by a PhD Chemist to test products sold by the Company to ensure the highest standards for customers and liability protection. The testing laboratory will also be utilized for testing of new products and the development of products to complement the Company’s existing product lines.</p> <p data-bbox="683 1664 1331 1776">The Company will also utilise the laboratory to continue research and development of its proprietary NuOxylation “cold process” technology for production of its proposed products, NuOxylate and NuOxy Nutritionals.</p>	Section 9.4
<b>Key highlights of NuCannaCo’s business model</b>	<p data-bbox="683 1805 1299 1832">The key features of the NuCannaCo business model are:</p> <ol data-bbox="754 1850 1276 2063" style="list-style-type: none"><li>1) Early revenue from sale of NuCannaCo CBD products;</li><li>2) Diversity of products;</li><li>3) Established US market for supplements of USD\$37 billion;</li><li>4) Immediate revenue from sales of Erika Gavina products; and</li><li>5) High growth industry.</li></ol>	Section 8



# 4 Investment Overview

Topic	Summary	For more Information
<b>How will NuCannaCo generate revenue and fund operations during the first six months?</b>	<p>Revenues will be generated from sales of the following products on the Company's eCommerce websites and through wholesale distributors:</p> <ol style="list-style-type: none"><li>1) Erika Gavina skin and body care products;</li><li>2) NuOxy CBD Liposome liquid;</li><li>3) NuOxy CBD Water Soluble powder;</li><li>4) NuOxy CBD infused Skin Care products; and</li><li>5) NuOxy CBD infused Body Care products.</li></ol>	Section 8
<b>Financial Information</b>	<p>The Company was incorporated on 13 August 2015 and has not begun operations. Spa Essentials (Erika Gavina products) provides the Company with a trading history on a pro forma basis when all financial statements are combined. Settlement of the Spa Essentials acquisition is expected to occur contemporaneously with Listing.</p> <p>The Company believes that it does not have a reasonable basis and is not in a position to disclose any key financial ratios other than its pro forma balance sheet and other normal and customary schedules set out in Section 10 and referred to in the Independent Limited Assurance Report set out in Section 14 as sales data from Erika Gavina products are insufficient to predict future revenue and expenses with a reliable degree of certainty and the other business segments of the Company are in a start-up phase and therefore subject to uncertainty.</p> <p>Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable financial forecast or projection.</p>	Section 15.1 Section 10 Section 8
<b>What will be NuCannaCo's principal assets?</b>	<p>The principal assets of the Company (including assets acquired upon Listing) will be:</p> <ol style="list-style-type: none"><li>1) Spa Essentials' Erika Gavina business;</li><li>2) Laboratory equipment;</li><li>3) Inventory; and</li><li>4) Working capital.</li></ol> <p>The physical assets will be located in the US States of Texas and Colorado.</p>	Sections 6,8
<b>The Australian Public Offer</b>	<p>The Australian Public Offer is an initial public offer of a total of 10,000,000 Shares at \$0.20 per Share to raise \$2,000,000 (with a minimum subscription of \$500,000), and with provision to accept oversubscriptions of up to a further 5,000,000 Shares to raise an additional \$1,000,000.</p>	Section 13.1



# 4 Investment Overview

Topic	Summary	For more Information
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## US Private Placement

NCI (a wholly owned subsidiary of the Company) has undertaken a private placement to certain investors in the US. The placement was undertaken pursuant to Rule 506(b) of Regulation D of Section 4(a)(2) of the US Securities Act and has resulted in applications being received for 2,990,500 shares of Common Stock and 1,000,000 shares of Series A Convertible Preferred Stock in NCI.

The US Private Placement was originally conditional on the Listing of NCI on an Australian stock exchange. By the Exchange Agreement as amended, the US investors have agreed with NuCannaCo Science Limited and NCI that: Section 15.4.1

- the US Investors will assign their entitlements to Common Stock to NuCannaCo Science Limited in return for NuCannaCo Science Limited issuing a total of 4,037,175 Shares to the US Investors;
- the assignment of Common Stock by the US Investors is to be conditional upon the listing of NuCannaCo Science Limited on the NSX; and
- The Trustee of IGWT Trust will assign his entitlement to 1,000,000 shares of NCI Series A Convertible Preferred Stock to NuCannaCo Science Limited in return for NuCannaCo Science Limited granting to the Trustee of IGWT Trust 10,000,000 C Class Options.

Under the Exchange Agreement, NuCannaCo Science Limited has agreed and expects to issue 4,037,175 Shares to the US Investors and 10,000,000 C Class Options to the Trustee of the IGWT Trust.

## What is the proposed use of funds raised pursuant to the Australian Public Offer and the US Private Placement?

The proceeds received by NuCannaCo for the issue of the Shares pursuant to the Australian Public Offer and the issue of Shares pursuant to the Exchange Agreement will be used as shown on Table 4.1 Section 13.5

Table 4.1

Use of Proceeds	Minimum Subscription	% of Min Subscription	Full Subscription	% of Full Subscription	Full + Over Subscription	% of Full + Over Subscription
Erika Gavina Website	\$15,000	1.1%	\$15,000	0.5%	\$15,000	0.4%
eCommerce NuCannaCo	\$15,000	1.1%	\$15,000	0.5%	\$15,000	0.4%
Marketing NuCannaCo	\$25,500	1.9%	\$25,000	0.9%	\$25,000	0.7%
Acquisition of Spa Essentials	\$135,000	10.3%	\$135,000	4.8%	\$135,000	3.5%
Inventory of Erika Gavina Products	\$40,500	3.1%	\$40,500	1.4%	\$81,000	2.1%
Laboratory Equipment Purchase	\$0	0.0%	\$540,000	19.2%	\$540,000	14.2%
Inventory CBD& Skin Care Products	\$135,000	10.3%	\$202,000	7.2%	\$202,500	5.3%
SG&A Expenses	\$337,500	25.8%	\$337,500	12.0%	\$337,500	8.9%
Cost of Australian Public Offer	\$482,343	36.9%	\$588,580	21.0%	\$659,405	17.3%
Working Capital	\$122,092	9.3%	\$908,355	32.4%	\$1,797,030	47.2%
Total	\$1,307,435	100.0%	\$2,807,435	100.0%	\$3,807,435	100.0%



# 4 Investment Overview

Topic	Summary	For more Information
<b>Will the Shares be listed?</b>	NuCannaCo will apply to the NSX for admission to the Official List and quotation of the Shares on the NSX under the code NCS.	Section 13.16
<b>Is the Australian Public Offer underwritten?</b>	No.	Section 13.3
<b>Is there a Minimum Subscription for the Australian Public Offer?</b>	Yes. The Minimum Subscription required for the Australian Public Offer is 2,500,000 shares at \$0.20 each to raise \$500,000. The Australian Public Offer is conditional upon raising at least the Minimum Subscription.	Section 13.2
<b>What is the allocation policy?</b>	The allocation of Shares will be determined by NuCannaCo in consultation with the Lead Manager. NuCannaCo, in consultation with the Lead Manager, has absolute discretion regarding the basis of allocation of Shares under the Australian Public Offer and may reject an Application, or allocate fewer Shares than applied for, in its absolute discretion.	Section 13.14
<b>Is there any brokerage, commission or stamp duty payable by Applicants?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Australian Public Offer.	
<b>What are the tax implications of investing in Shares under the Australian Public Offer?</b>	The tax implications of the Australian Public Offer will depend on the individual circumstances of the Applicant. Applicants should therefore obtain their own tax advice prior to investing. However, an overview of tax considerations is contained in Section 15.8 of this Prospectus.	Section 15.8
<b>When will I receive confirmation that my Application has been successful?</b>	<p>It is expected that initial holding statements will be despatched to successful Applicants by standard post on or about 10 January 2017.</p> <p>If your Application is not successful, the Subscription Amount will be returned to you within 7 days of the allotment of the Shares.</p>	Sections 13.14
<b>Why is the Australian Public Offer being conducted?</b>	<p>The Australian Public Offer is being conducted to provide NuCannaCo with:</p> <ul style="list-style-type: none"> <li>• a liquid market for its Shares and an opportunity for others to invest in NuCannaCo;</li> <li>• funds for the acquisition and manufacture of inventory for Erika Gavina products;</li> <li>• funds for the fit out of the Laboratory;</li> <li>• funds for building and implementation of the eCommerce, social media and marketing websites;</li> <li>• funds for purchase of inventory for resale;</li> <li>• funds for operating costs and to strengthen the financial position of the Company;</li> <li>• funds to enhance the capability for acquisitions and establish additional Laboratories; and</li> <li>• a raised profile.</li> </ul>	Section 13.4
<b>What connection will NuCannaCo have to the Medical Marijuana or Medical Cannabis Business?</b>	NuCannaCo has no connection with the Medical Marijuana or Medical Cannabis Business and has no plans or aspirations for the same.	Section 7



# 4 Investment Overview

Topic	Summary	For more Information
<b>Methodologies and Techniques</b>	<p>NuOxylation is a proprietary “cold process” technology. The IP for NuOxylation is owned by the Company, comprised of the methodologies and techniques for the “cold process” for the activation of botanicals including CBD cannabinoids and manufacture of botanical products and is currently under development.</p>	Section 9.1
<b>Competition</b>	<p>To the Company’s knowledge, there are few suppliers marketing CBD in a Liposome format and no suppliers marketing a Water Soluble in the Company’s planned format. The closest related CBD products currently marketed are CBD oils or products containing CBD in an oil base.</p> <p>To the Company’s knowledge, there are no premium grade 100% organic CBD infused Skin and Body care products currently marketed.</p> <p>To the Company’s knowledge, there is no competitor claiming the NuOxylation process or any similar process that uses a “cold activation” of cannabinoids.</p> <p>There are numerous suppliers marketing traditional skin and body care products similar to Erika Gavina products. However, Erika Gavina has an 11 year trading history and possesses a loyal retail and wholesale customer base.</p>	Section 8
<b>Board of Directors, Senior Management Team, and Scientific Advisory Board</b>	<p>NuCannaCo’s Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience. The Company’s Board is composed of the following individuals:</p> <ul style="list-style-type: none"><li>David John Lindh (Chairman)</li><li>Kenneth David Goughnour (Managing Director)</li><li>James Robert Renfro (Executive Director)</li><li>Robert Kernal Hughes (Non-Executive Director)</li><li>David Wayne Frankens (Non-Executive Director)</li><li>Simon Jeremy Newton Gray (Non-Executive Director)</li></ul> <p>The Managing Director Kenneth “David” Goughnour, is based in the US and has a background in the US oil and gas industry as well as general business, and as an Executive Director of an Australian public company. Mr. Goughnour has studied the benefits of CBD’s for many years and utilized this experience to develop the unique methodology used in the science and protocols for the NuOxylation Process.</p> <p>Executive Director James Renfro is also based in the US and has been a Corporate Finance investment banker as well as GEO of several US oil and gas companies. Additionally, Mr. Renfro has been a production manager of a Dow Corning chemical manufacturing facility.</p> <p>These skills and experiences are complemented and enhanced by a Scientific Advisory Board, the role and composition of which is referred to in Section 12.2.</p>	Sections 12.1 12.2



# 4 Investment Overview

## Risk Factors

## Summary

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks. The risk factors set out in Section 11 of this Prospectus, and other general risks applicable in all investments in listed securities, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative. As many of these risks are outside the control of the Company and/or its Directors, there is no guarantee that the Company can achieve its objectives. This overview summarises only some of the risks which apply to an investment in the Company and you should refer to Section 11 for more detailed summary of the risks. The Company notes the following major risks:

<b>Public Controversy</b>	The Company's plans to market and sell CBD and its aspirations regarding the production and sale of NuOxylate, may give rise to controversy and adverse media comment, which may have a detrimental effect upon the Company's ability to produce and market products.	Section 11.2(a)
<b>Product Liability</b>	The Company faces the inherent risk of product liability claims, regulatory action and litigation.	Section 11.2(k)
<b>The application of US Federal/ State Laws</b>	Although NuCannaCo will not be in violation of any current US Federal or State Laws with regard to its business strategy, changes in US laws may have an adverse impact.	Section 11.2(b)
<b>Changes in government policy</b>	NuCannaCo may be exposed to changes in government policies and regulations which may limit the Company's profitability.	Section 11.2(h)
<b>Adverse changes in demand for nutritional products</b>	Although the Nutritional marketplace has shown steady growth for the past 25 years, the possibility exists that the marketplace for such products could change and thus affect the Company's revenues.	Section 11.2
<b>Increased Competition</b>	NuCannaCo will be subject to competition in the markets in which it intends to operate.	Section 11.2(e)
<b>Acquisition risks</b>	Consistent with the stated growth strategy, NuCannaCo may undertake acquisitions of suitable businesses or assets in the future. NuCannaCo may encounter unanticipated difficulty in absorbing those new businesses or assets into its present operations.	Section 11.2(l)
<b>Failure to meet Regulatory Requirements</b>	Any failure by NuCannaCo to comply with the requirements of licences or approvals relating to its operations, or the breach of any applicable current or future laws or regulations, could adversely affect NuCannaCo's financial performance and operations.	Sections 11.2(c,g)



# 4 Investment Overview

Topic	Summary	For more Information
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## What will be the interests of the Existing Shareholders at Listing?

Table 4.2 lists the number of shares held by Directors and Other Existing Shareholders as it relates to their percentage of shares issued before and after the Australian Public Offer and the issue of Shares in respect of the US Private Placement under the Exchange Agreement.

Section 15.7

Table 4.2

Existing Shareholders	Directors	Other Existing Shareholders	Total
Number of Shares held	14,840,000	30,660,000	45,500,000
Percentage of issued Shares before the Australian Public Offer <sup>1</sup> and US Private Placement <sup>2</sup>	32.6%	67.4%	45,500,000
Percentage of issued Shares after the Australian Public Offer <sup>1</sup> and US Private Placement <sup>1,2</sup>	24.9%	51.5%	59,537,175

<sup>1</sup> Assuming Full Subscription for the Australian Public Offer

<sup>2</sup> US Investors in Common Stock under the US Private Placement have agreed to exchange their entitlements to Common Stock for ordinary Shares in NuCannaCo Science Limited under the Exchange Agreement

This table does not take into account any Shares subscribed for under the Australian Public Offer by the Existing Shareholders. Note however that US Persons are prohibited from participating in the Australian Public Offer.

All Shares issued to the Directors or related entities were issued to them at a price of \$0.00001 per Share except for 2,025,000 Shares issued to a related entity of David Frankens which were issued at a price of \$0.06 per Share. The 30,660,000 Shares issued to the Other Existing Shareholders have been issued at various prices averaging \$0.07 per Share.

## What significant benefits and interests are payable to Directors connected with NuCannaCo?

At the date of this Prospectus, the Directors (and their related entities) have the following interests in Existing Shares as shown on Table 4.3. The total holdings of Directors do not take into account any Shares subscribed for by Directors under the Australian Public Offer.

Section 12.5

Table 4.3

Name of Director	Position	Existing Shares	A Class Options	B Class Options
David Lindh	Chairman	1	650,000	650,000
Simon Gray	Non-Exec Director	Nil	350,000	350,000
David Frankens <sup>1,2</sup>	Non-Exec Director	3,045,000	510,000	510,000
David Goughnour <sup>2</sup>	Managing Director	4,759,999	2,380,000	2,380,000
James Renfro <sup>2</sup>	Exec Director	4,080,000	2,040,000	2,040,000
Robert Hughes <sup>2</sup>	Non-Exec Director	2,955,000	510,000	510,000
<b>Total Directors</b>		14,840,000	6,440,000	6,440,000

<sup>1</sup>Excludes 1,096,875 Shares held as Trustee of IGWT Trust to be received pursuant to the Exchange Agreement.

<sup>2</sup>Directors who are US Persons are prohibited from participating in the Australian Public Offer.

Directors are entitled to be remunerated by the Company for their services. The Company proposes to pay its Chairman of the Board an annual fee of \$80,000 and other non-executive directors an annual fee of \$30,000. For FY16, these amounts will be prorated based on the months remaining following the Company's listing on the NSX. The remuneration for subsequent FYs may be reviewed from time to time by the Board of Directors.

The Managing Director, David Goughnour, is entitled to receive a salary of USD \$225,000 per annum under his service contract with NCI referred to in Section 12.6(b), plus the other employee benefits and incentives more particularly referred to in that Section.

The Executive Director James Renfro, is entitled to receive a salary of USD \$200,000 per annum under his service contract with NCI referred to in Section 12.6(b), plus the other employee benefits and incentives more particularly referred to in that Section.

Other members of the management team are entitled to remuneration and fees on ordinary commercial terms. Advisers and other service providers will be paid the fees for their services referred to in Section 15.



# 4 Investment Overview

Topic	Summary	For more Information
<b>Return on investment will largely depend on an appreciation in the market price for Shares</b>	As the Company does not currently intend to pay dividends on its Shares in the short term, an investor's ability to achieve a return on their investment will depend on an appreciation in the market price of the Shares.	Sections 11.2(u), 13.10
<b>What is NuCannaCo's Dividend Policy?</b>	The Company does not anticipate paying dividends in respect of its Shares in the short term. The Directors can give no assurances as to the likelihood, extent, timing or payment of any dividends in the future. The Company's capacity to pay a dividend will be dependent upon a number of factors.	Section 13.10
<b>How Can I Apply?</b>	<p>If you are an eligible investor, you may apply for Shares by completing a valid Application Form (attached to or accompanying this Prospectus).</p> <p>To the extent permitted by law, an application under the Australian Public Offer is irrevocable.</p>	Sections 13.11, 13.12
<b>Where can I find more information about this Prospectus or the Australian Public Offer?</b>	Investor enquiries can be made to the Lead Manager: Sequoia Corporate Finance Pty Ltd Level 4, Anzac House 4 Collins St, Melbourne VIC 3000 +61 3 8548 3333	
<b>Can the Australian Public Offer be withdrawn?</b>	<p>NuCannaCo reserves the right not to proceed with the Australian Public Offer at any time. If the Australian Public Offer does not proceed, all Subscription amounts will be refunded.</p> <p>No interest will be paid on any Subscription Amounts refunded or as a result of the withdrawal of the Australian Public Offer.</p>	Section 13.19
<b>What is the capital structure and market capitalisation of the Company following the issue of Shares under the Exchange Agreement and the Australian Public Offer?</b>	Table 4.4 below sets out NuCannaCo's indicative capital structure immediately prior to and immediately after the Australian Public Offer and the issue of Shares pursuant to the Exchange Agreement to the US Investors in connection with the US Private Placement.	

Table 4.4

Pre-Australian Public Offer and US Private Placement		Post-Australian Public Offer and US Private Placement		Notes
	Number of Shares	Minimum Subscription	Full Subscription	
Shares held by Existing Holders <sup>a</sup>	45,500,000	45,500,000	45,500,000	a) Does not include Shares which Existing Shareholders may subscribe for under the Australian Public Offer
Shares to be issued to the US Investors in respect of the US Private Placement under the Exchange Agreement <sup>b</sup>		4,037,175	4,037,175	b) The Exchange Agreement as amended, provides that the obligations of the US Investors are subject to the Company being admitted to the Official List of NSX. The 4,037,175 Shares to be issued to the US Investors pursuant to the Exchange Agreement are not expected to be issued to them until approximately seven days after Listing.
Shares to be issued under the Australian Public Offer		2,500,000	10,000,000	
<b>Total</b>	<b>45,500,000</b>	<b>52,035,175</b>	<b>59,537,175</b>	



# 4 Investment Overview

Table 4.5 below sets out a summary of the Options which the Company has granted or agreed to grant.

Table 4.5

Options				
Type of Option	Number in Issue	Commencement Date	Expiry Date	Exercise Price
A Class	8,480,000	1 July 2016	30 June 2021	\$0.40
B Class	8,480,000	1 July 2016	30 June 2021	\$0.60
C Class <sup>1</sup>	10,000,000	Date of Listing	30 June 2021	\$0.25
Total Number in Issue	26,960,000			

<sup>1</sup>The 10,000,000 C Class Options are to be issued under the Exchange Agreement subject to Listing. This is expected to occur approximately seven days after Listing.





# 5 Nutrition Industry and Botanical Products

## 5.1 Nutrition Industry Overview

In June 2015, the US Nutrition Industry was estimated to be a USD\$37 billion a year business. The industry is segregated into four primary groups:

- 1) Supplements;
- 2) Natural and Organic Skin & Body Care Products;
- 3) Functional Foods; and
- 4) Natural and Organic Foods.

Supplements are further delineated by 6 product categories. Of these categories, NuCannaCo products fall into the following four:

- 1) Vitamins;
- 2) Minerals;
- 3) Herbs and Botanicals; and
- 4) Specialty Supplements.

Natural and Organic Skin & Body Care Products are further delineated by 12 product categories. Of these categories, NuCannaCo products fall into the following four:

- 1) Skin Care;
- 2) Body Care;
- 3) Oral Hygiene; and
- 4) Bath Care.

NuCannaCo products fall into the Vitamins, Minerals, Herbs and Botanicals and Specialty Supplements categories. Figure 5.1 below shows the Company's target markets within the Nutrition Industry.

The aging population in the US and other countries are seeking remedies and products to help them

Table 5.1

NuCannaCo Products	
Supplements	Natural Organic Personal Care
Vitamins	Skin Care
Minerals	Body Care
Herbs and Botanicals	Oral Hygiene
Specialty Supplements	Bath Care

maintain their health and beauty into their twilight years. Their desire to have a better lifestyle has generated a growing consumer market for botanical products. The specific product categories NuCannaCo intends to market are shown in Table 5.1.

## 5.2 Botanical Products

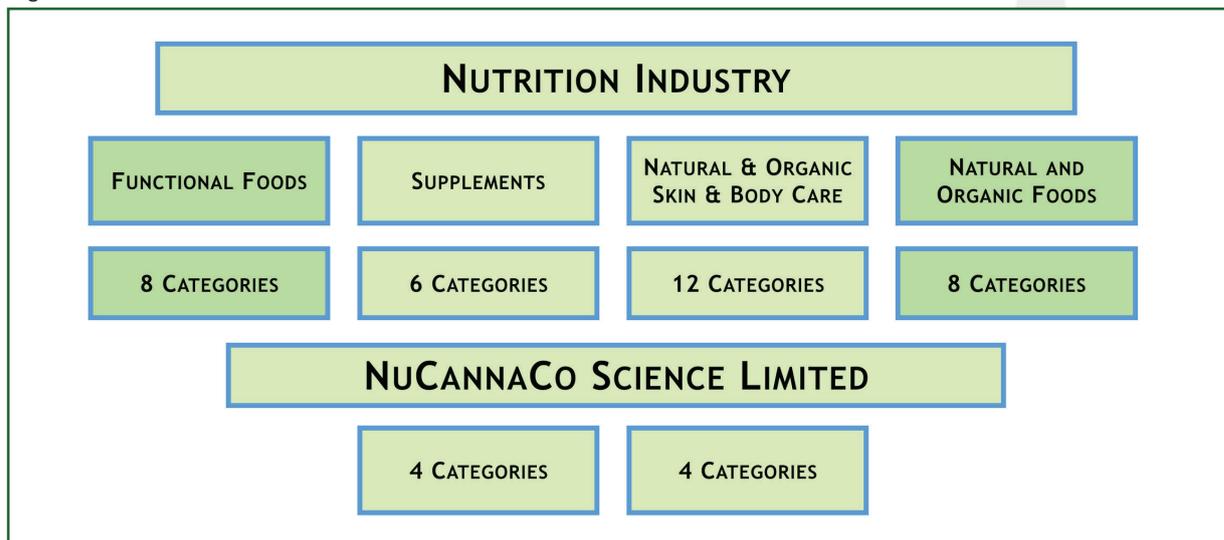
Botanical ingredients have their derivation in plants and their constituent parts. Botanical ingredients are found in nutritional, therapeutic and skin and body care products.

NuCannaCo plans to market botanical nutritional products for internal and topical use. The products will be packaged and provide a complete ingredients list label.

## 5.3 Nature's Medicine Cabinet

Plants are natural and have been used since prehistoric times as medicinal remedies. Many of the drugs and medicines we use today originate from plants.

Figure 5.1





# 5 Nutrition Industry and Botanical Products

## 5.4 Botanical Products in Medicine

The role of medicinal properties of plants in the prevention and treatment of disease has been known for centuries. Pharmacognosy is the study of the physical, chemical, biochemical and biological properties of drugs or potential drugs of natural origin as well as the search for new drugs from a natural source. Many new medications are discovered through this process as the focus is to identify the active ingredient found in traditional folk remedies.

NuCannaCo proposes to use only natural and botanical ingredients in all of its products thereby providing the products the Company believes consumers are seeking.

## 5.5 Unlocking Nature's Medicine Cabinet

The goal of NuCannaCo is to produce the highest quality natural botanical products for the consuming public. Surveys suggest a significant portion of American adults uses a natural product (botanical dietary supplement) as well as vitamins and minerals.

## 5.6 The Challenge

The challenge has always been how to preserve botanical compounds lost in extraction to heat and/or solvents, particularly those found in hemp containing CBD, known for their synergy.

NuCannaCo believes the solution is the Company's proprietary NuOxylation "cold process" technology, under development, expected to preserve these cannabinoid and CBD compounds lost to heat and/or solvents,

The synergy found in botanicals (interaction of two or more compounds producing a combined effect greater than the sum of their individual parts) is highly sought after by producers of botanical products.

The known synergy of hemp compounds is commonly referred to as "entourage effect" and has generated significant interest and study in order to determine the full extent its effects.

## 5.7 Benefits

The benefits of botanical medicine for consumers may be subtle or dramatic depending on the remedy, the person and the circumstances being addressed.

Botanicals typically have a gentler, slower more natural action than pharmaceuticals, working in harmony with the body. Botanicals can have a cumulative effect and are generally best suited for use over time. Botanicals used as medicine can be beneficial for many circumstances and symptoms.

## 5.8 Regulation

Botanicals are an accepted medical treatment regimen.

NuCannaCo's botanical products will be sold as dietary supplements, botanical nutritional supplements and other natural and botanical skin and body care products.

The Food and Drug Administration (FDA) is the regulatory agency for food and drugs in the US. Dietary supplement manufacturers and distributors are not required to obtain approval from the FDA before marketing dietary supplements. The primary responsibility of manufacturers and distributors is the safety of the product. The Laboratory will test the Company's products for safety and ingredients.



# 6 Key Acquisitions

## 6 Key Acquisitions

NuCannaCo plans include the key acquisition of Spa Essentials, a Dallas, Texas based business consisting of the Erika Gavina skin, body and bath care line of 27 products, currently marketed in the US.

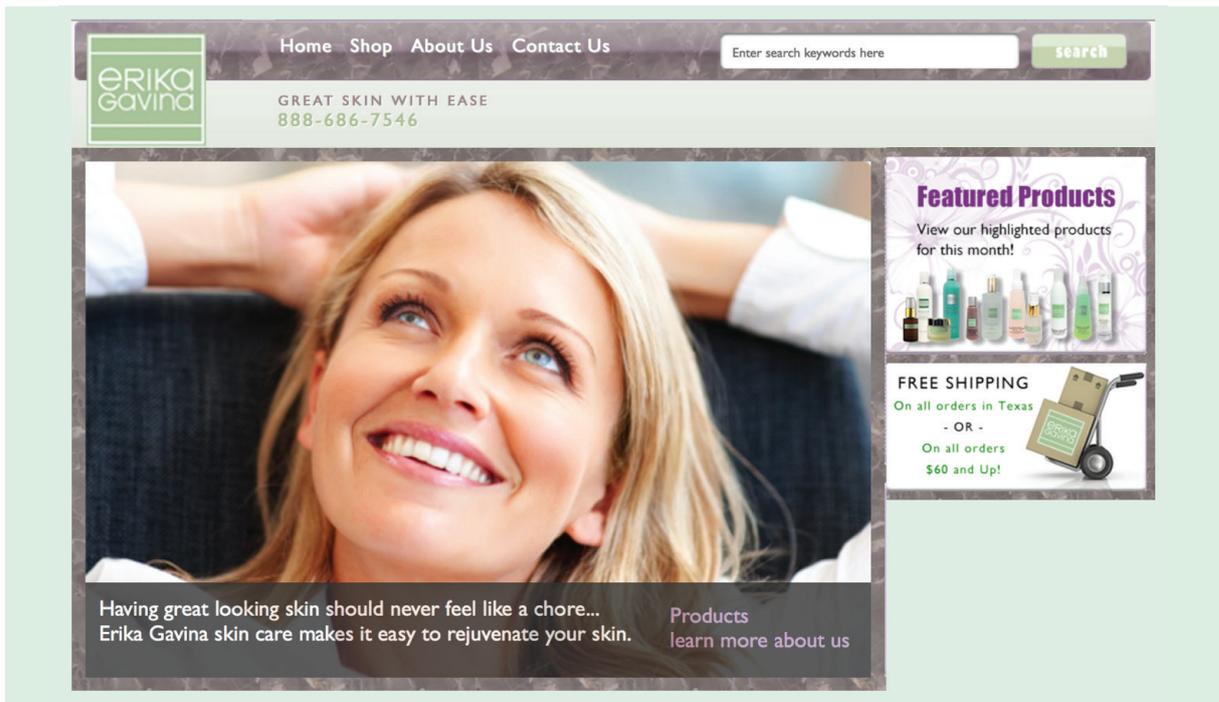
### 6.1 Spa Essentials' "Erika Gavina"

The business of Spa Essentials and its "Erika Gavina" product line will be acquired by NCI contemporaneously with Listing, as discussed in Section 15.4.7 for a purchase price of \$135,000. NCI will utilise the existing Erika Gavina eCommerce website and continue marketing to its customers and wholesale distributors. All ownership and operations of the business will be transitioned without interruption.

Highlights of the Erika Gavina acquisition are as follows:

- products are sold throughout the US through its eCommerce website (Figure 6.1);
- products are distributed through day spas, aestheticians, wholesalers, retailers and private labelling arrangements;
- diversity of products for skin, body and bath;
- fulfilment centre provides inventory storage, packaging and shipping of orders;
- all product formulations will be owned by NuCannaCo;
- inventory on hand is expected to generate immediate revenues;
- horizontal integration benefits for NuCannaCo products through distributors, day spas, aestheticians; and
- the business owner is under a consulting contract to provide assistance to NuCannaCo with transition and integration.

Figure 6.1 www.erikagavina.com





# 7 Cannabidiol, CBD and Botanical Products from Hemp

## 7.1 The Botanical Hemp

The history of hemp dates back thousands of years and its many modern uses include food products, shampoos, soaps, oil for biodiesel, industrial fibres for autos, paper and many others. Hemp plant compounds known as phytocannabinoids are recognized for their therapeutic benefits to animals and humans.

## 7.2 Is Hemp Medical Cannabis or Medical Marijuana?

Hemp is not medical cannabis or medical marijuana. Although hemp and cannabis plants are the same family, hemp is a variety of *Cannabis Sativa* and is generally considered different from cannabis primarily because it does not produce the inebriating side effects associated with cannabis. As a result, the ratio of CBD to THC is much higher in hemp than cannabis.

## 7.3 What is a Cannabinoid or CBD?

Cannabinoids are a class of diverse chemical compounds which are sometimes referred to as CBDs, although CBD is one specific cannabinoid, cannabidiol. The plant referred to as hemp or cannabis has many compounds, approximately 400 to 500, and to date, 113 of the compounds have been isolated as cannabinoids.

Cannabinoids have been found to have antioxidant properties (which prevent or restrain free radical damage) making them potentially useful in the treatment and prevention of a wide variety of diseases including inflammatory and autoimmune diseases.

Cannabinoids are also neuroprotectants, which have been shown to prevent or slow disease progression and secondary injuries by halting or at least slowing the loss of neurons. Neuroprotection is a widely explored treatment option for many central nervous system disorders including neurodegenerative diseases (Alzheimer's and Dementia), stroke, traumatic brain injury (Sports or Auto Accident), spinal cord injury, and acute management of neurotoxin consumption (Drug Abuse). Table 7.3 lists some properties and benefits of CBD discussed in public literature.

Table 7.3

Characteristics of CBDs	
Property	Benefits
Neuroprotectant	Prevent neurodegenerative damage
Anti-inflammatory	Combat inflammation disorders
Antipsychotic	Combat psychosis disorders
Anti-convulsant	Suppress seizure activity
Anti-tumor	Inhibit formation or growth of tumors
Anti-depressant	Alleviate anxiety and depression
Anti-emetic	Reduce nausea and vomiting



# 8 The Business

## 8.1 Overview

NuCannaCo is proposing to enter the US nutritional products marketplace and market Erika Gavina skin and body care products, NuCannaCo CBD products and NuCannaCo CBD infused premium organic skin and body care products.

Erika Gavina, an existing business with an eleven year trading history, currently markets a line of 27 bath, body and skin care products through its eCommerce website, wholesale distributors, aestheticians, and Day Spas. The Company's acquisition of Erika Gavina provides immediate revenue from ongoing sales and wholesale distribution channels for NuCannaCo CBD infused skin and body care products.

The Company plans to market NuCannaCo products through a separate NuCannaCo eCommerce website and leverage the existing Erika Gavina wholesale distribution channels, aestheticians, and Day Spas.

NuCannaCo CBD products include:

- 1) CBD for oral administration:
  - a liposome CBD in liquid form;
  - a water soluble CBD powder; and
- 2) CBD for topical administration:
  - a premium line of organic CBD infused skin and body care products.

The Company's plans are to continue marketing and selling Erika Gavina products while preparations are undertaken to introduce the NuCannaCo CBD products within 90 days of Listing.

Beyond sales of Erika Gavina and NuCannaCo products, the Company will continue the research and development of its proprietary NuOxylation technology for the planned manufacture of its NuOxylate CBD product and its NuOxy Nutritional products. The time frame for commercialisation of these products into the marketplace has not been determined and will not be initiated until all Regulatory Requirements are met.

A discussion and details of the Company's revenue generation strategy, proposed products, marketing strategy, logistics and distribution and intellectual property is provided in the remainder of this Section 8.

## 8.2 Revenue Generation

Revenue generation is a primary objective of the Company's business strategy. Two early revenue streams are planned:

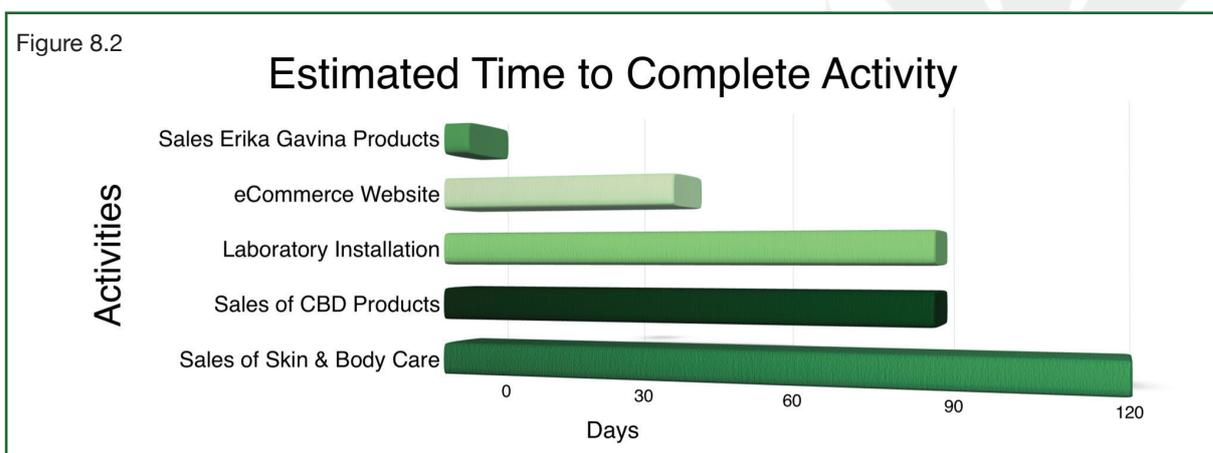
- 1) Immediate revenue from continued sales of Erika Gavina products from inventory through its existing eCommerce website and wholesale distributors; and
- 2) Early revenue from sales of NuCannaCo CBD products through the NuCannaCo eCommerce website and sales through Erika Gavina wholesale distribution channels, aestheticians, and Day Spas within 90-120 days of Listing.

A schedule of the first 120 days' activities are shown graphically below in Figure 8.2 and in detail on Table 8.2.

Table 8.2

Item	Days from Listing	Proposed expenditure/ commencement of business activity
1	1	<ul style="list-style-type: none"> <li>• Continue Erika Gavina product sales</li> <li>• Develop eCommerce Website</li> <li>• Order CBD and CBD infused products</li> <li>• Order Laboratory Equipment</li> </ul>
2	90	<ul style="list-style-type: none"> <li>• Install Laboratory Equipment</li> </ul>
3	90	<ul style="list-style-type: none"> <li>• Begin sales of CBD Products</li> </ul>
4	120	<ul style="list-style-type: none"> <li>• Begin sales of NuCannaCo Skin and Body Care Products</li> </ul>

Figure 8.2





# 8 The Business

## 8.3 NuCannaCo CBD Product Lines

NuCannaCo will introduce a portfolio of products segregated into two methods for delivery of CBD: 1)oral administration to be ingested; and 2) topical administration to be applied to skin. A list of the products and detailed discussion are provided below.

**Oral Administration.** The following two products fall within this category and are chemically free of psychoactive compounds and formulated using innovative technology to provide a choice of delivery mechanism;

- CBD as a liposome liquid; and
- CBD as a water soluble powder.

### NuOxy Liposome CBD



Figure 8.3a

NuOxy Liposome CBD, shown in Figure 8.3a above, is to be packaged in a one-month supply glass bottle with a locking squirt dispenser for oral administration.

The liposome delivery format (the CBD is encapsulated inside the liposome bubble) improves therapeutic efficacy.

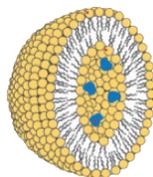


Figure 8.3b

The liposome, (depicted in Figure 8.3b above) is a phospholipid bubble, 100 times smaller than a normal human cell.

### NuOxy Water Soluble CBD



Figure 8.3c

NuOxy Water Soluble CBD is a tasteless powder packaged for daily dosing to be mixed into water, juice or milk. A depiction of the packaging is shown in Figure 8.3c above.

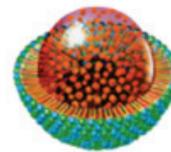


Figure 8.3d

NuOxy Water Soluble CBD is designed for increased absorption and bioavailability. Figure 8.3d is a depiction of the magnified product.

**Topical Administration.** The products in this category consists of a premium line of organic CBD infused products to be marketed under the “NuAnanda” (meaning New Joy or New Bliss) brand name.

### NuAnanda CBD Skin & Body Care

NuCannaCo’s focus is to use the science of CBD and organic botanical ingredients in its skin and body care products to provide the highest quality and efficacy, free of chemicals and synthetics. A list of the CBD skin and body care products proposed by the Company is summarised in Table 8.3.

The NuAnanda skin and body products are designed as a premium product line for a discriminating clientele. The line is well suited for upscale specialty Day Spa and aesthetician marketers of products.

Table 8.3

NuAnanda CBD INFUSED ORGANIC SKIN & BODY CARE	Skin Care	Body Care
		FACIAL CLEANSER <i>Sensitive Skin</i>
Facial Cleanser <i>Normal Skin</i>		Dentifrice <i>Oral Dental System</i>
Treatment Serum <i>Face Firming</i>		NuBody <i>Body Scrub</i>
Treatment Serum <i>Under Eye</i>		NuBodyBath <i>Shower Bath Cleanser</i>
NuDay <i>Daytime Cream</i>		NuHands <i>Hand Sanitiser</i>
NuEvening <i>Nighttime Cream</i>		NuFeet <i>Moisturiser Deodoriser</i>



# 8 The Business

## 8.4 Erika Gavina Product Line

The Erika Gavina product line contains 27 different skin, body and bath products. The products contain natural ingredients and botanical extracts for use on a wide range of skin types, the formulations are proprietary and manufactured by a third party laboratory.

Figure 8.4 is a representative sample of the Erika Gavina products and packaging.

## 8.5 Intellectual Property

NuCannaCo and its subsidiaries (The NuCannaCo Group) does not hold any patents for the NuOxylation “cold process” technology and does not intend to apply for patent protection. The NuCannaCo Group has chosen to protect its intellectual property rights in the NuOxylation process by means of “trade secret” protection and the use of confidentiality and nondisclosure agreements the Company has with its officers, employees and consultants.

## 8.6 NuCannaCo “Entourage” Product Line

The Company’s plans include the continued research and development of its proprietary NuOxylation “cold process” technology for the production of a third and exclusive line of NuCannaCo CBD products derived from hemp.

Cannabinoid compounds found in hemp comprise up to 40% of the plant. NuOxylation is expected to activate the compounds using a “cold process” technology as opposed to the current practice which uses heat and/or solvents, in order to make the compounds bioavailable. NuOxylation, when successfully developed, will have application for hemp and other botanicals. Interaction of cannabinoid compounds creates a known synergy referred to as the ‘entourage effect’.

The planned “Entourage” product line consists of a proprietary CBD product “NuOxylate”, and a line of nutritional products, “NuOxy Nutritionals”, incorporating NuOxylate in their formula.

These products will only be manufactured subsequent to the Company complying with the Regulatory Requirements, the statutory product labelling guidelines related to botanical nutritional products and the acquisition and installation of the necessary equipment for their manufacture. Investors are referred to Section 11 – Risk Factors (particularly paragraphs 11.2(c) and 11.2(d)) regarding risks that may apply to the Company’s ability to manufacture, market and sell hemp based products.

Figure 8.4





# 8 The Business

## 8.7 Sales and Marketing

The Company intends to utilise a combination of eCommerce, wholesale distributors, Day Spas and aestheticians to market and sell products. The Erika Gavina products will be marketed through the existing eCommerce website [www.ErikaGavina.com](http://www.ErikaGavina.com), wholesale distributors, Day Spas and aestheticians. NuCannaCo CBD products and CBD infused skin care and body care products will initially be marketed through a NuCannaCo eCommerce website and later to established channels of Erika Gavina. As sales data and metrics accrue and are studied, the Company will open new channels to the US and foreign markets.

Today's US marketplace demands the eCommerce purchase option. Marketing via eCommerce provides 24-hour access for the purchase of products, a variety of shipping options and easy direct customer care and feedback for metrics to be utilised for decisions.

Direct eMarketing product information websites and marketing campaign strategies will be utilised in conjunction with indirect eMarketing efforts consisting of SEOs (search engine optimisation) to direct search traffic to the eMarketing websites and the eCommerce websites for product purchase.

Table 8.6 depicts NuCannaCo's marketing strategy.

Table 8.6



The eMarketing strategies include marketing the brand and products through the use of direct and indirect response. The primary market targets are persons seeking natural nutritional solutions to and relief from common health symptoms.

## 8.8 Logistics and Distribution

Erika Gavina products are manufactured in Ft. Worth, Texas and delivered to a third party warehouse and distribution facility in Dallas, Texas. The facility provides for the storage, packaging, handling, and shipping of the products to customers (Centre).

The Company's CBD and CBD infused products will be manufactured by a third party in the state of Colorado and will also be delivered to a Centre for further handling. Selection of the appropriate Centre is easily accomplished as there are numerous Centres located throughout Colorado.

The Company will monitor the costs of the fulfilment contracts with the Centres closely to determine if there are synergies and ways to achieve economies of scale.



# 9 Research and Development

## 9 Research and Development

Research, development and laboratory testing are key components of the Company's business strategy in order to achieve the following objectives:

- 1) testing of products currently produced for safety, efficacy, quality control and compliance record keeping;
- 2) testing of new products prior to introduction;
- 3) the development of the NuCannaCo proprietary NuOxylation "cold process" technology necessary to produce the NuCannaCo CBD products; and
- 4) the development of new products.

Significant resources will be devoted to the state-of-the-art Laboratory in order to achieve these objectives.

The Company's plans include the research and development of its NuOxylation "cold process" technology. NuCannaCo plans to utilise the NuOxylation process to manufacture a line of proprietary CBD products.

The botanical to be used for the manufacture of NuCannaCo's proprietary CBD products is hemp. The NuOxylation "cold process" technology is necessary for the production of CBD products from hemp. The "NuOxylation Process" was invented by David Goughnour, the Managing Director of NuCannaCo.

The proprietary CBD products, when developed and produced, will be sold as botanical nutritional products and manufactured by the Company.

### 9.1 The NuOxylation Process

The NuOxylation "cold process" technology, to be developed by the Company, is a process for the production of a finished for sale product from a raw botanical.

The process is also expected to activate the CBD compounds found in hemp (up to 40% of the plant) to make them bioavailable. Activation of CBD compounds is necessary for all CBD products. The "cold process" is expected to preserve those compounds lost or damaged to heat and/or a solvent extraction method.

The preservation and interaction of compounds found in botanicals is an aspiration of all botanical manufacturers. The cannabinoid compounds found in hemp are known to have a synergy which is often referred to as the 'entourage effect'. NuCannaCo believes this entourage effect provides significant benefits for consumers.

### Botanicals

Botanical ingredients, in their natural state, are in high demand and used by the nutritional, skin and body care business. The botanical ingredient provides consumers with a natural plant product without the possible side effects of a chemical synthetic.

### NuOxylation

The NuOxylation process is a proprietary "cold process" technology under development by the Company. The Company believes this technology activates and preserves cannabinoid compounds found in hemp and other botanicals that are damaged or lost due to high heat, high pressure and/or the use of solvents.

### Value, Benefits and Efficacy

The NuOxylation "cold process" technology is expected to produce activated plant compounds at a lower cost per unit basis and a higher level of efficacy as than traditional methods. The traditional extraction methods and production processes employ the use of solvents and equipment to generate high heat and high pressure.

### Why Activation?

Phytocannabinoid compounds found in the botanical hemp and others must be Activated (decarboxylated) to become bioavailable. (to be able to have an active effect when introduced into the body).

NuOxylation is expected to activate the compounds in hemp, without the use of heat or solvents, making them bioavailable while at the same time preserving those compounds otherwise lost or damaged.

### The Botanical Hemp

The compounds found in botanicals, particularly hemp, are volatile and activate at different temperatures. The heating of these compounds results in their loss, damage and degradation thus limiting the greatest possible synergy. The synergistic effects of hemp are highly sought after by consumers.

### NuOxylation Process

The NuOxylation process is expected to produce a finished product ready for sale from the raw botanical material by following a step by step methodology while adhering to quality control protocols. Laboratory testing to maintain a high standard is a key element to the process.



# 9 Research and Development

## NuOxylation “cold process” protocols and IP

The NuOxylation “cold process” technology and protocols are proprietary and comprise the key intellectual property (“IP”) of the Company. The Company has elected to retain the IP through the “proprietary process” or “trade secret” method versus patenting the process in order to preserve the methodology and protocols and to keep them out of the public domain.

## 9.2 NuOxylation Products

### Summary of NuOxylate and the NuOxy Nutritional

The Company believes the NuOxylation process has the potential of producing many products from botanicals. The following are the first of many products the Company expects to produce when the NuOxylation process is completely developed.

#### 9.2.1 NuOxylate CBD Product

The first product is “NuOxylate”, a proprietary CBD product to be manufactured by the Company using its NuOxylation process. A depiction of the proposed product is shown in Figure 9.2.1.



Figure 9.2.1

NuCannaCo’s NuOxylate will be a botanical product and classified as a nutritional supplement. The product contains naturally occurring phytocannabinoid compounds referred to as CBD and is produced from industrial hemp. A substantial demand for the product has been identified by the Company.

#### 9.2.2 NuOxy Nutritional Products

The NuOxy Nutritional products comprise a line of products similar to that of a conventional nutritional supplement. The product will be produced by combining the Company’s NuOxylate with natural vitamins and organically sourced botanical ingredients known for their nutritional benefits.

The NuOxy Nutritional, comprised of five different supplement products, are designed to address specific nutritional needs.

The advent of the NuOxylation process and the combination of NuOxylate with nutritional botanicals makes possible a nutritional supplement currently unavailable in the marketplace today.

Table 9.2.2

NuOxy Nutritional	
Product	Description
NuOxy GDP	A combination of NuOxylate and Citicoline, Citicoline is approved for the treatment in cases of head trauma, stroke, and neurodegenerative disease and improves the clinical outcome following ischemic stroke after supplementation.
NuOxy Mag	A combination of NuOxylate, Magnesium L-Threonate and Ionic magnesium, known for their high rates of absorption. The presence of magnesium in the body is required for energy to be produced or used in the cells.
NuOxy K	A combination of NuOxylate and an herbal blend containing potassium. Potassium ions are necessary for the function of all living cells.
NuOxy A	A combination of NuOxylate and herbs providing Vitamin A as retinoic acid (an oxidized form of retinol), an important growth factor for epithelial cells.
NuOxy B	A combination of NuOxylate and a botanical pentacyclic triterpenoid possessing antiretroviral, antimalarial, and anti-inflammatory properties.

The NuOxylate and NuOxy Nutritional products show in Table 9.2.2 above will only be manufactured subsequent to the Company complying with the Regulatory Requirements as fully defined in Appendix B - Glossary, the statutory product labelling guidelines related to botanical nutritional products and the acquisition and installation of the necessary equipment for their manufacture. Investors are referred to Section 11 – Risk Factors (particularly paragraphs 11.2(c) and 11.2(d)) regarding risks that may apply to the Company’s ability to manufacture, market and sell hemp based products.

## 9.3 Details of the Research and Testing Laboratory

The Company plans to establish and operate a secure, technologically advanced laboratory facility (Laboratory) designed for;

- 1) testing of products currently produced for safety, efficacy, quality control and compliance record keeping;
- 2) testing of new products prior to introduction;
- 3) the development the NuCannaCo proprietary NuOxylation “cold process” technology necessary to produce the NuCannaCo CBD products; and
- 4) the development of new products.

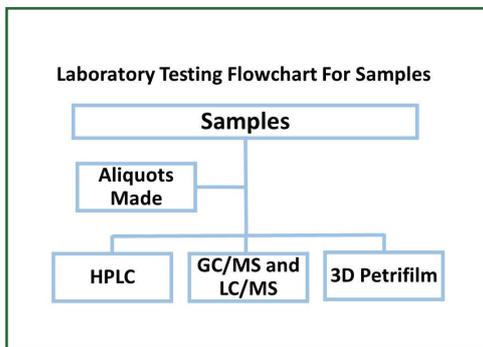


# 9 Research and Development

## 9.4 Laboratory Details

For all assays, standard operating procedures will be generated and abided by, including record keeping for sample receiving, accessioning, and storage; identifying and rejecting unacceptable samples; sample security and retention; protocols and procedures for accepting or rejecting analytical procedures and verification; documented systems for reviewing calibrators, controls, and standards; performance of preventative maintenance on equipment; equipment monitoring and recordkeeping; test and calibration results and recordkeeping; quality assurance and quality control; final and amended reports; and training of employees. Batch samples received into the Laboratory will be recorded, divided into aliquots, and pre-processed as necessary for each assay as shown on Table 9.4a.

Figure 9.4a



High-pressure liquid chromatography (HPLC): The Laboratory will employ HPLC as shown on Figure 9.4b to analyze products for purity and potency. HPLC is the industry standard for measuring the various metabolites of cannabis. This analysis will qualify and quantify the different metabolites present (the Company will test for THC, THCA, CBD, CBDA, and CBN at a minimum). Therefore, the Company can confirm the total amount of CBD in the product while ensuring no unwanted compounds (i.e. THC) are present. This method is also useful for determining the freshness and stability of the cannabis plant material. Negative and positive controls as well as internal standards will be utilized during testing.

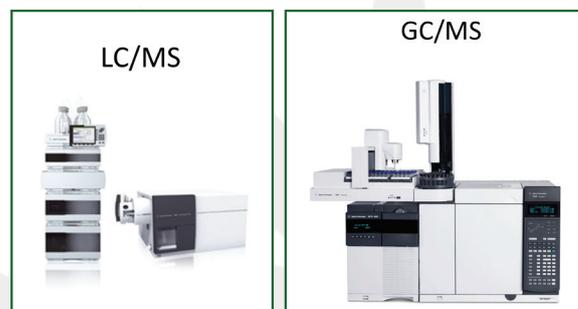
Figure 9.4b



**Gas Chromatography – Mass Spectrometry (GC/MS) and Liquid Chromatography – Mass Spectrometry (LC/MS):**

The Laboratory will employ LC/MS and GC/MS as shown on Figure 9.4c to analyze samples for pesticides, residual solvents from CBD extraction, and terpenoids. Residual solvents' acceptable minimum levels are determined over a series of batches that span a set amount of time. Terpenoids give various cannabis strains a unique “fingerprint” as with wine blends, and various terpenoid levels may be targeted for use in a therapeutic fashion in the Company’s product line. GC/MS is useful for analyzing volatile compounds in particular. The Laboratory will employ a GC/MS machine coupled with a headspace detector. This state-of-the art addition allows for analysis of volatiles in the air above the liquid sample (the ‘headspace’) along with the liquid sample. LC/MS will also be used for pesticide analysis. Selected ion monitoring will be performed within each run to ensure acceptable ion ratios and retention times.

Figure 9.4c



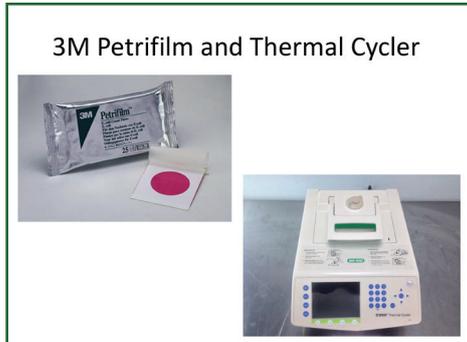


# 9 Research and Development

## 3M Petrifilm and real-time Quantitative Polymerase Chain Reaction (qRT-PCR):

The Laboratory will employ 3M Petrifilm and confirmatory qRT-PCR as shown in Figure 9.4d to ascertain potential levels of microbial contamination in the samples. Samples will be tested for Enterobacteriaceae, E. Coli, Staphylococcus aureus, total yeast count, and total mold count.

Figure 9.4d



These laboratory assays will allow the Company to ensure the safety and efficacy of its products. Furthermore, the equipment will be used for research and development of new products which may include evaluation of the therapeutic range of CBD and terpenoids in various applications and the synergistic effects of CBD and other botanicals.





# 10 Financial Information

## 10.1 Overview

Section 10 details the Historical Financial Information and Pro Forma Financial Information of the Company (collectively, the Financial Information). The basis for preparation and presentation is detailed in this Section of the Prospectus.

The Financial Information was prepared by management and was adopted by the Directors. The Directors are responsible for the inclusion of all Financial Information in this Prospectus.

NuCannaCo Science Limited (NuCannaCo) was registered in Australia on 13 August 2015 and has not traded since that time. The Financial information for the period from registration to 30 June 2016 has been reviewed as part of the pro forma Historical Financial Information as set out in Section 10.4.

Grant Thornton Audit Pty Ltd has prepared an Independent Limited Assurance Report in respect of the Financial Information. A copy of the Independent Limited Assurance Report, together with an explanation of the scope of the Independent Accountant's work, is in Section 14.

## 10.2 Pro Forma Historical Financial Information

The pro forma Historical Financial Information comprises the following:

- (a) Pro Forma Consolidated Historical Statement of Financial Position of NuCannaCo as at 30 June 2016 as set out in section 10.4 which assumes the pro forma transactions set out in Note 2 of section 10.4 had occurred on 30 June 2016; and
- (b) Pro Forma Consolidated Historical Statement of Changes in Equity of NuCannaCo as at 30 June 2016 as set out in section 10.4 which assumes the pro forma transactions set out in Note 2 of section 10.4 had occurred at 30 June 2016.

The Pro Forma transactions have been included in the Proforma consolidated statement of financial position as at 30 June 2016 to provide potential shareholders with a view of the Group's financial position as if they were all completed on 30 June 2016.

The Financial Information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Australian equivalents to International Financial Reporting Standards ("AIFRS") and the Corporations Act. In the view of the Directors of NuCannaCo, the omitted disclosures would provide no further relevant information.

The Financial Information should be read in conjunction with information contained in the Prospectus.

The reader should note the scope and limitations of the Independent Limited Assurance Report as outlined in Section 14 of this Prospectus.

## 10.3 Basis of Preparation of the Financial Information

The Pro Forma Historical Financial Information of NuCannaCo has been compiled from the reviewed information of NuCannaCo for the period from registration to 30 June 2016. It should be noted that NuCannaCo has not traded since its registration.



# 10 Financial Information

## 10.4 Pro Forma Financial Information

STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Reviewed NuCannaCo \$	Reviewed Pro Forma Minimum Subscriptions \$	Reviewed Pro Forma Full Subscriptions \$	Reviewed Pro Forma with over Subscription \$
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	3	3	470,095	1,863,858	2,783,033
Trade and other receivables		-	-	-	-
Inventories		-	8,220	8,220	8,220
<b>TOTAL CURRENT ASSETS</b>		<b>3</b>	<b>478,315</b>	<b>1,872,078</b>	<b>2,791,253</b>
<b>NON CURRENT ASSETS</b>					
Intangibles		-	126,780	126,780	126,780
<b>TOTAL NON CURRENT ASSETS</b>		<b>-</b>	<b>126,780</b>	<b>126,780</b>	<b>126,780</b>
<b>TOTAL ASSETS</b>		<b>3</b>	<b>605,095</b>	<b>1,998,858</b>	<b>2,918,033</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables		-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>		<b>3</b>	<b>605,095</b>	<b>1,998,858</b>	<b>2,918,033</b>
<b>SHAREHOLDERS EQUITY</b>					
Issued capital	4	3	3,050,459	4,416,394	5,603,492
Share options reserve	5	-	1,436,657	1,436,657	1,436,657
Retained earnings		-	(3,882,021)	(3,854,193)	(4,122,116)
<b>TOTAL SHAREHOLDERS EQUITY</b>		<b>3</b>	<b>605,095</b>	<b>1,998,858</b>	<b>2,918,033</b>

The above statement of financial position and pro forma statement of financial position should be read in conjunction with the accompanying notes



# 10 Financial Information

## REVIEWED STATEMENT OF CASH FLOWS FOR THE PERIOD FROM REGISTRATION TO 30 JUNE 2016

	Reviewed \$
<b>Operating activities</b>	
Receipts from customers	-
Payments to suppliers	-
Interest received	-
Cash inflows/(outflows) from operating activities	-
<b>Investing activities</b>	
Payments for property, plant and equipment	-
Cash inflows/(outflows) from investing activities	-
<b>Financing activities</b>	
Proceeds from share issues	3
Payments for capital raising costs	-
Cash inflows/(outflows) from financing activities	3
Net increase/(decrease) in cash	3
Cash at registration	-
Cash at period end	3

The above statement of cash flows should be read in conjunction with the accompanying notes



# 10 Financial Information

REVIEWED STATEMENT OF CHANGES IN EQUITY AND CONSOLIDATED PRO FORMA STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM REGISTRATION TO 30 JUNE 2016

	Note	Issued Capital \$	Share options reserve \$	Retained Earnings \$	Total \$
Shares issued on registration – 3 ordinary shares		3	-	-	3
<b>Balance at 30 June 2016 (Reviewed)</b>		<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Pro forma transactions</b>					
Issue of ordinary shares to Founders – refer Section 1.19 of the Prospectus		1,755,675	-	(1,755,675)	-
Issue of ordinary shares to seed capitalists		185,000	-	-	185,000
Issue of ordinary shares pursuant to an Exchange Agreement with US Investors	2	807,435	-	-	807,435
Issue of 2,500,000 Ordinary Shares in the Company – Minimum Subscription	2	500,000	-	-	500,000
Expenses of the Offer including bonuses	2	(197,654)	-	(689,689)	(887,343)
Issue of 8,840,000 A Class Options – Directors and other Key Management	2	-	790,942	(790,942)	-
Issue of 8,840,000 B Class Options – Directors and other Key Management	2	-	645,716	(645,716)	-
<b>Pro forma balance - Minimum Subscription</b>		<b>3,050,459</b>	<b>1,436,657</b>	<b>(3,882,021)</b>	<b>605,095</b>
Issue of an additional 7,500,000 Ordinary Shares in the Company – Full Subscription	2	1,500,000	-	-	1,500,000
Additional expenses of the Offer		(134,065)	-	27,828	(106,237)
<b>Pro forma balance – Full Subscription</b>		<b>4,416,394</b>	<b>1,436,657</b>	<b>(3,854,193)</b>	<b>1,998,858</b>
Issue of an additional 5,000,000 Ordinary Shares in the Company – Full with Over Subscriptions	2	1,000,000	-	-	1,000,000
Additional expenses of the Offer		187,098	-	(267,923)	(80,825)
<b>Pro forma balance – Full with Over Subscription</b>		<b>5,603,492</b>	<b>1,436,657</b>	<b>(4,122,116)</b>	<b>2,918,033</b>

The above statement of changes in equity and pro forma statement of changes in equity should be read in conjunction with the accompanying note



# 10 Financial Information

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2016

## **Note 1 - Statement of Significant Accounting Policies**

The Financial Information has been presented in accordance with the measurement and recognition, but not all of the disclosure, requirements of Australian Accounting Standards. The financial information is presented in abbreviated form insofar as it does not comply with all disclosure requirements set out in the Australian Accounting Standards, the Australian Accounting Interpretations and the Corporations Act 2001.

In the view of the Directors of the Company, the omitted disclosures would provide no further relevant information to potential investors.

The full statement of significant accounting policies are outlined in Appendix A of this Prospectus.

## **Note 2 - Basis of Preparation of the Consolidated Pro Forma Statement of Financial Position**

The consolidated pro forma Statement of Financial Position has been prepared from the unaudited financial statements of NuCannaCo adjusted for the following transactions as if they had taken place on 30 June 2016:

### **(i) Subsequent events**

#### **- Issue of Shares to the Founding Share Holders**

On 24 August 2016, 43,599,997 Shares were issued to the founding shareholders who funded preliminary costs of the company including travel, legal advice and other expenses – refer Section 1.19 of the Prospectus.

On 24 August 2016, 1,900,000 Shares were issued to seed capitalists to raise \$185,000.

#### **- Issue of Share options to the directors and other key management personnel of the company**

On 24 August 2016, 8,480,000 A Class Options were issued to the directors and other key management personnel as a future incentive. The A Class Options have an exercise price of \$0.40 and expire on 30 June 2021. Full terms and conditions are outlined in Section 15.5 of this Prospectus. The fair value of the A Class options issued was \$790,942.

On 24 August 2016, 8,480,000 B Class Options were issued to the directors and other key management personnel as a future incentive. The B Class Options have an exercise price of \$0.60 and expire on 30 June 2021. Full terms and conditions are outlined in Section 15.5 of this Prospectus. The fair value of the B Class options issued was \$645,716.

#### **- Acquisition of business**

On 21 September 2016, the company's wholly owned subsidiary NuCannaco Systems Inc entered into a Purchase and Sale Agreement for the acquisition of Spa Essentials. Refer Note 6. Total consideration was \$135,000 (US\$100,000).

### **(ii) Minimum Subscription**

Pursuant to an Exchange Agreement dated 18 August 2016, the Company will issue 4,037,175 Shares and 10,000,000 Class C Options to the US in return for their entitlement to Shares in Common Stock and Series A Convertible Preferred Stock of NuCannaCo Systems Inc. The fair value of the shares to be issued is \$807,435.

The issue of 2,500,000 Shares (Minimum Subscription) at an issue price of \$0.20 per Share to raise \$500,000.

## **Note 2 - Basis of Preparation of the Consolidated Pro Forma Statement of Financial Position (continued)**

Expenses associated with the Offer (including advisory, legal, accounting, listing and administrative fees as well as printing, travel, bonuses and other expenses) which are estimated to be \$887,343 of which \$197,654 has been directly off set against share capital and \$689,689 has been recognised through the statement of comprehensive income. The expenses include a listing bonus to the Founding Directors (Mr Goughnour and Mr Renfro) of \$405,000.



# 10 Financial Information

## (iii) Full Subscription

The issue of a further 7,500,000 Shares to Full Subscription at an issue price of \$0.20 per Share to raise an additional \$1,500,000;

Additional expenses associated with the Offer (including advisory, legal, accounting, listing and administrative fees as well as printing, travel and other expenses) which are estimated to be \$106,237 of which \$134,065 has been directly off set against share capital and \$27,828 has been recognised through the statement of profit and loss or other comprehensive income.

## (iv) Over Subscriptions

The issue of a further 5,000,000 Shares to Full Subscription with over subscriptions at an issue price of \$0.20 per Share to raise an additional \$1,000,000;

Additional expenses associated with the Offer (including advisory, legal, accounting, listing and administrative fees as well as printing, travel and other expenses) which are estimated to be \$80,825 of which \$187,098 has been directly off set against share capital and \$267,923 been recognised through the statement of profit and loss or other comprehensive.

## Note 3 – Cash and cash equivalents

The pro forma cash and cash equivalents are set out below:

	Pro Forma Minimum Subscription 30 June 2016	Pro Forma Full Subscription 30 June 2016	Pro Forma Full with over Subscription 30 June 2016
	\$	\$	\$
Cash and cash equivalents at 30 June 2016	3	3	3
<i>Pro forma transactions:</i>			
Gross Proceeds from Seed Capitalists	185,000	185,000	185,000
Gross Proceeds from the US Investors pursuant to the Private Placement	807,435	807,435	807,435
Gross Proceeds from shares issued pursuant to the Offer	500,000	2,000,000	3,000,000
Payment for the purchase of Spa Essentials	(135,000)	(135,000)	(135,000)
Payment of Offer costs including listing bonuses	(887,343)	(993,580)	(1,074,405)
<b>Total pro forma cash and cash equivalents</b>	<b>470,095</b>	<b>1,863,858</b>	<b>2,783,033</b>

## Note 4 - Issued Capital

The pro forma issued capital is set out below:

	Pro Forma Minimum Subscription 30 June 2016	Pro Forma Full Subscription 30 June 2016	Pro Forma Full with over Subscription 30 June 2016
	\$	\$	\$
Issued capital at 30 June 2016	3	3	3
<i>Pro forma transactions:</i>			
- Issue of 43,599,997 Ordinary Shares to the Founders of the Company	1,755,675	1,755,675	1,755,675
- Issue of 1,900,000 Ordinary Shares to seed capitalists	185,000	185,000	185,000
- Issue 4,037,175 Ordinary Shares to the US Investors	807,435	807,435	807,435
- Issue of Shares in the Company pursuant to the Offer	500,000	2,000,000	3,000,000
- Costs of the offer	(197,654)	(331,719)	(404,077)
<b>Total pro forma Issued Capital</b>	<b>3,050,459</b>	<b>4,416,394</b>	<b>5,344,036</b>



# 10 Financial Information

	Number of shares issued	\$
<b>Shares on issue at 30 June 2016</b>	<b>3</b>	<b>3</b>
<i>Pro forma transactions:</i>		
- Issue of Ordinary Shares to the Founders of the Company	43,599,997	1,755,675
- Issue of Ordinary Shares to Seed Capitalists	1,900,000	185,000
- Issue of Ordinary Shares to the US Investors	4,037,175	807,435
- Issue of Ordinary Shares in the Company based on Minimum subscription	2,500,000	500,000
Less share issue and capital raising costs	-	(197,654)
<b>Pro forma issued capital - Minimum Subscription</b>	<b>52,037,175</b>	<b>3,050,459</b>
- Issue of an additional Shares in the Company based on Full subscription	7,500,000	1,500,000
Less share issue and capital raising costs	-	(134,065)
<b>Pro forma issued capital - Full Subscription</b>	<b>59,537,175</b>	<b>4,416,394</b>
- Issue of an additional Shares in the Company based on Over subscriptions	5,000,000	1,000,000
Less share issue and capital raising costs	-	(72,358)
<b>Pro forma issued capital – Over Subscription</b>	<b>64,537,175</b>	<b>5,344,036</b>

## Note 5 - Share Option Reserve

The pro forma Share option reserve is set out below:

	Pro Forma Minimum Subscription 30 June 2016	Pro Forma Full Subscription 30 June 2016	Pro Forma Full with over Subscription 30 June 2016
	\$	\$	\$
<b>Share Option Reserve at 30 June 2016</b>	-	-	-
<i>Pro forma transactions:</i>			
- Issue of 8,480,000 A Class options to the directors and other key management personnel of the company	790,941	790,941	790,941
- Issue of 8,480,000 B Class options to the directors and other key management personnel of the company	645,716	645,716	645,716
<b>Total pro forma Share option reserve</b>	<b>1,436,657</b>	<b>1,436,657</b>	<b>1,436,657</b>



# 10 Financial Information

A Class and B Class Share options have been issued to the directors and other key management personnel of the company as a future incentive.

The value of options has been calculated using the Black-Scholes options pricing model based on the following assumptions:

	A Class	B Class
Fair Value per option	\$0.093	\$0.076
Exercise Price	\$0.40	\$0.60
Expiry Date	30 June 2021	30 June 2021
Risk free interest rate	2.08%	2.08%
Volatility %	75%	75%

## Note 6 – Spa Essentials acquisition

The Company's wholly owned US subsidiary, NuCannaCo Systems, Inc. entered into Purchase and Sale Agreement on 21 September 2016, to purchase for \$135,000 (US\$100,000), Spa Essentials, a business located in Dallas, Texas. Spa Essentials holds 27 skin, bath and body products branded Erika Gavina.

Under the terms of the Purchase and Sale Agreement, the transaction will be completed on or before and subject to the Listing of the Company on the NSX.

The pro forma adjustment in relation to the Spa Essentials acquisition was:

Inventory acquired	\$8,220
Intangible assets	\$126,780
Total	\$135,000

Historical financial performance of Spa Essentials is summarised below

	FY2014	FY2015	HY2016*
Total sales	\$24,775	\$23,340	\$11,549
Less Cost of sales	(\$9,741)	(\$6,020)	(\$4,357)
Gross profit	\$15,034	\$17,320	\$7,192
Other expenses	(\$13,919)	(\$13,190)	(\$5,922)
Net profit/(loss)	\$1,115	\$4,130	\$1,270

\*Half year ended 30 June 2016

## Note 7 – Controlled Entities

The pro forma financial statements incorporate assets, liabilities, results and equity of the following entities:



# 10 Financial Information

## Note 7 – Controlled Entities

The pro forma financial statements incorporate assets, liabilities, results and equity of the following entities:

Name of Entity	Country of incorporation	Pro-forma equity holding
Ultimate Holding Company NuCannaCo Science Limited	Australia	
Subsidiaries of NuCannaCo Science Limited NuCannaCo Systems Inc.	USA	100%
Subsidiary of NuCannaCo Systems Inc. Ashford Energy LLC	USA	100%
Subsidiary of Ashford Energy, LLC Ashford Colorado LLC	USA	100%

## Note 8 – Contingent liabilities

Contingent liabilities represent items that at 30 June 2016 and to the date of authorisation of this prospectus are not recognised in the Statement of Financial Position because there is significant uncertainty at that date as to the necessity for the entity to receive or make payments in respect of them. The directors are not aware of any contingent liabilities.

## Note 9 – Subsequent events

The directors are aware of no subsequent events other than noted above and the pro-forma transactions set out in Note 2 above.



# 11 Risk Factors

## 11.1 Risk Factors

An investment in the Company carries risk, including those specific to NuCannaCo, those broader risks which affect the industrial hemp and nutritional industries and those more general risks associated with investing in the share market. Many of these risks are outside the control of NuCannaCo, its Directors and officers. Consequently, the Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends or return of capital. Neither the Company nor its Directors nor any party associated with the preparation of this Prospectus represents or warrants that any specific or non-specific objective of the Company will be achieved.

In addition, to the extent that statements in this Prospectus constitute forward looking statements, these statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward looking statements. Although the Company believes that the expectations reflected in any forward looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements, or that historic results will be repeated.

Investors should consider whether the Shares offered by this Prospectus are a suitable investment, having regard to their own individual investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive, and investors should consult their professional advisors before deciding whether to apply for Shares pursuant to this Prospectus.

The list below highlights the more significant and material risks, however the list may not be exhaustive. Other less significant or less probable factors may also impact the financial performance, the financial position or the cash flow of the Company. Should any or all of these risk factors materialise, the value of the shares of the Company may be adversely affected. Consequently, investors should read this Prospectus in its entirety and consider the following risk factors and, if necessary, consult their accountant, financial advisor, stockbroker, lawyer or other professional advisor prior to making an investment in the Company.

## 11.2 Risks Specific to NuCannaCo

**(a) NuCannaCo's proposed business may attract public controversy because our business plans may be associated with the manufacture, marketing and sale of hemp or cannabis based products.**

Although the Company does not propose to grow

and cultivate industrial hemp itself, the plans to market and sell CBD and the Company's aspirations regarding the production and sale of NuOxylate may give rise to public controversy and adverse media comment. Such controversy and adverse comment may have a detrimental effect upon the ability to produce and market products. The reputation of the Company may also be harmed with consequent adverse effects on the ability of the Company to sustain its business, to implement plans for expansion and to raise funding for those and related purposes.

**(b) Uncertainties regarding the application of US Federal/State Laws**

While the Company's proposed US business operations will be compliant with the current laws of the US, the Company is exposed to the risks of:

- (i) US law enforcement policy changing;
- (ii) US court decisions distinguishing or confining the effect of previous court decisions; or
- (iii) new US laws being enacted providing for fresh prohibitions, overturning previous court decisions, or overriding US State laws.

**(c) Laws relating to the manufacture, processing, and sale of hemp based products and the financing of such undertakings may prevent or delay the commercialisation of products to be conducted within the fourth business segment of the Company's business plan; Research and Development.**

The Company proposes to implement its business plan in stages; (see Section 4 - The Business Plan Implementation in 4 Stages) Stages 1, 2, and 3 are the immediate focus and it is not anticipated that there will be any adverse impact from the current legislative regime in the US or Australia. Stage 4 envisions the Company conducting research and development on NuOxylate and NuOxy Nutritionals. These products are only able to proceed to the commercialisation stage when the use of industrial hemp, the processing, manufacture and sale of industrial hemp based products, and the financing of such undertakings is lawful in both the US and Australia. Although rapid and profound changes are occurring in relation to the legal status of such undertakings in both the US and Australia, particularly in connection with the use of cannabis for medical purposes, it is uncertain if and when the legislative regimes in both the US and Australia will be sufficiently resolved to permit NuOxylate and NuOxy Nutritionals within Stage 4 to be implemented.

Consequently, there is a risk that the implementation of Stage 4 as it relates to NuOxylate and NuOxy Nutritionals only, will be delayed, that such delay



# 11 Risk Factors

will be significant and that the momentum for legislative change in the removal or lessening of prohibitions against such undertakings may lessen or be reversed. This could result in the Company not being able to implement Stage 4 as it relates to NuOxylate and NuOxy Nutritionals in a timely manner or at all.

## **(d) Controlled Substances**

Some of the Company's proposed botanical products may contain controlled substances and be subject to future controlled substances legislation. This may prevent or limit the Company's ability to manufacture, market and sell its proposed botanical products.

## **(e) Competition from other suppliers to the nutritional industry**

The growth in the production of botanical based products for the nutritional industry may result in potential competitors to the Company entering the market. These potential competitors may have greater financial, technical, and managerial resources than NuCannaCo which make it difficult for the Company to expand its business and to grow or sustain its revenue.

## **(f) Growth is dependent on additional states in the US and other countries legalizing current restrictions on industrial hemp and the use of hemp based products in the nutritional industry**

Continued development of the industrial hemp industry in the US and in other countries and the removal of restrictions on the growing and cultivation of industrial hemp based products are necessary for the growth of the Company. Any number of factors could halt or slow progress. Further progress, while presently encouraging, is not assured and there could be set-backs before achieving success. Numerous factors can inhibit the legislative process and prevent the lifting of current restrictions in some US states and other countries against the growing and cultivation of industrial hemp and the use of industrial hemp based products in the nutritional industry, with consequent negative impact on the Company's business and revenues.

## **(g) Botanical based products manufactured, marketed and sold by the Company may in the future require compliance with governmental regulations which may involve prohibitive costs**

Botanical based products manufactured, marketed and sold by the Company may be subject to more rigorous regulation by the US Food and Drugs Administration (FDA) or a similar regulatory body, and the requirements of comparable authorities in various States in the US and in other countries.

It may be difficult and costly for the Company to

comply with those regulations and requirements. The process of obtaining regulatory approvals to market botanical based products could be costly and time consuming and approvals might not be granted on a timely basis or at all. Failure to obtain requisite approvals could adversely affect product revenues. In addition, there can be no assurance that once approvals have been obtained, the Company will remain in compliance with applicable FDA and other regulatory requirements once clearance or approval has been obtained for a product (whether for the product itself, manufacturing practices, or product labelling and advertising).

## **(h) Changes in government policies, laws, and regulatory requirements.**

NuCannaCo will be subject to numerous government policies, laws and regulations which directly or indirectly affect both the botanical products industry and the nutritional industry. The Company may unintentionally fail to comply with current policies, laws and regulations or may encounter difficulty in complying with changes. Local, state and federal laws relating to the botanical products industry and the nutritional industry are also subject to evolving interpretations and may affect the future ability of the Company to manufacture, market and sell botanical products either profitably or at all. In addition, there is the wider risk of changes in government policies, laws and regulations which restrict the nutritional industry and adversely affect the ability to generate revenue.

## **(i) Health and Safety**

Serious events such as the discovery of health and safety risks relating to nutritional products could adversely impact the Company's plans to manufacture, market and sell botanical products.

## **(j) Barriers to Success**

The extent of success by the Company in manufacturing, marketing and selling botanical products may be affected by a variety of factors including:

(i) the ability of the Company to comply with any current or future food and drugs regulatory approval requirements (including where relevant, any requirements of the FDA or similar regulatory authorities of other countries;

(ii) the capacity of the Laboratory to meet quality control and health and safety standards of the FDA or similar regulatory authorities of other countries;

(iii) the ability of the Company to establish effective collaborations with third parties for the commercialisation of botanical products, or otherwise build and maintain satisfactory sales, distribution and marketing capabilities sufficient to launch and maintain a sufficient level of sales of these products;



# 11 Risk Factors

(iv) a sufficient level of market acceptance of the botanical products being achieved by the Company or loss of market acceptance occurring for whatever cause including competition from other suppliers of similar products, future regulation of the sale and distribution of the products or the imposition of packaging and health warning statements which inhibit penetration or sustainment of sales in the market;

(v) the occurrence of manufacturing delays or bottlenecks, plant breakdowns, transportation interruptions or failure of essential supplies such as electricity or water; and

(vi) the imposition of rates, taxes and levies whether of general application or punitively levied against persons or entities engaged in the processing, manufacture, and marketing of products for the nutritional industry.

## **(k) Producer Liability Claims**

As a proposed manufacturer, marketer and seller of a range of botanical products designed to be applied or potentially ingested by humans, the Company faces the inherent risk of product liability claims, regulatory action and litigation. This will arise for example if the Company's products are alleged to have caused loss or injury. The manufacture of such botanical products may also involve the risk of injury to consumers as a result of tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions from the application or ingestion of the Company's botanical products (alone or in conjunction with medication or other substances) could occur. The Company may be subject to various product liability claims, including among others that the Company's caused injury or illness, or that the Company's instructions for use were inadequate or failed to warn against possible side effects. A product liability claim or regulatory action against the Company could result in increased costs, may adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the Company's operations and financial conditions.

## **(l) Acquisition risks**

From time to time NuCannaCo may undertake acquisitions consistent with its stated growth strategy. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, geographic issues, staff continuity, compatibility of equipment and infrastructure and Regulatory Requirements. To the extent that acquisitions are not successfully integrated with NuCannaCo's then existing businesses, the financial position and performance of the Company could be adversely affected. Depending on various factors affecting NuCannaCo

at the time of any future acquisition such as NuCannaCo's share price, its financial position and performance and the nature of the acquisition, NuCannaCo may decide that it is in the best interests of NuCannaCo and its shareholders to fund the acquisition through the issue of further shares. If this were to occur, it may result in dilution of the ownership interests of NuCannaCo's shareholders.

## **(m) Key Staff and Industrial Relations**

The loss of the services of any key manager without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on the business of the Company. There is also a risk that NuCannaCo may fail to attract and/or retain staff. As with all companies, it is also essential for growth that good employee relations are maintained. NuCannaCo cannot provide any assurance that industrial disputes will not arise in the future.

## **(n) IT Systems**

As with most businesses, there is a reliance on the smooth functioning of the computer and communications network within the Company. There is always a risk that failure of any of these systems could affect business operations. This risk is partially mitigated by the computer and communication back-up systems that NuCannaCo intends to put in place.

## **(o) Intellectual Property**

The Company's ability to protect its intellectual property is important for it to compete successfully and enable future growth. However, there may be third party infringements of its intellectual property. To enforce its intellectual property rights, NuCannaCo may have to commence legal proceedings against third parties who infringe its rights. Such intellectual property litigation may be expensive and time consuming and may divert valuable resources from and disrupt the conduct of NuCannaCo's business. Further, NuCannaCo may not be successful in its infringement claims which will lead to a waste of its financial resources.

The Company is not aware of any material violation or infringement of the intellectual property rights of others. Nevertheless, there can be no assurance that in its development of protocols, logos and methods, NuCannaCo may inadvertently infringe the intellectual property rights of others, or others may assert infringement claims against NuCannaCo. Such claims against NuCannaCo, even if untrue or baseless, could result in significant legal and other costs and may be a distraction to its management. Adverse determinations in such litigation could result in loss of proprietary rights or subject NuCannaCo to significant liabilities. As a result, NuCannaCo's financial and operating results may be adversely affected.



# 11 Risk Factors

## **(p) Capital Requirements**

The Company may seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources.

There can be no assurance that such funding, if required, will be available or, if available, will be on favourable terms. If the Company is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated operations, which could adversely affect its business and financial position.

## **(q) Safety and Risk Management**

The Company is subject to safety laws and regulations in connection with all operations. The Company has put in place a safety program designed to assist with risk management, risk audits and review. This program is overseen by the Audit and Risk Management Committee. However, there are risks inherent to the Company's activities that could subject the Company to extensive liability.

An accident either involving a NuCannaCo business asset or personnel could have an adverse effect on the financial position of the Company.

## **(r) Managing Growth**

Growth may place significant strain on the Company, and its managerial, operational and financial resources. No assurance can be given as to the Company's ability to manage future growth.

## **(s) Brand and Reputational Risk**

The reputation and branding of NuCannaCo is an important factor in its success. Anything that diminishes NuCannaCo's reputation or branding may be adverse to NuCannaCo and may diminish the demand for NuCannaCo's products thereby detrimentally affecting NuCannaCo's profitability and prospects for growth.

## **(t) Risks related to an investment in Shares and the Australian Public Offer**

The Company's Existing Shareholders could collectively exert control over NuCannaCo and may not make decisions that are in the best interests of all Shareholders.

Upon the Completion of the Australian Public Offer, the Existing Shareholders are expected to beneficially own approximately 76.4% of the Shares (assuming Full Subscription). In total, there are 74 Existing Shareholders, most of whom are unrelated to each other. However, if these Existing Shareholders were to act together, they would be able to exert a significant degree of influence over the Company's management and affairs and over matters requiring Shareholder approval, including

the election of Directors and approval of significant corporate transactions. Accordingly, there is a risk that the Existing Shareholders may make collective decisions that do not accord with, or are not in the best interests of, other Shareholders and holders of shares.

## **(u) Return on investment will largely depend on an appreciation in the market price of Shares.**

Subscribing for Shares involves various risks. The Shares to be issued pursuant to the Australian Public Offer carry no guarantee with respect to the payment of dividends, return of capital or market value. As the Company does not currently intend to pay dividends to its Shares in the short term (see Section 13.10) an investor's ability to achieve a return on their investment in the Company will depend on an appreciation in the market price of the Shares. There is no guarantee that the Shares will appreciate in value or even maintain the same level as the Offer Price.

Further, an active market in the Shares may not develop or be sustained. In such circumstances, there is a risk that investors may encounter difficulty in selling their Shares. Accordingly, there is a risk that investors may not achieve any return on their investment and could lose some or all of their investment.

## **(v) Exchange rate risks relating to the pricing of the Australian Public Offer and listing on the NSX**

The proceeds of the Australian Public Offer will be received in AUD\$, while the Company's functional currency is USD\$. The Company is not currently planning to hedge against exchange rate fluctuations, and consequently it will be at the risk of any adverse movement in the USD\$-AUD\$ exchange rate between the pricing of the Australian Public Offer and the closing of the Australian Public Offer.

The Shares will be listed on the NSX and priced in AUD\$. However, the Company will report its financial performance for its operations in USD\$. As a consequence, movement in foreign exchange rates may cause the price of the Company's securities to fluctuate for reasons unrelated to the Company's financial condition or performance and may result in a discrepancy between the Company's actual results of operations and investors' expectations of returns on securities expressed in AUD\$.



# 11 Risk Factors

## 11.3 General Risks

### (a) Share market

Share market conditions may affect listed shares regardless of a Company's operating performance. Share market conditions are affected by many factors such as:

- domestic and international economic conditions and general economic outlook;
- changes in Australian and international stock markets;
- interest rates and inflation rates;
- currency fluctuations;
- perception of investors towards particular market sectors;
- taxation, government and monetary policies;
- the demand for and supply of capital; and
- war, terrorism or other hostilities.

### (b) Economic Factors

Factors such as inflation, general economic conditions, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, product supplies, commodity prices and stock market prices. The Company's future profitability and the market price of its Shares can be affected by these factors, which may be beyond the control of the Company.

### (c) Accounting Standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the control of NuCannaCo. Changes to the accounting standards issued by AASB could adversely affect the financial performance and position reported in NuCannaCo's financial statements.

### (d) Government Policy

The introduction of new legislation or amendments to existing legislation and regulations by governments, and the decisions of courts and tribunals and the rulings and decisions of regulatory authorities, can impact adversely on the assets, operation and, ultimately, the financial performance of a company and its securities. Any adverse changes in political and regulatory conditions or financial reporting could markedly affect a company's prospects. Political changes such as changes in both monetary and fiscal policies, import regulations and tariffs, taxation, methods of taxation and currency exchange could affect the profitability of a company and adversely affect the return to shareholders.



# 12 Key People, Interests, and Benefits

## 12.1 Board of Directors

### (a) Experience and Background

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.



**David John Lindh**  
*LLB (University of Adelaide), OAM  
Chairman*

Mr. Lindh is a consultant in corporate and commercial matters with over 30 years of experience both as a lawyer and a company director. Mr. Lindh was founding Chairman of ASX listed Ellex Medical Lasers Ltd and Centrex Metals Limited as well as a non-executive director of ASX listed Enterprise Energy Ltd and Bass Strait Oil & Gas Ltd. Mr. Lindh is a consultant with Adelaide Law Firm, Minter Ellison and has served as a director for many publicly listed companies over his extensive career. He has significant experience with initial public offerings.

Mr. Lindh received the Order of Australia for services to business and equestrian sport and is an Australian citizen aged 71 years.



**Kenneth David Goughnour**  
*Managing Director*

Mr. Goughnour, who is generally referred to in this Prospectus as “David” Goughnour, brings 40 years of diversified business and management expertise to the Company. Beginning as a strategic consultant advising Companies, Mr. Goughnour moved from mid-level and senior level management of various companies, to participation as a principal. He has formed and managed oil and gas companies in the US and Australia and served as Executive Director of an Australian company. His various responsibilities include company organisation, asset purchase and sale, integration and management. Mr Goughnour’s study of the nutritional benefits of botanicals, cannabis and hemp resulted in the development of the NuOxylation “cold process” technology to be used for the production of NuCannaCo’s CBD product NuOxylate, to be produced from hemp,

Mr. Goughnour is a US citizen and is aged 63 years.



# 12 Key People, Interests, and Benefits



**James Robert Renfro**

*B.S. – Chemical Engineering (University of Kentucky)  
MBA – Finance Specialization (University of Chicago)  
Executive Director*

Mr. Renfro has 35 years of diversified business and management expertise in Investment Banking as well as the Chemical and Oil & Gas industries. During the past 20 years, Mr. Renfro has founded several private oil and gas companies including Renfro Energy, LLC and Petroleum Capitol, LC. In addition, he was Chief Executive Officer of several “small cap” public oil and gas companies including OMNI Oil & Gas Inc., and Fox Petroleum Inc. Prior to these executive positions, Mr. Renfro was Vice President at EnCap Investments, an energy institutional investment group located in Houston and Dallas; a member of a five person think tank within the Corporate Planning Department at Shell Oil in Houston and a Corporate Finance Investment banker with Dean Witter Reynolds, Inc. in New York City. Prior to Mr. Renfro obtaining his MBA (Finance) from the University of Chicago’s Booth School of Business in 1989, Mr. Renfro was a petroleum engineer with Exxon Company USA in Houston, and held the position of Plant Supervisor and Research and Development Engineer for Dow Corning Corporation in Kentucky. Mr. Renfro earned his Bachelor of Science Degree in Chemical Engineering in 1980 from the University of Kentucky.

Mr. Renfro is a US citizen and is aged 57 years.



**Robert Kernal Hughes Sr.**

*Bachelor of Arts (Texas Christian University)  
Non-Executive Director*

Mr. Hughes brings significant business, management, oversight and innovative expertise to the Company through his 50 year diversified career in oil & gas, banking, and manufacturing as well as being an inventor holding many US Patents. Mr. Hughes’ primary career has been in the oil & gas industry through companies he founded or was otherwise involved in with activity focused in North Dakota, Colorado, Kansas, Oklahoma, Texas, Louisiana and Florida. In addition, he is the founder and owner of Flexistake, Inc. which manufactures airport and highway traffic control devices. He is a graduate of Texas Christian University in Fort Worth, Texas with a Bachelor of Arts degree. Mr. Hughes is a founding member of the First Independence Bank of Fort Myers, Florida and served on the Board.

Mr. Hughes is a citizen of the US and is aged 78 years.



# 12 Key People, Interests, and Benefits



**David Wayne Frankens**

*Non-Executive Director*

Mr. Frankens is a lifelong resident of East Texas where he started his business career as a custom home builder and expanded into mortgage lending & Farm and Ranch Management. Mr. Frankens is also a developer of wind energy in the Southwestern US and brings a high level of experience in negotiations, deal structures, and worldwide business contacts that will benefit and complement the Company.

Mr. Frankens is a US Citizen and is aged 46 years.



**Simon Jeremy Newton Gray**

*Bachelor of Economics - Accounting Major  
(University of Adelaide)*

*Member of the Institute of Chartered Accountants  
Non-Executive Director*

Mr. Gray is a business consultant with over 30 years' experience as a Chartered Accountant with a major Chartered Accounting Firm in Australia and overseas. His experience includes public company accounting and reporting and he has been involved in a significant number of initial public offerings. He has a particular interest in start-up companies and the compliance and governance challenges within that area. He has had a wide industry exposure including mining and agriculture with a particular focus on medical and high tech products.

Mr. Gray is an Australian citizen and is aged 58 years.

## (b) Directors Disclosure

The Directors have each confirmed to the Company that they anticipate being able to perform their duties as a Non-Executive Director or an Executive Director as the case may be without undue constraint from other commitments.



# 12 Key People, Interests, and Benefits

## 12.2 Scientific Advisory Board

NuCannaCo has formed a Scientific Advisory Board to assist the Board of Directors and management team of the Company in identifying and implementing suitable research and development projects, and in particular, to enhance the prospects for the NuOxylation process with a view to developing additional products. The Scientific Advisory Board comprises the following individuals who are well qualified to undertake the roles envisaged:



### Dr. Harbans Lal

*BS – Pharmaceutical Sciences (Punjab University);  
Master’s Degree– (University of Kansas);  
Ph.D. – Pharmacology (University of Chicago);  
Emeritus Professor and Chairman, Department of  
Pharmacology and Neuroscience, the University of  
North Texas Health Science Center at Fort Worth  
Texas, and Emeritus Professor of Religious Studies,  
Guru Nanak Dev University at Amritsar.*

Dr. Bhai Harbans Lal is known, and admired by scientists, interfaith organizations, and his Sikh community around the world. As an academician, Dr. Lal retired as Professor and Chairman, Department of Pharmacology and Neuroscience, University of North Texas Health Science Center, Dallas, USA. In academic circles, he is known for his research in the areas of Behavioral Medicine, Substance Abuse, and on Prolongation of Healthy Life Span through Nutritional Interventions.

Dr. Lal wrote the first book on neuro-protection, a term he popularised to refer to modes and mechanisms employed for the prevention of acute or chronic nerve cell injury. Damage to nerve cells is the basis of several disabling diseases such as, stroke related disabilities, Alzheimer’s dementia, senile dementias, multiple sclerosis, Parkinson’s disease, amyotrophic lateral sclerosis, and many chronic mental disorders, particularly schizophrenia.

He has served on many US and international science advisory boards, including study sections of National Institutes of Health, National Science Foundation, and the US Food & Drug Administration. During his academic career, Dr. Lal trained 55 doctoral and pre-doctoral trainees, published over 400 research papers and 289 research presentations, 26 books, several research reviews and 56 chapters in technical books.

The University of North Texas Health Science Center established a pre-doctoral fellowship award in his name. The Society of Neuroscience recognized him at the International Symposium held in his honor in 1999. The Scientists of Indian Origin acknowledged his leadership by electing him their President and recognized his academic accomplishments with the Award of Outstanding Senior Neuroscientist.



# 12 Key People, Interests, and Benefits

Dr. Lal holds many distinguished positions in Sikh institutions and organizations. He represented the Sikh perspective at the Parliament of the World's Religions, the United Nations' Summit of the World Religious Leaders, and National Network of Interfaith Organizations. The Islamic Association of North Texas recognized him as Distinguished Friend of Faiths, and the Inter-religious & International Federation for World Peace recognized him as Ambassador of Peace. Dr. Lal continues to serve on a number of religious and humanitarian organizations.



## **Dr. Angela Scibelli Clute**

*B.A. Neuroscience (Scripps College); Ph.D. Behavioral Neuroscience (Oregon Health & Sciences University)*

Dr. Clute's experience centers on the neurobiology of drug and alcohol addiction and addiction-related behaviors. She has over 14 years of practice in research design and data collection and analysis. Her research focus has been on the molecular and genetic substrates that underlie drug and alcohol addiction, both in acute models and chronic administration models that reveal neuroadaptations of these substrates over time. Targeted neurochemical systems have included the acetylcholine, glutamate, dopamine and related cell signaling molecules, and the adenosine 2A systems. Dr. Clute also has experience in neurodegenerative disease models (Parkinson's disease).

Dr. Clute received a B.A. in Cellular and Molecular Neuroscience from Scripps College (Claremont, CA). Following college, she worked as a research technician at MassGeneral Institute for Neurodegenerative Disease and Harvard Medical School in Boston, MA. She received her Ph.D. in Behavioral Neuroscience from Oregon Health & Science University (Portland, OR). She has co-authored 7 papers and 1 book chapter.

Dr. Clute is currently a member of the Executive Faculty at Large in the Department of Economics at Colorado College where she has taught for the last four years. She has been active in the American Psychological Association; Society for Neuroscience; International Behavioral and Neural Genetics Society; Research Society on Alcoholism; and American Association for the Advancement of Science.



# 12 Key People, Interests, and Benefits



**Dr. Pieter J. DeWet**  
*M.D., M.D.(H), FAAFP, ABIHM*

Holistic Medicine, Integrative Medicine, Homeopathy, Family Practice, Chronic Disease Management. Dr. DeWet is the owner and medical director of Quantum Healing Institute in Tyler, Texas. Dr. DeWet graduated medical school in 1985 and has been a family physician since 1991 when he was residency trained in family medicine through the American Board of Family Medicine. He has been a fellow of the American Academy of Family Practice since 1994 and completed a fellowship in Faculty Development in 1994. He has been a Diplomat of the American Board of Holistic and Integrative Medicine since the year 2000. In 2007 he also received his Arizona Homeopathic and Integrative medicine licence.

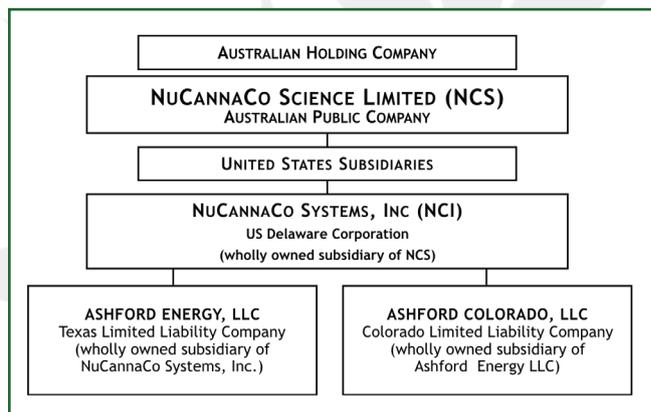
Dr. DeWet completed his residency in family medicine at the University of Texas Health Center at Tyler in 1991. He pursued a career in academic medicine at UT Health Center starting immediately after his residency until he left UT Health Center in 1997 to go into private practice. Dr. DeWet was associate professor of family medicine and associate program director of the family practice residency program. He was also the founder and director of the Center for Nutrition Preventive Medicine there from 1995-1997.

Dr. DeWet has spent his entire career in medicine to search for the most effective, least harmful and the most cost effective methods to treat patients with complex health challenges, and currently treats patients from all around the country and worldwide. Dr. DeWet approaches all patients holistically, which means he focuses on body, mind and soul and routinely addresses and assists in the treatment of patient's physical, emotional, social, mental, environmental and spiritual issues as it relates to their overall health situation.

### 12.3 Corporate Organisation

The following Figure 12.3 illustrates the corporate organisation of the NuCannaCo Group.

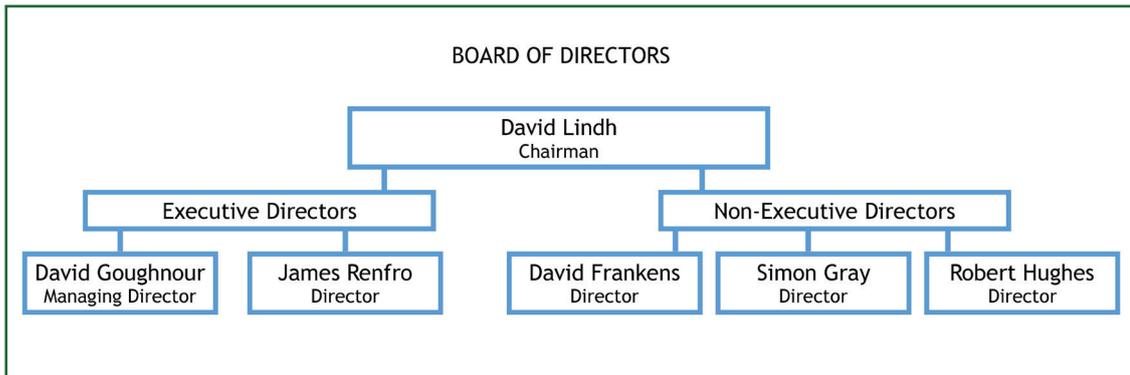
Figure 12.3  
Corporate Organisation





# 12 Key People, Interests, and Benefits

Table 12.4a



## 12.4 Management Structure

(a) Members of the NuCannaCo Board of Directors are shown on Table 12.4a including the listing of their affiliation as Executive or Non-Executive Director.

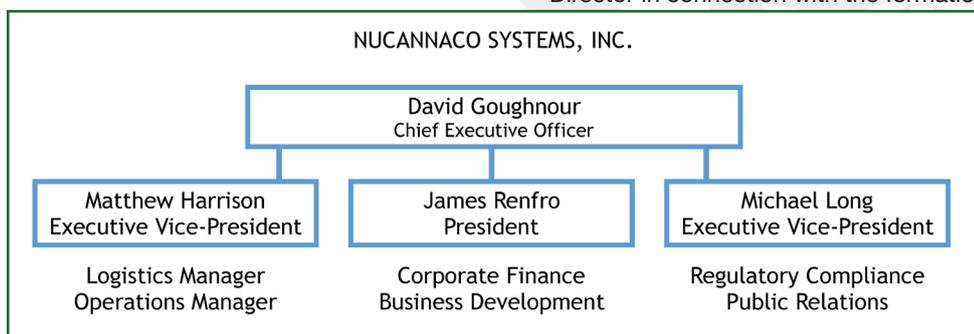
(b) Table 12.4b shows the management team associated with the US operating entity, NCI, and their respective positions within NCI.

(i) As Managing Director of NuCannaCo Science Limited and CEO of NCI, David Goughnour will work closely with and make recommendations to the Board of Directors in order to implement the Board's strategy to maximise shareholder value. Acquisitions and developing new products and markets will be a key responsibility. He will be the primary contact with shareholders. He will also provide oversight and guidance to Company senior management and employees in order to achieve the Company's goals and objectives.

(ii) Mr. Renfro will be responsible for all financial information of the Company as well as sourcing, reviewing, and performing due diligence on strategic and synergistic business opportunities. Specifically, he will implement the Company's accounting and financial reporting systems, optimize the Company's capital structure, and identify and evaluate new businesses and acquisition opportunities.

(iii) Mr. Harrison will be responsible for maintaining the Company's relationship with vendors, primarily in the capacity of a logistics and operations manager.

Table 12.4b



(iv) Mr. Long will be responsible for regulatory compliance with Australian and US local, state and federal agencies as well as manage the Company's public relations.

### Interests and Benefits

#### (a) Interests of Directors and proposed Directors

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Australian Public Offer.

Other than as set out below or elsewhere in this Prospectus:

(i) no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (A) the formation or promotion of the Company; or
- (B) any property acquired or proposed to be acquired by the Company in connection with its formation or in connection with the Australian Public Offer; or
- (C) the Australian Public Offer; and

(ii) no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

(A) to a Director or proposed Director to induce him to become, or to qualify as, a Director; or

(B) for services provided by a Director or proposed Director in connection with the formation or



# 12 Key People, Interests, and Benefits

promotion of the Company or in connection with the Australian Public Offer.

## (b) Interests of Experts and Advisors

Except as disclosed in this Prospectus, no expert, stockbroker, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, at any time during the two year period ending on the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Australian Public Offer under this Prospectus; or
- (iii) the Australian Public Offer.

## 12.5 Director's Holdings

Table 12.5 below shows the Shares and Options attributed to the Directors.

## 12.6 Remuneration of Directors

The Constitution provides that the remuneration of all Non-Executive Directors will not be more than the aggregate fixed sum of \$500,000 per annum or such other amount determined by a general meeting of Shareholders.

### (a) Directors

The Board has resolved that for FY16, the Chairman will be paid \$80,000 per annum and Non- Executive Directors will each be paid \$30,000 per annum. For FY16 these amounts will be prorated based on the months remaining following the Company's listing on the NSX.

Directors are entitled to be remunerated by the Company for their services. The remuneration for

Table 12.5 Directors Holdings

Name of Director	Position	Existing Shares	A Class Options	B Class Options
David Lindh	Chairman	1	650,000	650,000
Simon Gray	Non-Exec Director	Nil	350,000	350,000
David Frankens <sup>1,2</sup>	Non-Exec Director	3,045,000	510,000	510,000
David Goughnour <sup>2</sup>	Managing Director	4,759,999	2,380,000	2,380,000
James Renfro <sup>2</sup>	Exec Director	4,080,000	2,040,000	2,040,000
Robert Hughes <sup>2</sup>	Non-Exec Director	2,955,000	510,000	510,000
<b>Total Directors</b>		<b>14,840,000</b>	<b>6,440,000</b>	<b>6,440,000</b>

<sup>1</sup>Excludes 1,096,875 Shares as Trustee of IGWT Trust to be received pursuant to the Exchange Agreement. <sup>2</sup>Directors who are US Persons are prohibited from participating in the Australian Public Offer.

subsequent FYs will be reviewed from time to time by the Board of Directors.

Managing Director David Goughnour is entitled to receive a salary of USD \$225,000 per annum under his service contract with NCI referred to in Section 12.6(b) plus the other employee benefits and incentives more particularly referred to in that Section.

Executive Director James Renfro is entitled to receive a salary of USD\$200,000 per annum under his service contract with NCI referred to in Section 12.6(c), plus the other employee benefits and incentives more particularly referred to in that Section.

Non-Executive Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

### (b) CEO Employment Agreement

NCI and David Goughnour entered into an Employment Agreement on 13 February 2016. The Employment Agreement will have effect from the date NuCannaCo lists on the NSX and expires on 31 December 2018 (Initial Term), and shall automatically renew for successive one year periods of the employment unless terminated by written notice ninety (90) days prior to the end of the Initial Term or extended term ("Employment Period").

Under the CEO Employment Agreement, the Company must pay David Goughnour a base salary of USD\$225,000 per annum (Base Salary) together with such increases in the Base Salary as may be agreed by the Company during the Employment Period.

The remuneration of David Goughnour, under the CEO Employment Agreement represents his total remuneration from the Company and its subsidiaries and will not be supplemented by any fees payable in his capacity as a Director of the Company.

Upon Listing, and in recognition of efforts of the CEO in the organisation, planning, designing,



# 12 Key People, Interests, and Benefits

and Listing of the Company, and for reimbursement of expenses incurred in the course of those undertakings, the CEO is entitled to receive a cash bonus of USD\$150,000 payable in equal monthly instalments over a period of six months from the date of Listing.

In the event of serious misconduct or other specific circumstances that warrant summary dismissal, NCI may terminate the CEO Employment Agreement and David Goughnour's employment immediately without prior notice.

Upon termination of David Goughnour's employment, he will be subject to a restraint of trade and confidentiality obligation for a period equal to the maximum period permitted by law.

## (c) President Employment Agreement

NCI and James Renfro entered into an Employment Agreement on 13 February 2016. The Employment Agreement will have effect from the date NuCannaCo lists on the NSX and expires on 31 December 2018 (Initial Term) and shall automatically renew for successive one (1) year periods of the employment unless terminated by written notice ninety (90) days prior to the end of the Initial Term or extended term ("Employment Period").

Under the President's Employment Agreement, NCI must pay James Renfro a base salary of USD\$200,000 per annum (Base Salary) together with such increases in the Base Salary as may be agreed by NCI during the Employment Period.

The remuneration of James Renfro, under the President Employment Agreement represents his total remuneration from the Company and its subsidiaries will not be supplemented by any fees payable in his capacity as a Director of the Company.

Upon Listing, and in recognition of efforts of the President in the organisation, planning, designing, and Listing of the Company, and for reimbursement of expenses incurred in the course of those undertakings, the President is entitled to receive a cash bonus of USD\$150,000 payable in equal monthly instalments over a period of six months from the date of Listing.

In the event of serious misconduct or other specific circumstances that warrant summary dismissal, NCI may terminate the President Service Agreement and James Renfro's employment immediately without prior notice.

Upon termination of James Renfro's employment, he will be subject to a restraint of trade and

confidentiality obligation for a period equal to the maximum period permitted by law.

## 12.7 Director Protection Deed

The Company has entered into a Director Protection Deed with each Director. Under the Deed, the Company indemnifies the Directors to the maximum extent permitted by law and the Constitution against legal proceedings, damage, loss, liability, cost, charge, expense, outgoing or payment (including legal expenses on a solicitor/client basis) suffered, paid or incurred by the Directors, in connection with their offices or a breach by the Company of its obligations under the Deed.

The Deed also requires the Company to insure the Directors against liability and provide access to all board papers relevant to defending any claim brought against the Directors in their capacity as officers of the Company.

In particular, NuCannaCo must procure and maintain such insurance during each Director's period of office and for a period of 12 years after a Director ceases to hold office.

## 12.8 Related Party Transactions

There are no related party transaction connected with the Company or its proposed listing other than the transactions referred to below:

- 1) The CEO Employment Agreement and President Employment Agreement referred to in Section 12.6 (b) and 12.6 (c) have been entered into with two Directors of the Company. These agreements have been formed on an arm's-length basis and the consideration agreed to is considered to be reasonable remuneration for the services to be provided;
- 2) The Secretary of the Company is Mr. Jonathan Lindh, a son of the Company's Chairman, Mr. David Lindh. Jonathan Lindh is a director and shareholder of JWL Corporate Pty Ltd. JWL Corporate Pty Ltd will provide the services of Jonathan Lindh and will receive the sum of \$50,000 per annum for normal and customary services rendered as Company Secretary. Such services were negotiated by the Board on an arms' length basis and independently of the Chairman's participation and the consideration agreed to is considered to be reasonable remuneration for the services to be provided; and
- 3) David Frankens, a Director of the Company, is a party (in his capacity as trustee of the IGWT Trust) to the Exchange Agreement referred to in Section 15.4.1 and the Supplementary Agreement referred to in Section 15.4.2.



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David Frankens (in his capacity as trustee of the IGWT Trust) is one of the 22 US Investors referred to in the Exchange Agreement who agreed to assign their respective entitlements under the US Private Placement to shares in the Common Stock of NCI (together with the relevant application funds) to NuCannaCo in return for NuCannaCo issuing 4,037,175 Shares to them in the proportions specified in the Exchange Agreement. Under the Exchange Agreement, IGWT Trust is entitled to receive 2,193,750 Shares of which David Frankens has 50% beneficial interest.

David Frankens (in his capacity as trustee of the IGWT Trust) also agreed under the Exchange Agreement to assign his entitlement under the US Private Placement to 1,000,000 Series A Convertible Preferred Stock in NCI in return for NuCannaCo granting him 10,000,000 C Class Options. The amount payable on account of application funds is secured by the Promissory Note referred to in Section 15.4.1.

By the Supplementary Agreement referred to in Section 15.4.2, the Company agreed to cancel the Promissory Note upon completion of the above assignments and the Listing of the Company.

The Exchange Agreement and the Supplementary Agreement were entered into prior to David Frankens being appointed as a director, were entered into by the Company on an arms-length basis, and when implemented will transfer the application funds paid or payable for Common Stock in NCI under the US Private Placement to the Company and substitute the payment obligation in respect of the 1,000,000 Series A Convertible Preferred Stock pursuant to the Promissory Note with an entitlement to 10,000,000 C Class Options (which can be exercised at \$0.25 per share on or before 30 June 2021).

For the purposes of ASIC Regulatory Guide 76.148, member approval for the transactions referred to in this section has not been sought nor is it required as the transactions are exempt under Sections 210 and 211 of the Corporations Act.

The risks associated with these Related Party transactions include the opportunity of a Related Party to influence the decision making of noninterested directors to the detriment of the interests of members of the entity as a whole.

## 12.9 Senior Executive Remuneration

NuCannaCo's other management personnel are employed under individual service agreements. These establish:

- total compensation, inclusive of base salary and superannuation contribution;
- eligibility to participate in NuCannaCo's Employee Share Ownership Plan ("ESOP" (see Section 15.6 for details);
- notice and termination provisions (typically 1 month), or without notice by NuCannaCo in the case of serious misconduct by the employee;
- restraint and confidentiality provisions; and
- leave entitlements.

## 12.10 Corporate Governance Statement

The Board of Directors of NuCannaCo is responsible for the corporate governance of the Company and its controlled entities (the NuCannaCo Group), monitors the operational and financial performance of the NuCannaCo Group, oversees its business strategy and approves its strategic direction.

Pursuant to the NSX Listing Rules for Issuers, the corporate governance disclosure obligations of the listed entity will be met with a "principled" rather than prescriptive approach. To this end, the Issuer will formulate policies on a self reporting basis which are specific to its own circumstances and relevant to its adherence to the principles of good corporate governance.

Accordingly, the Company has adopted and will be guided by the principles as enunciated by the ASX Corporate Governance Council as set out in the Principles of Good Corporate Governance and Best Practice Recommendations (3rd Edition), subject to the exceptions referred to in Section 12.10 (j) of this Prospectus.

The Company has policies and procedures in place for entering into Related Party transactions.

The Board has adopted a Related Party Policy which in part includes a prohibition on an interested Director who has a material personal interest to participate in voting whether at a meeting or in a circular resolution where such interest is involved. Such policy extends to Board committee meetings (if applicable). The Company has adopted a Code of Conduct for its Directors, senior executives, and employees, which introduces a duty to avoid conflicts; (for further information see Section 12.10(c) of this Prospectus).

This corporate governance statement summarizes the corporate governance practices that have been formally reviewed and adopted by the Board with a view to ensuring continued investor confidence in the operations of the Company and endorsing the corporate governance principles relevant to a company of NuCannaCo's nature and size.



# 12 Key People, Interests, and Benefits

## (a) Board Responsibilities

The Board is accountable to the shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Company's affairs, and the implementation of the corporate strategy and policy initiatives, is formally delegated by the Board to the Managing Director, David Goughnour.

The key responsibilities of the Board include:

- approving the strategic direction and related objectives of the Company and monitoring management performance in the achievement of these objectives;
- adopting budgets and monitoring the financial performance of the Company;
- reviewing the performance of the Managing Director;
- overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- overseeing the implementation and management of effective safety and environmental performance systems;
- ensuring all major business risks are identified and effectively managed;
- ensuring that the Company meets its legal and statutory obligations; and
- ensuring compliance with NSX Listing Rules disclosure requirements.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Company's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

Information to be provided by management to the Board includes all material information on the Group's operations, budgets, cash flows, funding requirements, shareholder movements, assets and liabilities, disposals, financial accounts, external audits, internal controls, risk assessments and new venture proposals.

The Company Secretary will have the responsibility of advising the Board and its committees on governance matters and monitoring that board and committee policy and procedures are followed. The Company Secretary must also coordinate the timely compilation and dispatch of board and committee papers, and accurately capture minutes of board and committee meetings, and help to organize and facilitate the induction and professional development of Directors.

## (b) Size and Composition of the Board

The Directors consider the size and composition of the Board are appropriate given the size and status of the Company. However, the composition of the Board will be subject to review in a number of ways:

- the Constitution provides that at every annual general meeting, one third of the Directors shall retire from office but may stand for re-election;
- Board composition will be also reviewed periodically either when a vacancy arises or if it is considered that the Board would benefit from the services of a new Director, given the existing mix of skills and experience of the Board, which should match the strategic demands of the Company;
- Once it has been agreed that a new Director is to be appointed, a search will be undertaken and appropriate checks undertaken sometimes using the services of external consultants. Shareholders will be advised of all material information regarding a Director proposed for election or appointment to the Board. Nominations would then be received and reviewed by the Board; and
- remuneration of the non-executive Directors is reviewed and approved by the Board. The maximum aggregate annual remuneration which may be paid to non-executive Directors is currently \$500,000. This cannot be increased without approval of the Company's shareholders.

All Directors and senior executives will be the subject of a written agreement setting out the terms of their appointment.

## (c) Ethics and Independence

The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Company intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards.

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to enable a full and frank discussion of the matter(s) under consideration by the rest of the Board.

Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Corporate Governance Council Recommendation 2.4 requires a majority of the Board to be independent directors. In addition, Recommendation 2.5 requires the chairperson of the Company to be



# 12 Key People, Interests, and Benefits

independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement.

In accordance with this definition, David Lindh, Simon Gray, and Robert Hughes are considered to be independent. David Goughnour, David Frankens, and James Renfro, are not considered to be independent because of either their employment contracts with NCI or their Shareholdings in the Company or both.

The Company considers industry experience and specific expertise to be important attributes of its Board members and therefore believes that the composition of the Board is appropriate given the size and development of the Company at the present time.

The Company has in place a Code of Conduct for its Directors, senior executives and employees, which is disclosed on the Company's website.

## **(d) Board Committees**

It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

Each committee has a charter approved by the Board and each committee will maintain minutes of each meeting of the committee, which will be circulated to all Directors.

The Board will have established an Audit and Risk Committee. At the present time no other committees have been established because of the size of the Company and the involvement of the Board in the operations of the Company. The Board takes ultimate responsibility for the operations of the Company including remuneration of Directors and executives and nominations to the Board.

## **(e) Audit and Risk Committee**

The committee comprises Simon Gray (Chairman), David Lindh, and Robert Hughes. These committee members are all non-executive directors and are considered to be independent. The primary responsibilities of the committee are to:

- assess whether the Company's external reporting is legally compliant, consistent with committee members' information and knowledge and suitable for Shareholder needs;
- assess the management processes supporting external reporting;
- liaise with the external auditors and ensure that the audit review is conducted in an effective manner;

- make recommendations for the appointment or removal of auditors;
- on an annual basis, assess the performance and independence of the external auditors;
- monitor the coordination of the internal and external audits in so far as they relate to the responsibilities of the committee;
- recommend to the Board and then promulgate clear standards of ethical behaviour required of Directors and key executives and encourage observance of those standards;
- recommend to the Board and then promulgate and maintain a sound system of risk oversight and management and internal control which:
  - identifies, assesses, manages and monitors risk; and
  - informs investors of material changes to the Company's risk profile; and
  - recommend to the Board and then promulgate and maintain a system to ensure compliance with all environmental and occupational health and safety regulations and legislation.

The charter of the Audit and Risk Committee is disclosed on the Company's website.

## **(f) Continuous Disclosure**

The Company has a policy that all shareholders and investors have equal access to the Company's information. The Board has the responsibility to ensure that all price sensitive information is disclosed to the NSX in accordance with the continuous disclosure requirements of the Corporations Act and NSX Listing Rules. The Company's written policy for disclosure is shown on its website.

## **(g) Shareholder Communication**

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information will be communicated to Shareholders through:

- Annual and half-yearly financial reports and quarterly reports;
- Annual and other general meetings convened for Shareholder review and approval of Board proposals;
- Continuous disclosure of material changes to NSX for open access to the public; and
- The Company's website, where all media releases are published.



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The policies and processes which the Company has in place to facilitate and encourage participation at meetings of shareholders are disclosed on the Company's website.

The auditor is invited to attend the annual general meeting of shareholders. The Chairman will permit shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

## **(h) Identification and Management of Business Risk**

The identification, monitoring and, where appropriate, the reduction of significant risk to the Company will be the responsibility of the Board and the Audit and Risk Committee.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.

The potential exposures with running the Company will be managed by the appointment of senior staff that have significant broad-ranging industry experience, work together as a team and regularly share information on current activities.

Additionally, it is the responsibility of the Audit and Risk Committee to assess the adequacy of the Company's internal control systems and that its financial affairs comply with applicable laws and regulations and professional practices. The Managing Director declares in writing to the Board that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. This representation is made prior to the directors' approval of the release of the annual accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

## **(i) Securities Trading Disclosure**

The Company has adopted a formal policy for dealing in the Company's securities by Directors, senior management and other employees ("Designated Persons") with effect from the listing of the Company on the NSX. This sets out their obligations regarding disclosure of dealing in the Company's securities.

The Constitution permits Directors to acquire securities in the Company, however Company policy prohibits Designated Persons from dealing in the Company's securities at any time whilst in possession of price sensitive information. In addition to this general prohibition, Designated Persons may only deal in the Company's securities:

- for a period of up to 4 weeks after the release of the Company's half yearly results announcement to the NSX;
- for a period of up to 4 weeks after the release of the Company's annual results announcement to the NSX;
- for a period of up to 4 weeks after the Company's annual general meeting; and
- at such other times as the Board of Directors of the Company determines from time to time.

Dealing in the Company's Securities by Designated Persons outside the above trading window(s) is prohibited.

In addition, Designated Persons proposing to deal in the Company's securities must notify the Company of their intention and receive confirmation from the Company to allow them to deal in the Company's securities.

In accordance with the provisions of the Corporations Act and the Listing Rules, the Company will advise NSX of any transaction conducted by Directors in the securities of the Company.

## **(j) Departures from ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations"**

The corporate governance practices of the Company are compliant with the ASX Corporate Governance Council's best practice recommendations with the exception of the current departures in relation to the following:

- the Company considers that the ratio of independent Directors to non-independent Directors is appropriate given the nature of the Company; and
- the establishment of a Nomination and Remuneration Committee is not warranted given the size of the Company and the relatively small management/employee team.



# 13 Details of the Australian Public Offer

## 13.1 Australian Public Offer

The Company is offering 10,000,000 Shares at a price of \$0.20 each, to raise \$2,000,000 (assuming Full Subscription) with provision to accept oversubscriptions of up to a further 5,000,000 Shares at \$0.20 each to raise an additional \$1,000,000.

The Shares to be issued under the Australian Public Offer will represent Shares of the same class and ranking equally in all respects with the Existing Shares in the Company. The rights and liabilities attaching to Shares are further described in Section 15.3 of this Prospectus.

Persons wishing to apply for Shares pursuant to the Australian Public Offer should refer to Section 13.11 of this Prospectus 'How to Apply for Shares' under the Australian Public Offer' for further instructions.

Existing Shareholders (other than US Persons) may participate in the Australian Public Offer. All Shares offered for issue under the Australian Public Offer will be issued subject to the disclosures in this Prospectus.

## 13.2 Minimum Subscription

The Minimum Subscription for the Australian Public Offer to proceed is 2,500,000 Shares at a price of \$0.20 each to raise \$500,000. No Shares will be allotted or issued until the Minimum Subscription has been received. If the Minimum Subscription is not obtained within 4 months after the date of this Prospectus the Company will repay all Subscription Amounts in full without interest or issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Applications and be repaid their Subscription Amounts.

## 13.3 No Underwriting

The Australian Public Offer is not underwritten.

## 13.4 Purposes of the Australian Public Offer

The Company's principal purposes in making the Australian Public Offer and seeking admission to the Official List of NSX are to provide:

- a liquid market for its Shares and an opportunity for others to invest in NuCannaCo;
- funds for the acquisition and manufacture of inventory for Erika Gavina products;
- funds for the fit out of the Laboratory;
- funds for building and implementation of the eCommerce, social media and marketing websites;
- funds for purchase of inventory for resale; and
- funds for operating costs and to strengthen the financial position of the Company;

- funds to enhance the capability for acquisitions and establish additional Laboratories; and
- a raised profile.

The Company intends to apply the funds raised from the Australian Public Offer as set out in Table 13.5 and discussed in Section 13.5 Proposed Use of Funds of this Prospectus.

## 13.5 Proposed Use of Funds

Upon the successful Completion of the Australian Public Offer, the Company anticipates raising approximately \$1,411,420 after expenses and assuming Full Subscription. It is intended that the Funds raised from the Australian Public Offer will be used as set out in Table 13.5

- a) Following the US Private Placement and Completion of the Australian Public Offer, the Company is expected to have a total pro forma cash balance of \$1,863,858 as at 30 June 2016 (having applied the pro forma adjustments described in Section 14 and assuming Full Subscription).
- b) Although the proceeds of the Australian Public Offer and US Private Placement are primarily to be used as summarised in Table 13.5, the actual allocation of funds may change depending upon opportunities for suitable acquisitions, and changes to working capital requirements.



# 13 Details of the Australian Public Offer

Table 13.5 Source and Use of Funds

Source of Funds	AUD\$ Minimum Subscription	AUD\$ Full Subscription	AUD\$ Full + Over Subscription
Australian Public Offer	\$500,000	\$2,000,000	\$3,000,000
US Private Placement (ASD)	\$807,435	\$807,435	\$807,435
Total	\$1,307,435	\$2,807,435	\$3,807,435

Use of Proceeds	Minimum Subscription	% of Min Subscription	Full Subscription	% of Full Subscription	Full + Over Subscription	% of Full + Over Subscription
Erika Gavina Website	\$15,000	1.1%	\$15,000	0.5%	\$15,000	0.4%
eCommerce Website	\$15,000	1.1%	\$15,000	0.5%	\$15,000	0.4%
Marketing NuCannaCo	\$25,000	1.9%	\$25,000	0.9%	\$15,000	0.7%
Acquisition of Spa Essentials	\$135,000	10.3%	\$135,000	4.8%	\$135,000	3.5%
Inventory of Erika Gavina Products	\$40,500	3.1%	\$40,500	1.4%	\$81,000	2.1%
Laboratory Equipment Purchase	\$0	0.0%	\$540,000	19.2%	\$540,000	14.2%
Inventory CBD Products	\$135,000	10.3%	\$202,500	7.2%	\$202,500	5.3%
SG&A Expenses	\$337,500	25.8%	\$337,500	12.0%	\$337,500	8.9%
Cost of Australian Public Offer	\$482,243	36.9%	\$588,580	21.0%	\$659,405	17.3%
Working Capital	\$122,092	9.3%	\$908,355	32.4%	\$1,797,030	47.2%
Total	\$1,307,435	100.0%	\$2,807,435	100.0%	\$3,807,435	100.0%

## 13.6 Working Capital Adequacy

The Directors are satisfied that on Completion of the Australian Public Offer, the Company will have sufficient funds to carry out its stated objectives.

## 13.7 Capital Structure

The Company's capital structure before and after completion of the Australian Public Offer is set out below in Table 13.7a Capital Structure - Shares.

Options currently on issue in the Company are set out in Table 13.7b Options on Issue.

Both tables assume that no Existing Options have been exercised after the date of this Prospectus.

Table 13.7c Effect of Dilution details the capital structure at the time of the completion of the Australian Public Offer if all Options currently issued were exercised.



# 13 Details of the Australian Public Offer

(a) Table 13.7a - Capital Structure - Shares

	At Minimum Subscription	% of Total	At Full Subscription	% of Total	At Full Subscription & Oversubscription	% of Total
Existing Shares	45,500,000	87.4%	45,500,000	76.4%	45,500,000	70.5%
Shares to be issued in respect of the US Private Placement <sup>1</sup>	4,037,175	7.8%	4,037,175	6.8%	4,037,175	6.3%
Shares to be issued under the Australian Public Offer <sup>2</sup>	2,500,000	4.8%	10,000,000	16.8%	15,000,000	23.2%
TOTAL Shares after the US Private Placement and Australian Public Offer	52,037,175	100.0%	59,537,175	100.0%	64,537,175	100.0%
Market Capitalisation at Listing	\$10,407,435		\$11,907,435		\$12,907,435	

<sup>1</sup> Does not include Shares which the Existing Shareholders may subscribe for under the Australian Public Offer.

<sup>2</sup> Funds from the US Private Placement are conditional on the success of the Listing.

(b) Table 13.7b - Options On Issue

As of the date of this Prospectus the Company has on issue or has agreed to issue the following Options:

Options	Number in Issue	Commencement Date	Expiry Date	Exercise Price
A Class	8,480,000	1 July 2016	30 June 2021	\$0.40
B Class	8,480,000	1 July 2016	30 June 2021	\$0.60
C Class <sup>1</sup>	10,000,000	Date of Listing	30 June 2021	\$0.25
Total Number in Issue	26,960,000			

<sup>1</sup> The 10,000,000 C Class Options are to be issued under the Exchange Agreement subject to Listing. This is expected to occur approximately seven days after Listing.

(c) Table 13.7c - Effect of Dilution

The following table shows the effect on the capital structure of the Company if all Options currently issued by the Company are exercised.

	Minimum Subscription	% of TOTAL	Full Subscription	% of TOTAL	Full Subscription & Oversubscription	% of Total
Existing Shares	45,500,000	57.6%	45,500,000	52.6%	45,500,000	49.7%
Shares to be issued in respect of the US Private Placement pursuant to the Exchange Agreement <sup>1</sup>	4,037,175	5.1%	4,037,175	4.7%	4,037,175	4.4%
Shares to be issued under the Australian Public Offer	2,500,000	3.2%	10,000,000	11.6%	15,000,000	16.4%
Shares to be issued on exercise of outstanding Options	26,960,000	34.1%	26,960,000	31.2%	26,960,000	29.5%
TOTAL Shares issued on a Fully Diluted Basis	78,997,175	100.0%	86,497,175	100.0%	91,497,175	100.0%



# 13 Details of the Australian Public Offer

## 13.8 Summary of Shares

### a) What type of security is being offered under the Australian Public Offer?

The securities being offered under the Australian Public Offer ordinary fully paid shares in the Company.

### b) What are the rights attaching to Shares?

A summary of the rights attaching to Shares is set out in Section 15.3.

### c) What consideration is payable for each Share?

\$0.20 per Share.

### d) What is the Australian Public Offer Period?

The key dates for the Australian Public Offer are set out in Section 3.

This Prospectus is dated 23 November 2016. The Corporations Act prohibits the Company from processing Applications in the 7 day period after the lodgement of this Prospectus with ASIC. This period may be extended by ASIC for a further period of up to seven days.

It is expected that the Australian Public Offer will open on 7 December 2016 and close on 22 December 2016. No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### e) Are there any minimum or maximum amounts for which I may subscribe?

Yes. If you apply for Shares under the Australian Public Offer, you must apply for a minimum of 10,000 Shares for a total Subscription Amount of \$2,000. You can apply for additional Shares in multiples of 1,000 Shares for an additional \$200 for each multiple. There is no maximum amount that may be applied for under the Australian Public Offer. Depending on how many investors apply, you may not be issued all or any of the Shares you apply for.

### f) What is the allocation policy?

The Company, in consultation with the Lead Manager, has the discretion regarding allocation of Shares under the Australian Public Offer.

### g) Will the Shares be listed?

The Company will apply, within 7 days after the date of this Prospectus, to be admitted to the Official List of NSX and for the Shares to be granted official quotation on the NSX under the ticker "NCS".

### h) Is the Australian Public Offer underwritten?

No.

### i) Are there any voluntary escrow arrangements?

No.

### j) Have any NSX waivers been obtained or relied upon?

No. However, the Company has applied for a waiver of NSX Listing Rule 2.2 (see Section 15.16).

### k) Are there any significant tax implications?

Refer to The Taxation Report in Section 15.8.

## 13.9 Investment Risks

As with any share investment, there are a number of risks associated with investing in the Company. The principal risks that could affect the Company are detailed in Section 11 of this Prospectus. Applicants are advised to consider these risks carefully before deciding whether to invest in the Company and to seek appropriate professional advice.

## 13.10 Dividend Policy

The Company does not anticipate paying dividends in respect of its Shares in the short term. The Directors can give no assurances as to the likelihood, extent, timing or payment of any dividends in the future. The Company's capacity to pay a dividend will be dependent upon a number of factors.

## 13.11 How to Apply for Shares under the Australian Public Offer

If you are an eligible investor, you may apply for shares by completing a valid Application Form (attached to or accompanying this Prospectus).

To the extent permitted by law, an application under the Australian Public Offer is irrevocable.

## 13.12 Payment for Shares and Lodgement of Application Forms

### Cheque

Application Forms must be accompanied by a cheque for the Subscription Amount, being \$0.20 per Share. Cheques must be made payable to 'NuCannaCo Science Limited' and should be crossed 'Not Negotiable'. All Subscription Amounts will be paid into a trust account.



# 13 Details of the Australian Public Offer

Completed Application Forms and cheques must be received by the Share Registrar before 5.00 pm ACST on the Closing Date at the following address:

Computershare Investor Services Pty Ltd  
GPO Box 1326  
Adelaide, SA 5001

## 13.13 Acceptance of Application Forms

Application Forms and accompanying cheques need not be accepted by the Share Registrar at any other address. Payments by cheque will be deemed to be made by an Applicant when the cheque is honoured by the bank on which it is drawn.

The Closing Date for the Australian Public Offer is 22 December 2016. The Company reserves the right to extend the Closing Date or close the Australian Public Offer early, in each case without notice and without liability to any person. Applicants are therefore urged to lodge their relevant Application Forms as soon as possible.

Acceptance of an Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares for which the relevant Application Form is accepted. The Application Form does not need to be signed to be valid.

If the Application Form is not completed correctly, if the wrong Application Form is completed, or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Directors' decision as to whether to treat that Application as valid and how to construe, amend or complete the Application Form, is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Subscription Amount. To the extent permitted by law, an Application Form will be treated as irrevocable when submitted to the Company pursuant to the Australian Public Offer.

## 13.14 Allocation and Allotment of Shares

The Company, in consultation with the Lead Manager, reserves the right to reject any Application or to allot a lesser number of Shares than that applied for. If the number of Shares allocated is less than that applied for, the surplus Subscription Amount will be promptly refunded without interest.

Final allocations will remain subject to the absolute discretion of the Company in consultation with the Lead Manager.

The allotment of Shares will occur as soon as practicable after the Australian Public Offer has closed.

Statements of holdings of Shares will be despatched as required by the NSX. It is the responsibility of Applicants to verify their allocation prior to trading the Shares. Applicants who sell Shares before they receive their statement of shareholding will do so at their own risk.

Except where Section 724 of the Corporations Act (relating to defective prospectuses) applies, an Application to the fullest extent permitted by law is an irrevocable offer which cannot be withdrawn.

## 13.15 Subscription Amounts

You should ensure that sufficient funds are held in your relevant account(s) to cover your payment of the Subscription Amount.

If the amount of your payment is insufficient to pay for the number of Shares you have applied for in your Application Form in full, you may be taken to have applied for such lower number of Shares as your cleared Subscription Amounts will pay for (and you will be taken to have specified that number of Shares and lower amount on your Application Form). Alternatively, your Application may be rejected.

The Subscription Amounts for Shares to be issued pursuant to the Australian Public Offer will be held in a separate bank account(s) on behalf of the Applicants until the Shares are issued. Any interest earned on Subscription Amounts pending allocation or payment of any refund will be an asset of the Company.

Where the number of Shares issued to an Applicant is less than the number of Shares applied for, the surplus Subscription Amounts will be returned to the Applicant as soon as practicable after the close of the Australian Public Offer.

## 13.16 NSX Listing and quotation of Shares

The Company will apply to the NSX no later than seven days after the date of this Prospectus for the Company to be admitted to the Official List and for the NSX to grant Official Quotation to:

- the Shares to be issued under this Prospectus pursuant to the Australian Public Offer;
- the Shares representing the Existing Shares; and
- the Shares to be issued to the US Investors under the US Private Placement as referred to in the Exchange Agreement



# 13 Details of the Australian Public Offer

other than those that are determined by the NSX as restricted securities in accordance with NSX Listing Rules.

If NSX approval is not granted within three months of the date of this Prospectus, the Australian Public Offer will be cancelled, none of the Shares will be issued, and all Subscription Amounts will be refunded in full without interest.

Neither the NSX nor ASIC take responsibility for the content of this Prospectus. The fact that the NSX may admit the Company to the Official List and grant official quotation to Shares is not to be taken in any way as an indication by the NSX as to the merits of the Company or the Shares Quotation, if granted, will commence as soon as practicable after the issue of holding statements to successful Applicants.

## 13.17 Restricted Securities

If NSX classifies any of the Shares as being subject to the restricted securities provisions of the NSX Listing Rules, those Shares will be required to be held in escrow for a period determined by the NSX.

As soon as practicable after the Allotment Date, holding statements will be sent to successful Applicants by standard post. The Company expects to despatch holding statements on 10 January 2017. Shares are expected to commence trading on the NSX on a normal settlement basis or about 13 January 2017. It is your responsibility to confirm the number of Shares allotted to you prior to trading in the Shares. If you sell the Shares before receiving a holding statement, you do so at your own risk. The Company, the Lead Manager and the Registry disclaim all liability if you sell Shares before receiving your holding statement.

## 13.18 CHESS

NSX has established a transfer service agreement between NSX and ASX CHESS (Clearing House Electronic Subregister System). This agreement recognises the NSX as an Australian market operator pursuant to the ASX Settlement and Operating Rules and allows NSX to be a recipient of the transfer service provided by ASX.

The Company will apply to the NSX to participate in CHESS. On admission to CHESS, the Company will operate an electronic issuer sponsored subregister and an electronic CHESS subregister. The two subregisters together will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders in respect of Shares. Instead, the Company will provide Shareholders with a holding statement that sets out the number of Shares issued to that Shareholder under this

Prospectus and their total holding of Shares in the Company.

This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESS Sub-register or Security Holder Reference (SRN) in the case of a holding on the issuer sponsored subregister.

## 13.19 Overseas Shareholders

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit a public offering of Shares in any jurisdiction outside Australia. It is the responsibility of investors resident outside Australia to obtain all necessary approvals for the issue to them of Shares offered pursuant to this Prospectus. Details regarding foreign selling restrictions are set out in Section 1.

## 13.20 Withdrawal

NuCannaCo reserves the right not to proceed with the Australian Public Offer at any time. If the Australian Public Offer does not proceed, all Subscription Amounts will be refunded. No interest will be paid on any Subscription Amounts refunded or as a result of the withdrawal of the Australian Public Offer.

## 13.21 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Questions relating to the completion of the relevant Application Form can be directed to the Share Registrar:

Computershare Investor Services Pty Ltd  
Level 5  
115 Grenfell Street  
Adelaide, SA 5000  
+61 3 9415 4376 (outside Australia)  
1 300 383 308 (within Australia)

Questions may also be directed to the offices of the Lead Manager, as outlined below:

Sequoia Corporate Finance Pty Ltd  
Level 4  
Anzac House  
4 Collins St.  
Melbourne, VIC 3000  
+61 3 8548 3333



# 14 Independent Limited Assurance Report



The Directors  
NuCannaCo Science Limited  
C/- Level 10  
25 Grenfell Street  
ADELAIDE SA 5000

22 November 2016

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.granthornton.com.au](http://www.granthornton.com.au)

Dear Directors,

## **INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL AND PRO FORMA FINANCIAL INFORMATION**

### **Introduction**

We have been engaged by NuCannaCo Science Limited (“NuCannaCo”, or the “Company”) to report on the historical and pro forma financial information of the Company for inclusion in the prospectus (the “Prospectus”) to be dated on or about 22 November 2016, and to be issued by NuCannaCo in respect of the Offer.

Expressions defined in the Prospectus have the same meaning in this report, unless otherwise specified.

### **Scope**

You have requested Grant Thornton Audit Pty Ltd to review the following Historical Financial Information of the Company included in the Prospectus:

### **Historical Financial Information**

The Historical Financial Information, as set out in the Prospectus comprises:

- The reviewed historical statement of financial position as at 30 June 2016;
- The reviewed historical statement of changes in equity from registration to 30 June 2016;
- The reviewed historical statement of cash flows of the Company for the period from registration to 30 June 2016;

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.



# 14 Independent Limited Assurance Report



- The pro forma consolidated statement of financial position of the Group as at 30 June 2016, which assumes completion of the transactions outlined in **Section 10.4** of the “Financial Information” section (which include the Offer) (the “Pro Forma Transactions”) as though they had occurred on that date.

The Historical Financial Information other than the Pro Forma Transactions and the results of the associated adjustments to the consolidated pro forma statement of financial position has been extracted from the financial statements for the period from registration to 30 June 2016 were reviewed by Grant Thornton Audit Pty Ltd.

The stated basis of preparation is the recognition and measurement principles contained under Australian Generally Accepted Accounting Principles (“AGAAP”) and the NuCannaCo adopted accounting principles applied to the Historical Financial Information.

The Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in Australia in accordance with the Corporations Act 2001.

This report has been prepared for inclusion in the Prospectus. Grant Thornton Audit Pty Ltd disclaim any assumption of responsibility for any reliance on this report or on the Historical Financial Information to which this report relates for any purpose other than the purposes for which it was prepared. This report should be read in conjunction with the Prospectus.

## **Directors’ Responsibility**

The Directors of NuCannaCo are responsible for the preparation and presentation of the Historical Financial Information. The Directors are also responsible for the determination of the Pro Forma Transactions and the basis of preparation of the Historical Financial Information.

This responsibility also includes compliance with applicable laws and regulations and for such internal controls as the Directors determine necessary to enable the preparation of the Historical Financial Information that are free from material misstatement.

## **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450: “*Assurance Engagements involving Corporate Fundraisings and/ or Prospective Historical Financial Information*” and ASAE 3420: “*Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information*”.



# 14 Independent Limited Assurance Report



Our procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures applied to the accounting records in support of the Historical Financial Information.

These procedures are substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently do not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

Our engagement did not involve updating or reissuing any previously issued audit reports on any historical financial information used as a source of the Historical Financial Information.

## **Conclusion**

### ***Historical Financial Information***

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that:

- The Historical Financial Information as described in the “Financial Information” section of the Prospectus does not present fairly:
  - The reviewed historical statement of cash flows for the period from registration to 30 June 2016;
  - The reviewed historical statement of financial position as at 30 June 2016; or
- The pro forma consolidated statement of financial position of the Company as at 30 June 2016 has not been properly prepared on the basis of the Pro Forma Transactions or the Pro Forma Transactions do not set out a reasonable basis for it;

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements under AGAAP.

## **Restriction on Use**

Without modifying our conclusion, we draw attention to the “Financial Information” section of the Prospectus, which describes the purpose of the Historical Financial Information, being for inclusion in the Prospectus. As a result, the Historical Financial Information may not be suitable for use for another purpose.



# 14 Independent Limited Assurance Report



## **Consent**

Grant Thornton Audit Pty Ltd consents to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

## **Liability**

The liability of Grant Thornton Audit Pty Ltd is limited to the inclusion of this report in the Prospectus. Grant Thornton Audit Pty Ltd makes no representation regarding, and has no liability, for any other statements or other material in, or omissions from the Prospectus.

## **Independence or Disclosure of Interest**

Grant Thornton Audit Pty Ltd does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Audit Pty Ltd will receive a professional fee for the preparation of this Independent Limited Assurance Report.

Yours faithfully  
GRANT THORNTON AUDIT PTY LTD



J.L. Humphrey  
Partner



# 15 Additional Information

## 15.1 Company Background

NuCannaCo Science Limited was incorporated in the State of Victoria on 13 August 2015.

NuCannaCo Systems, Inc., Ashford Colorado LLC and Ashford Energy LLC are wholly owned US subsidiaries of the Company.

## 15.2 Balance Date

The financial year for the Company and NuCannaCo Group will end 31 December.

## 15.3 Rights Attaching to Shares

Full details of the rights and liabilities attaching to Shares are detailed in the Constitution, a copy of which can be inspected free of charge at the Company's registered office during normal business hours. The Shares issued under the Australian Public Offer will be fully paid ordinary shares and will rank equally in all respects with the Company's fully paid ordinary shares that are currently on issue.

In certain circumstances, these rights and liabilities are regulated by the Corporations Act and NSX Listing Rules. A summary of the more significant rights and liabilities attaching to the Shares follows. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, investors should seek their own independent legal advice.

### Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members, every member present in person or by proxy, attorney or body corporate representative has one vote on a show of hands, and one vote per share on a poll. In the case of a vote on a poll, persons who hold a share which is not fully paid shall be entitled to a fraction of a vote equal to the proportion of a vote that the amount paid on the relevant share bears to the total issue price of the share.

### Dividends

The Directors may from time to time resolve to pay dividends to Shareholders and fix the amount, the timing and method of payment of that dividend in accordance with the Corporations Act.

### Future Issues

Subject to the Company's Constitution, the Corporations Act and NSX Listing Rules, Directors may, on behalf of the Company, issue, grant options

over, or otherwise dispose of shares on terms determined by the Directors. The Directors may issue shares in the Company with any preferential, deferred or special rights, privileges or conditions, or with any restrictions (whether in regard to dividend, voting, return of share capital or otherwise) as they determine.

### Transfer of Shares

A shareholder may transfer shares by a proper ASX Settlement registered transfer or an instrument in writing in any usual form, or in any form approved by the Directors.

The Directors may refuse to register any transfer of shares only if that refusal would not contravene the Listing Rules or the ASX Settlement Operating Rules. The Directors must not register a transfer if the Corporations Act, Listing Rules or ASX Settlement Operating Rules forbid registration. The Company must not refuse to register, give effect to, delay or in any way interfere with a proper ASX Settlement transfer of other securities.

### Meetings and Notices

Each shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act or NSX Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act and the Constitution.

### Winding Up

Subject to the Constitution and the rights and liabilities attaching to shares, shareholders will be entitled in a winding up to any surplus assets of the Company in proportion to the number of shares held by them, less any amounts which remain unpaid on the shares at the time of distribution. However, if this deduction results in the distribution to the shareholder being a negative amount, the shareholder must contribute that amount to the Company.

If the Company is wound up the liquidator may, with the sanction of a special resolution of the shareholders:

- divide among the shareholders the whole or any part of the assets of the Company; and
- determine how the division is to be carried out as between the shareholders or different classes of shareholders with the approval of separate general meetings of the members of each of the several classes (if applicable).



# 15 Additional Information

Any such division may not be otherwise than in accordance with the legal rights of the shareholders and, in particular, any class may be given preferential or special rights or excluded altogether or in part. Where a division is otherwise than in accordance with the legal rights of the shareholders, a shareholder is entitled to dissent and to exercise the same rights as if the special resolution sanctioning that division were a special resolution passed under Section 507 of the Corporations Act.

## Shareholder Liability

As the Existing Shares and Shares to be issued pursuant to this Prospectus, and Shares to be issued following the exercise of Existing Options, are all fully paid shares, they are not subject to any calls for money and will therefore not become liable for forfeiture.

## Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 15.4 Material Agreements

The Directors consider that certain agreements are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares (Material Agreements).

The provision of the Material Agreements are summarised below. As this Section only contains a summary, the provisions of each agreement are not fully described. To understand fully all rights and obligations pertaining to the Material Agreements, it would be necessary to read them in full.

### 15.4.1 The Exchange Agreement (as amended)

- By Agreement in writing dated 19 August 2016, the US Investors (under the US Private Placement) agreed to assign their respective entitlements to shares in the Common Stock of NCI to NuCannaCo Science Limited in return for NuCannaCo Science Limited issuing 4,037,175 Shares to the US Investors in the proportion specified in the Exchange Agreement;

- The US Investors agreed to vary the former condition of their applications for shares of Common Stock in NCI requiring that NCI be admitted to the Official List of NSX and that the former condition be replaced by a new condition that NuCannaCo Science Limited be admitted to the Official List of NSX and its Shares be admitted to quotation on the NSX;
- David Frankens as trustee of the IGWT Trust, an investor under the US Private Placement (Trustee) who has applied for 1,000,000 Series A Convertible Preferred Stock in the capital of NCI, (and entered into the Promissory Note to secure the monies payable in connection with that application) agreed to assign that entitlement to NuCannaCo Science Limited in return for NuCannaCo Science Limited granting him in his capacity as Trustee of the IGWT Trust, 10,000,000 C Class Options; and
- The Trustee agreed to vary the former condition of his application for Series A Convertible Preferred Stock requiring that NCI be admitted to the Official List of NSX and that the former condition be replaced by a new condition that NuCannaCo Science Limited be admitted to the Official List of the NSX.

### 15.4.2 Supplementary Agreement (as amended)

By a Supplementary Agreement dated 22 August 2016 between the Company and the Trustee, the parties agreed that in connection with the assignment of the 1,000,000 Series A Convertible Preferred Stock referred to in the Exchange Agreement, upon:

- completion of the assignment by the Trustee to the Company of the 1,000,000 Series A Convertible Preferred Stock;
- completion of the assignment by the US Investors to the Company of Common Stock of NCI;
- completion of an assignment of the benefit of the Promissory Note from NCI to the Company; and
- the admission of the Company to the Official List of NSX

the Company will cancel the Promissory Note.



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## 15.4.3 Intellectual Property Assignment

By an Agreement dated 13 February 2016, David Goughnour assigned to NCI all of his right, title and interest in the IP relating to the NuOxylation process (See Section 9) in consideration of the payment to him by NCI of the sum of \$10.00.

## 15.4.4 CBD (Liposome and Water Soluble) Purchase Contract

By an agreement dated 31 August 2016 between GreenStocking Consultants LLC (GreenStocking) and Ashford Colorado LLC (Ashford) GreenStocking agrees to supply Ashford with CBD products by reference to a Purchase Order executed by the parties. By Purchase Order dated 31 August 2016, Ashford has placed an initial order with GreenStocking for the supply of Liposomal, water soluble powder, water soluble gel caps and water soluble liquid for a total price of USD\$61,600.

## 15.4.5 Product Formulation Supply Agreement

By an agreement dated 31 August 2016 between Akros Resources LLC (Akros) and Ashford Colorado LLC (Ashford) Akros agrees to produce and supply CBD infused skin and body care products for Ashford with an initial order amounting to USD\$38,400 but with the ability for Ashford to increase the order size to USD\$76,800.

## 15.4.6 Website Development Agreement

By an agreement formulated 31 August 2016 between Sterling Client Services (Sterling) and NCI, Sterling agrees to perform work in connection with the development of an eCommerce website for NCI in order to:

- develop a website framework including installation of all the necessary files in order to setup and implement a custom CMS (content management system); and
- establish a payment gateway to enable NCI to accept various methods of payment for its products through the website.

The site is required to have basic optimisation features for internet search engines and the option to add an intensive research of keywords for further optimisation.

The agreement obliges NCI to pay Sterling a projected initial setup cost of USD\$8,000 with additional monthly fees to support hosting, maintenance and search engine optimisation services.

## 15.4.7 Purchase and Sale Agreement for Spa Essentials

By an agreement dated 21 September 2016 between Spa Essentials, a sole proprietorship owned by Ms. Lujenna Shumaker (SPA), and NCI, SPA agrees to sell 100% ownership to NCI of all assets of SPA as it relates to Spa Essentials and Erika Gavina skin and body care products for the purchase price of USD\$100,000. Ownership of the assets will include the business and product names, existing inventory, website, formulations for the skin and body care products, and any other related assets. This acquisition is contingent upon NuCannaCo being admitted to the Official List of the NSX.

The agreement is subject to customary terms applicable to a business purchase in the U S and provides for the execution of a non-competition agreement by Ms. Shumaker at Closing. NCI agrees to employ the services of Ms. Shumaker as a part time consultant for a term of six months from Closing at an hourly wage of US\$150 with a minimum engagement of four hours a week.

## 15.5 Existing Option Terms

Set out below are the terms and conditions of the existing Options. Table 15.5 summarises the Existing Option classes

- 1) Each Option entitles the Option Holder to subscribe for one fully paid ordinary share in the capital of the Company.
- 2) No amount is payable on issue of the Options.
- 3) The exercise price of each Option is referred to in the table below (Exercise Price).
- 4) Each Option may be exercised at any time before 4.00 pm Adelaide, South Australia time on the exercise date set out in the Table below. An Option not exercised automatically expires at 4.00 pm Adelaide, South Australia time on that exercise date.
- 5) The Company must give each Option Holder a certificate or holding statement stating:
  - a) the number of options issued to the Option Holder;
  - b) the exercise price of the Options; and
  - c) the date of issue of the Options.
- 6) An Option Holder is not entitled to participate in any new issue or offer to existing shareholders in the Company unless the Option Holder has exercised the Option Holder's Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding shares.



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Table 15.5

Options Type of Option	Number on Issue	Commencement Date	Expiry Date	Exercise Price
A Class	8,480,000	1 July 2016	30 June 2021	\$0.40
B Class	8,480,000	1 July 2016	30 June 2021	\$0.60
C Class <sup>1</sup>	10,000,000	Date of Listing	30 June 2021	\$0.25
Total Number in Issue	26,960,000			

<sup>1</sup>The 10,000,000 C Class Options are to be issued under the Exchange Agreement subject to Listing. This is expected to occur approximately seven days after Listing.

- 7) The Company must give an Option Holder, in accordance with the Listing Rules, notice of:
  - a) the proposed terms of the issue or offer proposed under clause 6; and
  - b) the right to exercise the Option Holder's Options under clause 6.
- 8) If the Company makes a bonus issue of shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue, in accordance with the Listing Rules.
- 9) If the Company makes a pro rata issue of shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the Listing Rules.
- 10) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which each Option Holder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 11) Any calculations or adjustments which are required to be made under clauses 6 to 10 (both inclusive) will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- 12) The Company must within a reasonable period give to each Option Holder notice of any change under clauses 6 to 10 (both inclusive) to the exercise price of any Options held by an Option Holder or the number of Shares for which the Option Holder is entitled to subscribe on exercise of an Option.
- 13) To exercise Options, the Option Holder must give the Company or its share registry, at the same time:
  - a) a written exercise notice (in the form approved by the Board of the Company from time to time) specifying the number of Options being exercised and shares to be issued;
  - b) payment of the exercise price for the shares the subject of the exercise notice by way of bank cheque or by other means of payment approved by the Company; and
  - c) the certificate or holding statement for the Options.
- 14) If an Option Holder exercises less than the total number of Options registered in the Option Holder's name:
  - a) An Option Holder may only exercise Options in multiples of 1,000 unless the Option Holder exercises all Options held by the Option Holder; and
  - b) Subject to clause 13 above, Options will be deemed to have been exercised on the date the notice is lodged with the directors of the Company.
- 15) If an Option Holder exercises less than the total number of Options registered in the Option Holder's name:
  - a) the Option Holder must surrender its Option certificate (if any); and
  - b) the Company must cancel the Option certificate (if any) and issue the Option Holder a new Option certificate or holding statement stating the remaining number of Options held by the Option Holder.
- 16) Within 10 days after receiving a notice of exercise of Options and payment by an Option Holder of the exercise price, the Company must issue to the Option Holder the number of shares in the capital of the Company specified in the notice.
- 17) Subject to the Company's Constitution, all Shares issued on the exercise of Options rank in all respects (including rights relating to dividends) *pari passu* with the existing ordinary shares of the Company at the date of issue.



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- 18) The Company will apply to NSX Limited for official quotation of the Shares issued on exercise of the Options.
- 19) The Options will be fully transferable in accordance with the Constitution of the Company and, for such time as the Company is listed, the Listing Rules and operating rules of the relevant stock exchange and where applicable, the Settlement Rules of ASTC will apply.
- 20) These terms and the rights and obligations of Option Holders are governed by the laws of South Australia. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of South Australia.
- 21) For the purposes of these Terms and Conditions "Listing Rules" means the relevant Listing Rules of the stock exchange upon which the Company's shares may be listed.

## 15.6 Employee Share Option Plan

The Company has established an Employee Share Option Plan (Plan) to assist in the attraction, retention and motivation of employees and management of the Company. A summary of the key terms of the Plan is set out below:

### (a) Eligibility

The Board may issue Options under the plan to any officer or employee of the Company and any of its Subsidiaries (Eligible Employee).

### (b) General Terms of the Options

No monetary consideration will be payable in respect of the issue of the Options. Each Option is to subscribe for one Share and, when issued, the Share will rank equally with other Shares. The Options are not transferable except on the occurrence of limited circumstances. Quotation of the Options on the stock exchange will not be sought but the Company will apply to the stock exchange for official quotation of Shares issued on the exercise of Options. Options may be granted subject to conditions specified by the Board, which must be satisfied, before the Option can be exercised.

### (c) Exercise of Options

Subject to satisfaction of the conditions of exercise of Options, Options may generally be exercised at any time from the first anniversary to the fifth anniversary of the date of grant. The Board may allow an Eligible Employee to exercise an Option outside this period if a special circumstance (such as death or total and permanent disablement of the Eligible Employee) arises.

Options lapse upon termination of the Eligible

Employee's employment by the Company if the Board determines that the Eligible Employee is entitled to be dismissed without notice, the Eligible Employee has committed an act of fraud or gross misconduct or brought the Company or any of its Subsidiaries into disrepute and, unless the terms of the offer of the Option specify otherwise, each Option lapses 5 years after the date upon which it was granted.

### (d) Exercise Price

The exercise price per Share for an Option will be the amount determined by the Board at the time of the grant of the Option.

### (e) New Issue of Securities

Option Holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their Options prior to the record date for the determination of entitlements to the new issue.

### (f) Pro Rata Issue

If the Company makes a pro rata issue of shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the exercise price of each Option is reduced in accordance with the Listing Rules.

### (g) Bonus Issues

If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised Option will, on exercise, entitle its holder to receive the bonus securities as if the Option had been exercised before the record date for the bonus issue.

### (h) Rights Issues

If the Company makes a pro-rata rights issue of shares for cash to its ordinary shareholders, the exercise price of the unexercised Options will be adjusted to reflect the diluting effect of the issue.

### (i) Capital Reorganisations

If there is any reorganisation of the capital of the Company, the number of Options and their exercise price will be adjusted in accordance with the Listing Rules.

### (j) Limit on Number of Options

The maximum number of Options on Issue under the Plan must not at any time exceed 5% of the total number of shares on issue at that time, assuming all outstanding Options are exercised.



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## (k) Stock Exchange and Listing Rules

For the purposes of this Plan, “Stock Exchange” means the stock exchange upon which the Company’s shares may be listed and “Listing Rules” means the Listing Rules of that Stock Exchange.

As at the date of this Prospectus, no Options have been issued under the Plan.

rules contained in Division 230 of the Income Tax Assessment Act 1997.

The summary in Section 15.8.2 is general in nature and is not exhaustive of all Australian tax consequences that could apply in all circumstances of any given Shareholder. The individual circumstances of each Shareholder may affect the taxation implications of the investment of the Shareholder.

It is recommended that all Shareholders consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances.

The summary in Section 15.8.2 is based on the relevant Australian tax law in force, established interpretations of that law and understanding of the practice of the relevant tax authority at the time of issue of this Prospectus. The summary does not take into account the tax law of countries other than Australia.

Tax laws are complex and subject to ongoing change. The tax consequences discussed in these summaries do not take into account or anticipate any changes in law (by legislation or judicial decision) or any changes in the administrative practice or interpretation by the relevant authorities. If there is a change, including a change having retrospective effect, the income tax, stamp duty and GST consequences should be reconsidered by Shareholders in light of the changes. The precise implications of ownership or disposal of the Shares will depend upon each Shareholder’s specific circumstances.

## 15.7 Significant Shareholders

The Company has 74 Existing Shareholders as at the date of this Prospectus. The top 7 Existing Shareholders by number of Shares held are set out in Table 15.7.

## 15.8 Summary of Tax Issues for Australian Tax Resident Investors

### 15.8.1 Taxation Considerations

Section 15.8.2 provides a general outline for Australian tax resident shareholders who acquire Shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes. The categories of Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account. This summary does not consider the consequences for foreign resident Shareholders, insurance companies, banks, Shareholders that hold their Shares on revenue account or carry on a business of trading in shares, Shareholders who are exempt from Australian tax, or Shareholders who are subject to the Taxation of Financial Arrangements

Table 15.7 Top 7 Existing Shareholders

Shareholder	Shares*	Percentage*
Michael Long	5,250,000	8.8%
David Goughnour	4,759,999	8.0%
James Renfro	4,080,000	6.9%
David Franks**	3,045,000	5.1%
Robert Hughes	2,955,000	5.0%
Matthew Harrison	2,550,000	4.3%
David Feller	1,800,000	3.0%

\*The number of Shares and percentage assumes the total number of Shares on issue at completion of the Australian Public Offer of 59,537,175 and no additional Shares are acquired under the Australian Public Offer by the top 7 Existing Shareholders.

\*\* Includes 1,020,000 Shares owned individually and 2,025,000 Shares owned through a related entity.



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## 15.8.2 Income tax treatment of dividends received by Australian tax resident Shareholders

It is anticipated that dividends from NCI will be the Company's major revenue source. Dividends received from that NCI will generally not be assessable in Australia. Accordingly, NuCannaCo is not likely to be subject to any Australian Income tax in respect of profits that will allow it to generate franking credits. Therefore, it is not envisaged that dividends paid by NuCannaCo will be franked in the immediate future.

### 15.8.2.1 Australian resident individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income in the year the dividend is paid, together with any franking credits attached to that dividend.

The rate of tax payable by each Australian Shareholder who is an individual will depend on the individual circumstances of the Shareholder and his/her prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a 'tax offset' equal to any franking credits attached to the dividend, subject to being a 'qualified person' (refer further comments below). The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such Shareholders should be entitled to a tax refund.

To the extent a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at his or her prevailing marginal rate on the unfranked part of the dividend with no tax offset.

### 15.8.2.2 Corporate Shareholders

Corporate Shareholders are also required to include both the dividend and associated franking credits in their assessable income. A tax offset is then allowed up to the amount of the franking credits attached to the dividend. (See Section 15.8.2 for exception).

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credits attached to the dividend received. Such corporate Shareholders can then pass on the benefit of the franking credits to their own shareholder(s) on the payment of franked dividends.

Excess franking credits received by a corporate Shareholder cannot give rise to a refund, but may in certain circumstances be converted into carry forward tax losses.

### 15.8.2.3 Trusts and Partnerships

Australian tax resident Shareholders who are Trustees (other than Trustees of 'complying superannuation entities') or Partnerships should include the dividend and franking credits in determining the net income of the trust or partnership. A beneficiary, trustee or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership as the case may be.

### 15.8.2.4 Shares Held at Risk

The benefit of franking credits can be denied where a Shareholder is not a 'qualified person', in which case the Shareholder will not include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person' and eligible for the benefit of franking credits and tax offset, a Shareholder must satisfy both the 'holding period' and 'related payment' rules. This requires that a Shareholder hold the Shares in the Company 'at risk' for more than 45 days continuously (not including the date of acquisition and disposal).

Any day on which a Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the Shares (e.g. through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the Shareholder held the Shares 'at risk'. In addition, a Shareholder must not be obliged to make a 'related payment' in respect of any dividend, unless they hold the Shares 'at risk' for the required holding period around the dividend dates.

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries. Shareholders should obtain their own professional tax advice to determine if these requirements, as they apply to them, have been satisfied.

A recently enacted specific integrity rule prevents taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of 'dividend washing' arrangements. Shareholders should consider the impact of this legislative change and any guidance issued by the Australian Taxation Office in this regard, given their own personal circumstances.



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## 15.8.3 Capital gains tax (CGT) implications for Australian tax resident Shareholders on a disposal of Shares

The disposal of a share by a Shareholder will be a CGT event. A capital gain will arise where the 'capital proceeds' on disposal exceed the 'cost base' of the share (broadly, the amount paid to acquire the share plus any transaction costs incurred in relation to the acquisition or disposal of the shares).

In the case of an 'arm's length' on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of the shares.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

Where the Shareholder is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are Australian resident individuals, complying superannuation entities or trusts.

Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the 'reduced cost base' of the share exceeds the 'capital proceeds' from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other forms of assessable income.

## 15.8.4 Tax File Numbers (TFNs)

Shareholders are not required to quote their tax file number ('TFN'), or where relevant Australian Business Number ('ABN'), to the Company. However, if a valid TFN, ABN or exemption details is not provided, Australian tax may be required to be deducted by the Company from distributions and / or unfranked dividends at the maximum marginal tax rate plus the Medicare levy. Australian tax should not be required to be deducted by the

Company in respect of fully franked dividends. A Shareholder that holds Shares as part of an enterprise may quote their Australian Business Number ('ABN') instead of their TFN.

## 15.8.5 GST Implications

No GST should be payable by Shareholders in respect of the acquisition or disposal of their Shares in the Company, regardless of whether or not the Shareholder is registered for GST.

Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with the acquisition or disposal of the Shares. Separate GST advice should be sought by Shareholders in this respect relevant to their particular circumstances. No GST should be payable by Shareholders on receiving dividends distributed by the Company.

## 15.8.6 Stamp Duty

Shareholders should not be liable for stamp duty in respect of the acquisition of their Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of their Shares whilst the Company remains listed.

## 15.9 Payments or Benefits to Experts and Advisors

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash or otherwise) have been paid or agreed to be paid to any expert, stockbroker, promoter or any other person named in this Prospectus as performing a function in a professional capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated, for services rendered by that person in connection with the formation or promotion of the Company or the Australian Public Offer under this Prospectus.

### (i) Minter Ellison

Minter Ellison has acted as the Company's Legal Advisors and in that capacity has provided legal advice to the Company in relation to the Australian Public Offer. In respect of this work, the Company will pay approximately \$200,000 (plus GST and disbursements) for services in relation to this Prospectus. Further amounts may be paid to Minter Ellison for other services in accordance with its normal time-based charges.



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## (ii) Independent Accountant

Grant Thornton Audit Pty Ltd is the Company's auditor and has conducted a review of certain financial information relevant to this Prospectus. Grant Thornton Audit Pty Ltd has acted as Independent Accountant to the Australian Public Offer and has prepared the Independent Limited Assurance Report and performed work in relation to due diligence enquiries. In respect of these services, the Company will pay approximately \$17,000 plus disbursements and GST to Grant Thornton Audit Pty Ltd.

## (iii) Lead Manager

Sequoia Corporate Finance Pty Ltd has agreed to act as Lead Manager to the Australian Public Offer. In consideration of these services, the Company has agreed to pay Sequoia the fees described in Section 15.10.

of the Services, upon completion of the Australian Public Offer with respect to the management and allocation process for Applications subject to certain performance conditions being met; and

- brokerage fees of 6% for Applications equal to or over \$5,000 and 8% for Applications less than \$5,000 of the Australian Public Offer proceeds from which it will facilitate brokerage payments in accordance with the Prospectus and on behalf of the Company to those AFSL entities that have had Applications accepted at the end of the Australian Public Offer. Sequoia and other related entities may be entitled to receive all or part of these brokerage fees. The actual amount of brokerage fees retained by Sequoia will not be known until the allocation of Shares under the Australian Public Offer is determined.

### 15.10 Agreement with the Lead Manager

On 29 June 2016 the Company entered into an agreement to appoint Sequoia Corporate Finance Pty Ltd a corporate authorized representative (No.000469074) of D2MX Pty Limited (ASFL No 297950) (together Sequoia) as Lead Manager in connection with the Australian Public Offer. The terms of the agreement are customary for the size and risk associated with the transaction proposed under the Australian Public Offer. The following is a summary of the key provisions of the engagement.

#### 15.10.1 Services

Sequoia has agreed to provide services to the Company on an exclusive basis including, but not limited to, assistance and support with:

- Offer pricing and structure;
- due diligence requirements;
- compliance obligations with NSX Listing Rules;
- marketing strategy and implementation;
- managing applications and demand;
- oversight and administration of settlement processes; and
- engagement with the Company's other professional advisers

(Services).

#### 15.10.2 Fee and Expenses

The Company has agreed to pay Sequoia:

- an ongoing monthly retainer of \$15,000 (plus GST) and out of pocket expenses for their advice and assistance with the IPO;
- a fixed fee of up to \$40,000 in total, plus a bonus fee of an additional \$40,000 having regard to the performance and delivery

### 15.10.3 Representations, Warranties and Undertakings

The Company has given various representations, warranties and undertakings to Sequoia including that the documents issued or published in respect to the Australian Public Offer comply with all applicable laws.

### 15.10.4 Indemnity

The Company has agreed to a broad indemnity in favour of Sequoia and related entities, directors, officers, employees and agents against all claims, demands, damages, losses, costs, expenses, liabilities, or damages incurred by them in connection with the Australian Public Offer and documents relating to that offer (subject to limited exclusions).

### 15.10.5 Termination Events

Each of Sequoia and the Company may, at any time, by one month's written notice given to the other, terminate its obligations under the agreement.

### 15.11 Nominated Advisor (NSX) Agreement

This Agreement between Minter Ellison (Adelaide) and the Company is dated 23 November 2016 and records the terms and conditions upon which Minter Ellison has agreed to act as the Company's Nominated Advisor or NOMAD. Under this Agreement, Minter Ellison is responsible for advising and guiding the Directors and the Company in relation to their respective responsibilities and obligations in complying with the Listing Rules.

This Agreement commences upon Listing and continues for one year. It may be extended for periods of one year unless a party does not wish this to occur. If Listing does not occur, this Agreement automatically terminates without penalty. This Agreement may also be terminated if a party is in



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default within 10 Business Days of being notified of the default or a party becomes subject to external management including but not limited to the appointment of an administrator, liquidator or receiver.

In consideration of the performance of these services, Minter Ellison is entitled to a retainer of \$5,000 per annum plus GST, payable quarterly, with the first payment due at Listing.

## 15.12 Consents

Each of the parties referred to in this Section:

- does not make the Australian Public Offer; other than as specified in this Prospectus,
- does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified in this Section 15.11;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of the party as specified in this Prospectus; and
- each of the parties listed below has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the statements in this Prospectus that are specified below in the form and content in which the statements appear:

### (i) Minter Ellison

Minter Ellison has given its written consent to being named as NOMAD and legal adviser to the Company in this Prospectus, and any electronic version of this Prospectus, and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

### (ii) Auditor and Independent Accountant

Grant Thornton Audit Pty Ltd has given its written

consent to be named as the Auditor and to the Independent Limited Assurance Report being included in this Prospectus and any electronic version of this Prospectus in the form and context in which the report is included, and all statements referring to that report in the form and context in which it appears. Grant Thornton Audit Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

### (iii) Lead Manager

Sequoia Corporate Finance Pty Ltd has given its written consent to being named as Lead Manager to the Company in this Prospectus, and any electronic version of this Prospectus, and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

### (iv) Share Registrar

Computershare Investor Services Pty Ltd has given, and has not before the date of this Prospectus withdrawn, its consent to be named as the Share Registrar to the Company in this Prospectus and any electronic version of this Prospectus in the form and context in which it is named. Computershare Investor Services Pty Ltd was not involved in the preparation of this Prospectus, did not authorise or cause the issue of this Prospectus and takes no responsibility for any material in or omission from this Prospectus.

## 15.13 Litigation

The Company is not engaged in any litigation at the date of this Prospectus, and as far as the Directors are aware, no litigation involving the Company is pending or threatened.

## 15.14 Expenses of the Australian Public Offer

The expenses of the Australian Public Offer payable by the Company are estimated to range from \$482,343 to \$669,405 based on the subscription level achieved. Details of those expenses are shown on Table 15.14.

Table 15.14

	Minimum Subscription	Maximum Subscription	Maximum Including Oversubscriptions
Legal fees	\$200,000	\$200,000	\$200,000
Accounting <sup>1</sup>	\$23,900	\$23,900	\$23,900
Design and printing	\$20,000	\$20,000	\$30,000
NSX Listing fees, ASIC Lodgement fees and Share Registry fees	\$53,943	\$55,180	\$56,005
Broker commissions	\$164,500	\$269,500	\$339,500
Other (Travel, etc.)	\$20,000	\$20,000	\$20,000
<b>TOTAL</b>	<b>\$482,343</b>	<b>\$588,580</b>	<b>\$669,405</b>

<sup>1</sup>Includes \$6,900 paid to a US accounting firm related to accounting information requested by Grant Thornton Audit Pty Ltd.



# 15 Additional Information

## 15.15 References to Publications

References are made in this Prospectus to material that is attributed to various sources. Those references are based on statements already published in public documents or a book, journal or comparable publication. Those organisations did not prepare those materials specifically for this Prospectus and have had no involvement in the preparation of any part of this Prospectus.

## 15.16 NSX Waivers and Confirmation

The Company has applied for a waiver of NSX Listing Rule 2.2 so as to not require the Company to appoint a sponsor.





# 16 Directors Statement

The Directors report that, in their opinion, since the date of the financial information referred to in the Independent Limited Assurance Report set out in Section 14 of this Prospectus, there have not been any circumstances that have materially affected, or will materially affect the value of the assets and liabilities of the Company, except as disclosed in this Prospectus.

The Directors have made all reasonable enquiries in the preparation of this Prospectus and, after doing so, have reasonable grounds to believe that statements made by the Directors in this Prospectus are not misleading or deceptive. The Directors have also made reasonable enquiries in relation to statements made in this Prospectus by persons other than the Directors, and have reasonable grounds to believe that the persons making these statements are reliable and competent. Those persons have given their consent to their statements being included in this Prospectus in the form and context in which they appear, and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is issued by NuCannaCo. The issue of this Prospectus has been authorised by the Directors and this Prospectus is signed by the Chairman on behalf of the Directors. Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed on behalf of NuCannaCo by  
David John Lindh OAM  
Chairman





# Appendix A

## Relevant Accounting Policies

### Accounting Policies

#### (a) New Accounting Standards and Interpretations

Certain new accounting standards and IFRIC interpretations have been published that are not mandatory for current reporting periods. The NuCannaCo Group's assessment of the impact of these new standards and interpretations is that there would be no material impact on the historical or reported pro forma financial information.

#### (b) Principles of Consolidation

A controlled entity is any entity that NuCannaCo controls. The consolidated entity controls an entity when it is exposed to, or has rights to variable returns from its investment with the entity and has the ability to affect those returns through its power to direct the activities of that entity.

As at a reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended. Where controlled entities have entered (left) the NuCannaCo Group during the period, their operating results have been included (excluded) from the date control was obtained (ceased).

Common control transactions are transactions in which the shareholders of the NuCannaCo Group are the same party or parties before and after the transaction.

All intercompany balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

#### (c) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the NuCannaCo Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### (d) Registration

The Company was registered on 13 August 2015.

#### (e) Foreign currency translation

##### (i) Functional and presentation currency

The functional currency of each of the NuCannaCo Group's entities is measured using the currency of the primary economic environment in which that entity operates.



# Appendix A

## Relevant Accounting Policies

The functional currency of the NuCannaCo Group's main operating subsidiary, NuCannaCo Systems Inc., is \$USD. The functional and presentation currency of NuCannaCo is Australian Dollars.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction(s). Foreign exchange gains and losses resulting from the settlement of such transaction(s) and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

### (iii) NuCannaCo Group entities

Financial results and position of foreign operations whose functional currency is different from the NuCannaCo Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates;
- income and expenses are translated at average rates for the period; and
- retained earnings are translated at historical rates.

Exchange differences arising on the translation of foreign operations are recognised directly to the NuCannaCo Group's foreign currency translation reserve in the Statement of Financial Position.

### (f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue earned on cash deposits is recognised on an accrual basis as it is earned.

Revenue is stated net of the amount of goods and services tax (GST).

### (g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis over the period of the lease.

### (h) Business Combination

Common control acquisitions, where the cost of the business combination is deemed to have been incurred by the legal subsidiary (ie the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (ie the acquiree for accounting purposes), are accounted for using AASB 3 Business Combinations. The method calculates the fair value of the instruments issued by the legal parent on the basis of the fair value of existing instruments in the legal subsidiary.

The NuCannaCo Group has elected to account for these transactions using the predecessor values method.



# Appendix A

## Relevant Accounting Policies

### (i) Impairment of Assets

At each reporting date, the NuCannaCo Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the NuCannaCo Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (j) Cash and Cash Equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (k) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established where there is objective evidence that the NuCannaCo Group will not be able to collect all amounts due according to the original terms of receivables.

### (l) Financial Instruments:

#### (i) Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### (ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### (iii) Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### (iv) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### (v) Impairment

At each reporting date, the NuCannaCo Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.



# Appendix A

## Relevant Accounting Policies

### (m) Provisions

Provisions are recognised when the NuCannaCo Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

### (n) Employee Benefits

Provision is made for the NuCannaCo Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

### (o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and options are shown in equity as a deduction, net of tax, from the proceeds.

### (p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the local tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>\$, AUD\$, A\$</b>	Dollars of the currency of Australia. All amounts in this Prospectus are in Australian dollars unless otherwise stated
<b>Activate or Activation</b>	The process by which phytocannabinoids are converted to a form that is beneficial to the body
<b>Acquisition</b>	The purchase of Spa Essentials by NCI under the terms and conditions described in the Purchase and Sale Agreement dated 21 September 2016 and described in Section 15.4.7.
<b>AIFRS</b>	Australian International Financial Reporting Standards
<b>ACST</b>	Australian Central Standard Time
<b>Allotment Date</b>	The date on which the Shares are allotted under the Australian Public Offer, currently expected to be 5 January 2017
<b>Applicant</b>	A person who submits an Application Form under this Prospectus
<b>Application</b>	An application made by an Applicant using the relevant Application Form
<b>Application Form</b>	The application form attached to, or accompanying this Prospectus
<b>Application Monies</b>	Funds received under a valid Application Form attached to or accompanying this Prospectus
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX Corporate Governance Principles</b>	The Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council as at the date of this Prospectus
<b>ASX Settlement Operating Rules</b>	The settlement rules of ASX as amended from time to time
<b>ASX Settlement</b>	ASX Settlement Pty Ltd ACN 008 504 532
<b>ASX</b>	ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires)



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>Australian Public Offer</b>	The invitation for Applicants to acquire up to 10,000,000 Shares at \$0.20 each to raise up to \$2,000,000 (with provision to accept oversubscriptions for a further 5,000,000 Shares at \$0.20 each to raise an additional \$1,000,000) pursuant to this Prospectus (subject to a minimum subscription of \$500,000)
<b>Bioavailable</b>	A nutrient that can have an active effect when introduced with the body
<b>Board</b>	The Board of Directors as constituted from time to time
<b>botanicals and botanical products</b>	A finished, labelled product that contains plant matter, which may include plant materials (such as bark, wood, leaves, stems, roots, flowers, fruits, seeds, or parts thereof of a plant as well as exudates thereof) algae, macroscopic fungi, or combinations of these
<b>Business Day</b>	Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, and any other day that NSX declares is not a business day
<b>Cannabinoid</b>	One of a class of diverse chemical compounds that act on cannabinoid receptors in the brain. Other similar molecules include the endocannabinoids (produced naturally in the body by humans and animals), the phytocannabinoids (found in cannabis), and synthetic cannabinoids (manufactured artificially). The most notable cannabinoids are tetrahydrocannabinol (THC) and cannabidiol (CBD). There are at least 113 different cannabinoids isolated from cannabis, exhibiting varied effects
<b>CBD or cannabidiol</b>	Cannabidiol (CBD) is one of at least 113 active cannabinoids identified in cannabis. It is a major phytocannabinoid, accounting for up to 40% of the plant's extract. CBD is considered to have a wide scope of potential medical applications - due to clinical reports showing the lack of side effects, particularly a lack of psychoactivity (as is typically associated with THC), and non-interference with several psychomotor learning and psychological functions
<b>CBDA</b>	Cannabidiolic acid. An inactive cannabinoid found in cannabis
<b>CBN</b>	Cannabinol. An active cannabinoid found in cannabis



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>CEO</b>	Chief Executive Officer
<b>Centre</b>	An independent facility that is contracted to provide services which include inventory storage, packaging and shipping of orders.
<b>Chairman</b>	The chairman of the Board
<b>CHESS</b>	The Clearing House Electronic Sub-register System, an automated transfer and settlement system for transactions in securities quoted on the NSX under which transfers are affected in any electronic form
<b>Closing Date</b>	The last date for receipt of completed Application Forms for the Australian Public Offer which is 22 December 2016 or such other date and time as the Directors in their absolute discretion, may determine
<b>Company</b>	NuCannaCo Science Limited ACN 607 640 513
<b>Completion of the Australian Public Offer</b>	Completion in respect of the issue of Shares pursuant to the Australian Public Offer and the listing of the Company on the NSX
<b>Common Stock</b>	The common stock of NuCannaCo Systems, Inc., a US Delaware Corporation and a wholly owned subsidiary of NuCannaCo Science Limited
<b>Constitution</b>	The constitution of NuCannaCo Science Limited
<b>Corporations Act</b>	The Corporations Act 2001 (Cth)
<b>Directors</b>	The directors of the Company
<b>Erika Gavina</b>	The brand name of the skin and body care products produced and sold by Spa Essentials.
<b>Existing Options</b>	The 26,960,000 Options on issue at the date of this Prospectus or to be issued under the Exchange Agreement
<b>Exchange Agreement</b>	The agreement referenced in Section 15.4.1
<b>Existing Shares</b>	The 45,500,000 Shares in the Company on issue at the date of this Prospectus
<b>Existing Shareholders</b>	Holders of Existing Shares
<b>Expiry Date</b>	The date fixed by the Board for the expiry of this Prospectus or, if earlier, the date 13 months after the date of this Prospectus
<b>Exposure Period</b>	The period of seven days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>Financial Year, FY</b>	Means the period running from 1 January in a calendar year to 31 December in the same calendar year
<b>Fulfilment Centre</b>	An independent facility that is contracted to provide services which include inventory storage, packaging and shipping of orders.
<b>Full Subscription</b>	The raising of \$2,000,000 by the issue of 10,000,000 Shares at \$0.20 each pursuant to this Prospectus
<b>Historical Financial Information</b>	Has the meaning referred to in Section 13
<b>Indicative Exchange Rate</b>	USD\$1.00 = AUD\$1.35 being the exchange rate relied upon when preparing this Prospectus
<b>Industrial Hemp or Hemp</b>	A variety of the Cannabis sativa plant species that is grown specifically for the industrial uses of its derived products. It was one of the first plants to be spun into usable fibre 10,000 years ago and can be refined into a variety of commercial items including paper, textiles, clothing, biodegradable plastics, paint, insulation, biofuel, food, and animal feed. Although recreational marijuana and industrial hemp are both members of the species Cannabis sativa, they are distinct strains with hemp having lower concentrations of THC and higher concentrations of cannabidiol (CBD)
<b>IPO</b>	Initial Public Offering
<b>Independent Accountant</b>	Grant Thornton Audit Pty Ltd ACN 130 913 594
<b>Issue</b>	The proposed issue of Shares pursuant to this Prospectus
<b>Lead Manager</b>	Sequoia Corporate Finance Pty Ltd ACN 602 219 072
<b>Listing</b>	The admission of the Company to the Official List and the quotation of the Shares on the NSX
<b>Minimum Subscription</b>	The raising of \$500,000 by the issue of 2,500,000 Shares at \$0.20 each pursuant to this Prospectus
<b>NCI</b>	NuCannaCo Systems, Inc.
<b>NSX Listing Rules or Listing Rules</b>	The official listing rules of NSX and any other rules of NSX which apply while the Company is a listed company, each as amended or replaced from time to time except to the extent of any express written waiver by NSX
<b>NSX</b>	National Stock Exchange of Australia Limited ABN 11 000 902 063 or the securities exchange operated by it (as the case requires)
<b>NuCannaCo</b>	NuCannaCo Science Limited ACN 607 640 513



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>NuCannaCo Group</b>	NuCannaCo Science Limited and its Subsidiaries
<b>NuOxylate</b>	The Company's proposed product to be produced by the NuOxylation process
<b>NuOxylation</b>	A technology under development by the Company. The Company believes this technology will activate and preserve some cannabinoid compounds that are damaged or lost due to high heat, high pressure and/or the use of solvents
<b>Nutritionals or Nutritional Supplements</b>	Products intended to make up for a poor diet or to support a person's health in the same way as nutritious food. They can include a wide range of substances including vitamins, minerals, amino acids and enzymes; herbs and other botanicals; and products like probiotics, glucosamine and fish oils
<b>Offer Period</b>	The period from the Opening Date to 5pm ACST on the Closing Date
<b>Offer Price</b>	\$0.20 per Share (being the amount payable in respect of each Share under this Prospectus)
<b>Official List</b>	The official list of NSX
<b>Official Quotation</b>	Has the same meaning as in the NSX Listing Rules
<b>Opening Date</b>	The first date for receipt of completed Application Forms which is 9.00 am ACST on 7 December 2016
<b>Option(s)</b>	<p>A right to subscribe for a Share, and</p> <p>A Class Options means the Options issued by the Company on the terms set out in Section 15.5 having an exercise price of \$0.40 each and being exercisable by 30 June 2021</p> <p>B Class Options means the Options issued by the Company on the terms set out in Section 15.5 having an exercise price of \$0.60 each and being exercisable by 30 June 2021</p> <p>C Class Options means the Options to be issued by the Company under the Exchange Agreement on the terms set out in Section 15.5 having an exercise price of \$0.25 each and being exercisable by 30 June 2021</p>
<b>Pro forma</b>	Has the meaning given in Section 14
<b>Prospectus</b>	This Prospectus dated 23 November 2016 for the issue of 10,000,000 Shares at \$0.20 per Share to raise \$2,000,000 (subject to a Minimum Subscription of \$500,000) with provision to accept oversubscriptions of up to 2,000,000 Shares at \$0.20 per Share to raise an additional \$1,000,000 (including both hard copy and electronic versions, and any supplementary or replacement document)



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>Promissory Note</b>	The Promissory Note dated 3 May 2016 under which David Frankens as Trustee of IGWT Trust agreed to pay USD\$1,000,000 to the order of NuCannaCo Systems Inc. (The Note being secured by the 1,000,000 Shares of Series A Convertible Preferred Stock referred to in Section 15.4.2)
<b>Purchase and Sale Agreement</b>	An agreement dated 21 September 2016 between Spa Essentials, a sole proprietorship owned by Ms. Lujenna Shumaker (SPA) and NCI whereby SPA agrees to sell all assets relating to Spa Essentials and Erika Gavina skin and body care products to NCI contingent upon NCS being admitted to the Official List of the NSX. The agreement is subject to customary terms applicable to a business purchase in the U S and provides for the execution of a non-competition agreement by Ms. Shumaker at Closing. Further details can be found in Section 15.4.7.
<b>Regulatory Requirements</b>	The requirements of all statutes, regulations, standards, by-laws, ordinances, subordinate legislation, industry codes of conduct, decisions of courts, the common law and any government order, decree or other instrument of the US, Australia or any other relevant jurisdiction (whether Federal, State or local) and including all laws relating to the cultivation, manufacture, trafficking, pre-trafficking, importation/exportation, possession, consumption, and selling of any form of cannabis , hemp, THC or CBD, and the financing of or any other involvement with such undertakings
<b>Research and Testing Laboratory</b>	The facility referenced in Section 9.3
<b>Search Engine Optimisation</b>	The process of maximizing the number of visitors to a particular website by ensuring that the site appears high on the list of results returned by a search engine
<b>Section</b>	A section of this Prospectus
<b>Securities</b>	shares and options
<b>Series A Convertible Preferred Stock</b>	A class of preferred stock of NuCannaCo Systems, Inc., a Delaware Corporation and a wholly owned subsidiary of the NuCannaCo Science Limited
<b>SG&amp;A</b>	Selling general and administrative costs
<b>Share</b>	A fully paid ordinary share in the capital of the Company
<b>Shareholder</b>	The holder of a share in the Company
<b>Share Registrar/Share Registry</b>	Computershare Investor Services Pty Ltd ABN 48 078 279 277



# Appendix B

## Glossary

The terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	MEANING
<b>Spa Essentials</b>	A sole proprietorship based in Dallas, Texas that produces skin and body care products that are privately branded and sold through the Erika Gavina brand name. Spa Essentials shall be acquired by NCI under the terms and conditions described in the Purchase and Sale Agreement dated 21 September 2016 referred to in Section 15.4.7.
<b>Subscription Amount</b>	The amount of money in dollars and cents payable for those Shares an Applicant has applied for pursuant to the Australian Public Offer at \$0.20 each
<b>Subsidiaries</b>	NuCannaCo Systems Inc., Ashford Colorado, LLC and Ashford Energy, LLC
<b>THC</b>	Delta 9 tetrahydrocannabinol. An active cannabinoid found in cannabis
<b>THCA</b>	Tetrahydrocannabinolic acid. An inactive cannabinoid found in cannabis
<b>Trustee of IGWT Trust</b>	David Frankens as trustee of the IGWT Trust
<b>US, USA or United States</b>	The United States of America, its territories and provinces, any state of the United States of America and the District of Columbia
<b>US Investors</b>	The applicants for shares of Common Stock in NuCannaCo Systems, Inc. under the US Private Placement
<b>US Private Placement</b>	The US Private Placement of shares of Common Stock in NuCannaCo Systems, Inc. made to certain investors in the US pursuant to Regulation D of the US Securities Act, described in Section 4
<b>USD\$, US\$ or US Dollar</b>	The lawful currency of the US
<b>US Securities Act</b>	Securities Act 1933 (US) (as amended to date and includes the rules and regulations promulgated thereunder)



# Corporate Directory

Directors	Company Secretary
David Lindh (Non-Executive Chairman)	Jonathan W. Lindh Level 4 22 Grenfell Street Adelaide, SA 5000
David Goughnour (Managing Director)	
James Renfro (Executive Director)	
Simon Gray (Non-Executive Director)	
Robert Hughes (Non-Executive Director)	
David Frankens (Non-Executive Director)	

Registered Office	Lead Manager
Level 4 22 Grenfell Street Adelaide SA 5000 Australia	Sequoia Corporate Finance Pty Ltd Corporate Authorised Representative (No. 000469074) of D2MX Pty Limited (ACN 113 959 596, AFSL No 297950) Level 4 Anzac House 4 Collins Street Melbourne VIC 3000 Telephone: +61 3 8548 3333 Facsimile: +61 2 8114 2200 Website: <a href="http://www.sequoia.com.au">www.sequoia.com.au</a>

Nominated Advisor & Australian Legal Advisors for the Offer	Share Registry
Minter Ellison Level 10 25 Grenfell Street Adelaide SA 5000 Australia	Computershare Investor Services Pty Ltd ABN 48 078 279 277 Level 5 115 Grenfell Street Adelaide SA 5000 Australia

Stock Exchange	Auditor
The Company will apply for its Shares to be quoted on the official list of NSX Limited under the following code: NCS	Grant Thornton Audit Pty Ltd ABN 94 269 609 023 ACN 130 913 594 Level 1 67 Greenhill Rd Wayville, SA 5034

ACN 607 640 513

## Australian Public Offer Application Form

This is an Application Form for Shares in NuCannaCo Science Limited under the Australian Public Offer on the terms set in the Prospectus dated 23 November 2016. You may apply for a minimum of 10,000 Shares. This Application Form and your cheque or bank draft must be received by **5:00pm (ACST) on 22 December 2016**.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

Shares applied for

Price per Share

Subscription Amount

**A**


at

**A\$0.20**
**B A\$**


The minimum Subscription Amount is \$2,000 for 10,000 Shares.

**Examples of application amount** (Additional Shares may be purchased in multiples of 1,000 Shares for \$200 each multiple.)  
 (\$2,000.00 for 10,000 Shares, \$5,000.00 for 25,000 Shares or \$10,000 for 50,000 Shares)

**PLEASE COMPLETE YOUR DETAILS BELOW** (refer overleaf for correct forms of registrable names) **+**

Applicant #1

Surname/Company Name

**C**


Title

First Name

Middle Name

Joint Applicant #2

Surname

Title

First Name

Middle Name

Designated account e.g. &lt;Super Fund&gt; (or Joint Applicant #3)

TFN/ABN/Exemption Code

First Applicant

Joint Applicant #2

Joint Applicant #3

**D**


TFN/ABN type – if NOT an individual, please mark the appropriate box

 Company

 Partnership

 Trust

 Super Fund

**PLEASE COMPLETE ADDRESS DETAILS**

PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name (if applicable)

**E**


Unit Number/Level

Street Number

Street Name

Suburb/City or Town

State

Postcode

Email address (only for purpose of electronic communication of shareholder information)

CHESSE HIN (if you want to add this holding to a specific CHESSE holder, write the number here)

**F**

**+**

*Please note: that if you supply a CHESSE HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESSE, your Application will be deemed to be made without the CHESSE HIN and any Shares issued as a result of the Australian Public Offer will be held on the issuer sponsored sub-register.*

Telephone Number where you can be contacted during Business Hours

Contact Name (PRINT)

**G**



Cheques or bank drafts should be made payable to “NuCannaCo Science Limited” in Australian currency and crossed “Not Negotiable”.

Cheque or Bank Draft Number

BSB

Account Number

**H**




 Total Amount **A\$**


**LODGEMENT INSTRUCTIONS**

You must return your application so it is received before 5:00pm (ACST) on 22 December 2016 to Computershare Investor Services Pty Ltd, GPO Box 1326, Adelaide SA 5001.

# Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The Shares to which this Application Form relates are NuCannaCo Science Limited Shares. Further details about the Share are contained in the Prospectus dated 23 November 2016 issued by NuCannaCo Science Limited. The Prospectus will expire in 13 months after the date of lodgement. While the Prospectus is current, NuCannaCo Science Limited will send paper copies of the Prospectus, any supplementary document and the Application Form, free of charge on request. The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant Prospectus. This Application Form is included in the Prospectus.

The Prospectus contains important information about investing in the Shares. You should read the Prospectus before applying for Shares.

**A** Insert the number of Shares you wish to apply for. The Application must be for a minimum application amount of \$2,000.00 for 10,000 Shares.

#### Examples of application amount

(\$2,000.00 for 10,000 Shares, \$5,000.00 for 25,000 Shares or \$10,000 for 50,000 Shares)

**B** Insert the relevant amount of Subscription Amount. To calculate your Subscription Amount multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

**C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

**D** Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint Applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, NuCannaCo Science Limited will be required to deduct tax at the highest marginal rate of tax (including the Medicare Levy) from payments.

**E** Please enter your postal address for all correspondence. All communications to you from NuCannaCo Science Limited and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

**F** If you are already a CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES for this HIN is different to the details given on this form, your Shares will be issued to NuCannaCo Science Limited's issuer sponsored subregister.

**G** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

**H** Please complete the details of your cheque or bank draft in this section. The total amount of your cheque or bank draft should agree with the amount shown in section B.

Make your cheque or bank draft payable to "NuCannaCo Science Limited" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

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### Mailing Address

NuCannaCo Science Limited  
C/- Computershare Investor Services Pty Ltd,  
GPO Box 1326  
Adelaide SA 5001 Australia

### Hand Delivery

NuCannaCo Science Limited  
C/- Computershare Investor Services Pty Ltd, Level 5,  
115 Grenfell Street Adelaide SA 5000 Australia (**do not use this address for mailing purposes**)

Neither Computershare Investor Services Pty Ltd nor NuCannaCo Science Limited accepts responsibility if you lodge the Application Form at any other address or by any other means. If you have any enquiries, contact the offer Information line on 1300 383 308 (within Australia) and +61 3 9415 4376 (outside Australia).

## PERSONAL INFORMATION COLLECTION NOTIFICATION STATEMENT

Personal information about you is held on the public register in accordance with Chapter 2C of the Corporations Act 2001. For details about Computershare's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit the website at [www.computershare.com.au](http://www.computershare.com.au) for a copy of the Computershare condensed privacy statement, or contact by phone on +61 8 8236 2300 (free call within Australia) 9am-5pm (Adelaide time) Monday to Friday (excluding public holidays) to request a copy of the complete privacy policy.

## CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
<b>Individual</b> Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
<b>Company</b> Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
<b>Joint Holdings</b> Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
<b>Trusts</b> Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
<b>Deceased Estates</b> Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
<b>Minor (a person under the age of 18 years)</b> Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
<b>Partnerships</b> Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
<b>Long Names</b>	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
<b>Clubs/Unincorporated Bodies/Business Names</b> Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
<b>Superannuation Funds</b> Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using <> as indicated above in designated spaces at section C on the Application Form.

ACN 607 640 513

## Australian Public Offer Application Form

This is an Application Form for Shares in NuCannaCo Science Limited under the Australian Public Offer on the terms set in the Prospectus dated 23 November 2016. You may apply for a minimum of 10,000 Shares. This Application Form and your cheque or bank draft must be received by **5:00pm (ACST) on 22 December 2016**.

If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

Shares applied for

Price per Share

Subscription Amount

**A**


at

**A\$0.20**
**B A\$**


The minimum Subscription Amount is \$2,000 for 10,000 Shares.

**Examples of application amount** (Additional Shares may be purchased in multiples of 1,000 Shares for \$200 each multiple.)  
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Designated account e.g. &lt;Super Fund&gt; (or Joint Applicant #3)

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**D**


TFN/ABN type – if NOT an individual, please mark the appropriate box

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Email address (only for purpose of electronic communication of shareholder information)

CHESSE HIN (if you want to add this holding to a specific CHESSE holder, write the number here)

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 Total Amount **A\$**


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<b>Trusts</b> Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
<b>Deceased Estates</b> Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
<b>Minor (a person under the age of 18 years)</b> Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
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