



CANN GLOBAL LIMITED
ACN 124 873 507

7 JUNE 2019

REPLACEMENT PROSPECTUS

Capital Raising Offer

This Prospectus has been prepared for an offer of up to 170,000,000 new Shares at an issue price of \$0.035 per Share to raise up to \$5,950,000, with a minimum subscription of \$1,995,000 together with one (1) free attaching Option for every two (2) Shares subscribed for and issued.

This Prospectus also contains the additional offers of Shares described in Section 6.2.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities. The Offers under this Prospectus (other than the Lead Manager Offer and the L1 Offer) are subject to and conditional upon the following Conditions:

- the Minimum Subscription being raised under the Capital Raising Offer within four months after the date of the recent refresh prospectus lodged with the ASIC on 24 May 2019; and
- the Company having satisfied the conditions contained in the formal Conditional Approval letter expected to be issued by ASX, and its Securities being reinstated to Official Quotation on ASX within three months after the date of the recent refresh prospectus lodged with the ASIC on 24 May 2019.

Lead Manager to the Capital Raising Offer:

Empire Capital Partners Pty Ltd

IMPORTANT NOTICE

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay. The Securities offered by this Prospectus should be considered highly speculative.

This is a Replacement Prospectus dated 7 June 2019. It replaces a prospectus dated 27 September 2018 (as supplemented by the Supplementary Prospectuses) relating to the shares of Cann Global Limited (ACN 124 873 507).

TABLE OF CONTENTS

| | | |
|-----|---|-----|
| 1. | CORPORATE DIRECTORY | 1 |
| 2. | EXECUTIVE CHAIRPERSON'S LETTER | 3 |
| 3. | KEY OFFER INFORMATION | 4 |
| 4. | IMPORTANT NOTICE | 6 |
| 5. | INVESTMENT OVERVIEW | 11 |
| 6. | DETAILS OF THE OFFERS | 31 |
| 7. | COMPANY OVERVIEW | 44 |
| 8. | FINANCIAL INFORMATION | 71 |
| 9. | INVESTIGATING ACCOUNTANT'S REPORT | 88 |
| 10. | LEGAL OPINION | 95 |
| 11. | RISK FACTORS | 114 |
| 12. | BOARD OF CGB | 127 |
| 13. | CORPORATE GOVERNANCE | 133 |
| 14. | MATERIAL CONTRACTS | 136 |
| 15. | ADDITIONAL INFORMATION | 148 |
| 16. | DIRECTORS' AUTHORISATION | 160 |
| 17. | GLOSSARY | 161 |

1. CORPORATE DIRECTORY

Directors (subject to shareholder meeting on 2 July)

Pnina Feldman
Executive Chairperson

Sholom Feldman
Managing Director

Jonathan Cohen
Independent Non-Executive Director

David Austin
Independent Non-Executive Director

John Easterling
Independent Non-Executive Director

Company Secretary (upon relisting)

Alex Neuling

ASX Code

CGB

Lead Manager

Empire Capital Partners Pty Ltd
Australian Financial Services Licence
339211
Unit 8, 448 Roberts Road
Subiaco WA 6008

Auditor

Nexia Sydney Partnership
Level 16
1 Market Street
Sydney NSW 2000

Investigating Accountant

Nexia Sydney Corporate Advisory Pty Ltd
Level 16
1 Market Street
Sydney NSW 2000

Registered Office

24 Birriga Rd
Bellevue Hill NSW 2023

Telephone: +61 2 8379 1832
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Email: info@canngloballimited.com
Website:
<https://www.canngloballimited.com>

Share Registry*

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000
Telephone: 1300 850 505 or
+61 3 9415 4000 (from outside Australia)

Solicitors to the Company

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
PERTH WA 6000

Author of Legal Opinion

Piper Alderman
Level 23
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

* This entity has been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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2. EXECUTIVE CHAIRPERSON'S LETTER

Dear Shareholder,

It is after much investigative research, diligent and focused hard work, negotiations with potential partners both locally and overseas, the establishment of numerous subsidiary companies each one dedicated to a particular task in building a leading medicinal cannabis and hemp seed food company, and above all establishing a team of renown experts with experience, knowledge, vision and business acumen, that we are most proud and excited to present to you this Prospectus which gives our Shareholders a unique and exclusive opportunity to invest in our newly formed company and share in the profitability both financial and health wise, that our team is continually striving to create.

Shareholders are aware just how much time and effort has been expended up to this point of finally reaching this milestone. We take this opportunity to thank all our Shareholders who overwhelmingly have been supportive of the various deals and acquisitions as outlined in this Prospectus and know that you are as confident in the future of Cann Global Ltd as we are, and anxiously await to benefit from the investment that we all in our own way have put into the Company and will continue to do so. We are indeed pleased when an opportunity such as this offer arises aimed at benefitting all of our Shareholders who deserve to be a part of our fast-growing success.

We can only thank God for the amazing manifold opportunities that have come our way over the last couple of years, for the wonderful people that have joined to build our Company, and for being in the right place and space at the right time. Hard work is a necessity in the business world, but nothing beats hard work combined with good fortune and opportunities, and for that we are most grateful and feel indeed blessed. Every one of our continually expanding highly professional team is dedicated to give their maximum expertise to make sure that the Company will become a leading world player in the cannabis industry and in whatever other projects our Company is involved in and may undertake in the future.

We aim to be a holding company of top-class Cannabis and other resource projects as the opportunities arise, and as each division develops, we may then consider spinning out a few of the subsidiary companies in their own right, and we hope that our Shareholders will be with us all the way and share the fruits of our labours.

Because this is a limited raising that has already been oversubscribed, we advise any Shareholder who does not want to miss out on this investment opportunity with free attaching Options, to send in Application Forms as soon as possible and to specify the exact amount of Shares requested. We will do our best to accommodate as many Shareholders as possible. Consideration will be given to Shareholders holding larger parcels of Shares and who have been with the Company over time, and otherwise on a first come first served basis.

On behalf of the Board of Directors, I look forward to sharing the success of our vision with all our loyal Shareholders of Cann Global Limited.

Yours sincerely,

Pnina Feldman
Executive Chairperson
CANN GLOBAL LIMITED

3. KEY OFFER INFORMATION

3.1 Key Dates - Indicative Timetable

| Event | Date ¹ |
|---|-------------------|
| Lodgement of Prospectus with the ASIC | 7 June 2019 |
| Opening Date of the Offers | 7 June 2019 |
| General Meeting to approve Resolutions | 2 July 2019 |
| Closing Date of the Offers ² | 3 July 2019 |
| Issue of Shares under Capital Raising Offer | 4 July 2019 |
| Completion of the Transactions | 4 July 2019 |
| Re-quotations of Securities (including Shares issued under the Offers) on the ASX | 10 July 2019 |

Notes:

1. The above dates are indicative only and may change without notice. The Company reserves the right to extend the closing dates of the Offers or close the Offers early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Shares to Applicants.
2. This date is only a good faith estimate by the Directors and the Offers may be closed early or extended at the discretion of the Directors.

3.2 Key Statistics of the Offers

| | Shares | |
|---|----------------------|----------------------|
| | Minimum Subscription | Maximum Subscription |
| Ordinary Shares currently on issue ¹ | 1,612,435,425 | 1,612,435,425 |
| Capital Raising Offer ² | 57,000,000 | 170,000,000 |
| Lead Manager (success fee) ³ | | 2,857,143 |
| MCL Offer ⁴ | 1,277,142,857 | 1,277,142,857 |
| Medcan Offer ⁵ | 2,250,000 | 2,250,000 |
| HHC Offer ⁶ | 40,540,541 | 40,540,541 |
| T12 Offer ⁷ | 21,621,621 | 21,621,621 |
| T12 Management Offer ⁸ | 5,405,405 | 5,405,405 |
| L1 Offer | 10,000,000 | 10,000,000 |
| Total Shares on issue following completion of the Offers ⁹ | 3,026,395,849 | 3,142,252,991 |
| Gross proceeds of the Offers | \$1,995,000 | \$5,950,000 |

Notes:

1. Not including Performance Shares (there are currently 50,000,000 Performance Shares on issue). The Company does not currently have any Options on issue, however up to 85,000,000 Options may be issued pursuant to the Capital Raising Offer (based on maximum subscription) and an additional 20,000,000 Options may be issued to Empire as Lead Manager and 31,140,000 to L1. The Company also intends to issue 1,730,000 Convertible

Notes to L1. Refer to Section 6.5 for the Company's indicative capital structure following completion of the Offers.

2. The Capital Raising Offer will primarily be an offer to existing Shareholders of the Company, though the Company may place any shortfall under the Capital Raising Offer at its sole discretion. For further information relating to the Offers refer to Section 6.
3. A success fee of \$100,000 worth of Shares is payable to Empire if the maximum subscription is achieved under the Capital Raising Offer. Refer to Section 14.1 for further information. The payment of the success fee in Shares, together with the issue of Options, to the Lead Manager forms the separate Lead Manager Offer under this Prospectus.
4. The MCL Offer relates to the MCL Acquisition. As detailed in Sections 7.2 to 7.4, the Company will be acquiring the remaining 45% of MCL Shares it does not already hold. The terms of the MCL Acquisition are summarised in Section 14.2.
5. The Medcan Offer is for 2,250,000 Shares pursuant to the Medcan Transaction and is being made to Medcan only. The issue of Shares to Medcan Management will occur on a quarterly basis over a 2-year period and are in addition to the 1,380,000 and 2,870,000 Shares that have already been issued to Messrs Bell and Cochran respectively. Refer to Sections 7.13 and for further information.
6. Pursuant to a heads of agreement between MCL and Hemp Hulling Co (Qld) Pty Ltd (**HHC**) and HHC's major shareholder, MCL has agreed to acquire a 55% shareholding interest in HHC. In consideration for this acquisition, MCL paid a \$300,000 cash payment, together with the issue of a 5% shareholding interest in MCL's subsidiary, VitaHemp Pty Ltd, to HHC's nominee for an initial 25% interest in HHC. MCL will acquire a further 30% interest in HHC in consideration for \$1.5 million of Shares, which is intended to be satisfied through the issue of 40,540,541 Shares at a deemed issue price of \$0.037 per Share. Refer to Section 14.3 for further information.
7. Pursuant to a heads of agreement between CGB, T12 Holdings Pty Ltd (**T12**) and the shareholder of T12, CGB has agreed to purchase T12 in consideration for the issue of 21,621,621 Shares in CGB. Refer to Section 14.5 for further information.
8. The T12 Management Offer relates to the T12 Acquisition and is being made to the management of T12, being Sebastian Edwards and Samuel Edwards. Refer to Section 14.5 for further information.
9. Assuming no additional Shares are issued, and no Performance Shares are converted into Shares.

4. IMPORTANT NOTICE

4.1 General

This Prospectus is dated 7 June 2019 and was lodged with the ASIC on that date. This Prospectus replaces the prospectus lodged by the Company on 27 September 2018 (as supplemented by the Supplementary Prospectuses) relating to the securities of the Company (**Original Prospectus**). The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe any of, these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not and is not intended to constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or issue this Prospectus. No action has been taken to register or qualify the Securities or the Offers or to otherwise permit a public offering of the Securities in any jurisdiction outside Australia or New Zealand.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

4.2 Changes from Original Prospectus

This Replacement Prospectus contains necessary changes as a result of the re-negotiation of the agreement with Medcan and the agreement entered into with Bio Health, both as announced on 8 February 2019.

4.3 Investment advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

4.4 Risk factors

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares offered under this Prospectus. There are risks associated with an investment in the Company. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Securities. Refer to Section 11 for details relating to some of the key risk factors that should be considered by prospective investors. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

4.5 Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.canngloballimited.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, free of charge, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.canngloballimited.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, such Application Form was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. No document or information included on our website is incorporated by reference into this Prospectus.

4.6 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'considers', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

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

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 11.

4.7 Conditional Offers

The Offers (other than the Lead Manager Offer and the L1 Offer) are subject to and conditional upon:

- (a) the Minimum Subscription being raised under the Capital Raising Offer;

- (b) obtaining the Shareholder Approvals at the Company's General Meeting; and
- (c) the Company having satisfied any conditions contained in the Conditional Approval expected to be issued by ASX and its Securities being reinstated to Official Quotation on ASX,

(each a **Condition**).

If the Conditions are not satisfied within three months after the date of the recent refresh prospectus which was lodged with ASIC on 24 May 2019, or the MCL Agreement is terminated for any reason, the Offers will not proceed, and no Shares will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

Further information on the Lead Manager Offer and L1 Offer is contained at Section 6.2.

4.8 Change in nature and scale of the Company's activities

Given the change to the nature and scale of the Company's activities that will occur as a result of the proposed Transactions, ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This approval needs to be re-obtained due to the change in the Medcan Transaction and entering into the Bio Health Transaction as outlined in Section 7.4 and announced on 8 February 2019.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission of the Company to the Official List following a change in nature and scale of the Company's activities.

The Company's Securities will remain suspended from trading on ASX and not be reinstated until:

- (a) satisfaction of the Conditions to the Offers outlined in Section 4.77 above; and
- (b) approval by the ASX of the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

In the event the Conditions are not satisfied then the Company will not proceed with the Offers and will repay all application monies received.

4.9 ASX waivers

ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2)

ASX Listing Rule 1.1 (Condition 12) provides that if an entity has options on issue the exercise price for each underlying security must be at least 20 cents in cash. ASX Listing Rules 2.1 (Condition 2) provides that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash.

The Company has received a waiver from the requirements of ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2) to allow the Company to have on issue

Options with an exercise price which is less than 20 cents, and to offer Shares under this Prospectus with an issue price which is less than 20 cents.

ASX Listing Rules 9.1.3

A restricted security is a security issued in the circumstances set out in Appendix 9B or securities that, in ASX's opinion, should be treated as restricted securities. Listing Rules 9.1.3 and 9.1.4 require that an entity which issues restricted securities, or has them on issue, must:

- (a) apply the restrictions in Appendix 9B or other restrictions as ASX in its discretion, decides; and
- (b) enter into restriction agreements with the holders and controllers of those restricted securities.

Restriction agreements must be entered into between a company and the holder of a restricted security and be provided to ASX before any person receives the restricted securities or any rights in relation to them.

The key principle underlying ASX Listing Rule 9 is to protect the integrity of the market ASX conducts. The escrow of securities is intended to prevent exploitation of the market by transferring share value before asset value is established. The escrow period allows the value of assets or services sold to an entity to become more apparent, and for the market price of the entity's securities to adjust before the holder can transfer their securities.

Where applicable, the Company will seek waivers for ASX Listing Rule 9.1.3 to relieve holders of restricted securities from the escrow requirements where such relief is allowed.

ASX Listing Rules 10.13.3 and 14.7

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of equity securities, or agreement to issue equity securities, to a related party of the Company.

ASX Listing Rule 10.13 sets out the requirements for shareholder approval under ASX Listing Rule 10.11. In particular, ASX Listing Rule 10.13.3 provides that the notice of meeting must (inter alia) state the date by which the entity will issue the securities and that the securities must be issued no later than 1 month after the date of the meeting or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules.

As stated in Section 6.9, Sholom Feldman and Prina Feldman wish to participate in the Offer on the same terms as other applicants. The Company has received a waiver of Listing Rule 10.13.3 to allow it to issue such Shares to Sholom Feldman and Prina Feldman within 3 months (rather than 1 month) from the date of the General Meeting.

ASX Listing Rule 14.7 provides that where an entity states in a notice of meeting that it will do something that the ASX Listing Rules require it to do, the entity must do that thing.

As the Listing Rules require that the notice of meeting for the General Meeting states the Company will issue these Shares to Sholom Feldman and Prina Feldman within 1 month of the General Meeting, a waiver under Listing Rule 14.7 must also

be sought in conjunction with the waiver under Listing Rule 10.13.3 should the Shares not be issued within this 3 month period.

4.10 Diagrams

Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

4.11 Defined terms

Unless the contrary intention appears, or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 17.

4.12 Time

All references to time in this Prospectus unless otherwise noted, are references to Australian Western Standard Time.

4.13 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept an Offer, please email Sholom Feldman at sfeldman@cannglobabllimited.com, or call on +61 2 8379 1832.

5. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. This Prospectus should be read and considered in its entirety.

| Item | Summary | Further information |
|---------------------------------------|---|---------------------|
| A. Company | | |
| Who is the issuer of this Prospectus? | Cann Global Limited) (ACN 124 873 507) (ASX: CGB) (CGB or the Company). | Section 7 |
| Who is CGB? | <p>CGB is an Australian public company incorporated on 12 April 2007 which has been listed on the Official List of the ASX since 14 January 2008. The Company has been focused on defining significant bauxite resources with a view to developing a bauxite mining and export operation that may include direct shipping ore (DSO).</p> <p>The Company has been focused on targeting long-life operations and positioning itself to participate in the growth of the bauxite sector. Following the completion of a comprehensive study, mapping and review process, the Company acquired projects that offer significant prospects for the attainment of gibbsitic bauxite with a low reactive silica content close to key road, rail and port infrastructure.</p> <p>The Company's Bauxite Projects include interests in:</p> <ul style="list-style-type: none">• the South Johnstone Project located in Queensland; and• the New England Bauxite Project located in the New South Wales, <p>(the Bauxite Projects).</p> <p>The Company has also been focused on finding strategic investment opportunities to enhance Shareholder value. In March 2017 the Company announced it had agreed to acquire a 55% shareholding in Medical Cannabis Limited (MCL), an Australian leader in the hemp and cannabis industries. In consideration for the acquisition of its 55% shareholding in MCL, CGB issued 49,000,000 Shares and 50,000,000 Performance Shares to</p> | Section 7 |

| Item | Summary | Further information |
|---------------------------------|---|-------------------------------|
| | <p>the vendors of the MCL shares it acquired.</p> <p>MCL has been a key value driver for CGB and has delivered material shareholder returns since the Company's initial investment. This investment has now grown to a point where the hemp and medical cannabis business is a significant business in its own right.</p> | |
| B. Transactions overview | | |
| What are the Transactions? | <p>The Company has entered into:</p> <ul style="list-style-type: none"> (a) the MCL Agreement pursuant to which the Company will acquire the remaining 45% of the MCL Shares it does not already hold from the MCL Shareholders, (MCL Acquisition); (b) the Medcan Agreement pursuant to which (Medcan Transaction) Medcan has agreed to facilitate the manufacture, importing and exporting of cannabis products and other ingredients to enable CGB to meet its business objectives; (c) the acquisition of T12; and (d) the Bio Health Transaction. <p>(together, the Transactions).</p> <p>The Company elected not to separately float MCL but to merge it into the Company thereby giving Shareholders the combined value of the existing Bauxite Projects and MCL's burgeoning activities in the industrial hemp and medicinal cannabis industries, including majority ownership of HHC.</p> <p>The reasons for and further information on the Transactions, is set out in Sections 7 and 7.4. The terms of the Transactions are summarised in Sections 14.2 and 14.2.</p> | Sections 7.2 to 7.4, and 14.2 |
| Who is MCL? | MCL is an unlisted public company which was incorporated on 16 March 2015 for the purpose of capitalising on the industrial hemp seed industry and the medical cannabis market in Australia. | Sections 7.3 and 7.5.2 |

| Item | Summary | Further information |
|----------------|---|---------------------|
| | <p><i>Seed bank IP</i></p> <p>MCL has developed a seed bank containing numerous varieties of cannabis to match demand for different cannabinoid profiles. MCL has over 25 varieties in its seed bank, suitable for both nutritional hemp and medicinal purposes, including dual purpose varieties.</p> <p><i>Three operating divisions</i></p> <p>MCL has three key divisions that leverage the company's seed bank;</p> <ul style="list-style-type: none"> • growing and cultivating; • retail products; and • medical applications. <p>MCL has a number of subsidiaries which each operate divisions of MCL's business. For further information refer to Section 7.5.2.</p> <p>MCL's strategy is to leverage the intellectual property and management expertise it has in the cannabis sector to become a leader in the distribution of medical cannabis products and solidify its position as a leading Australian hemp food company.</p> <p>MCL has access to Australian approved and certified genetics as well as decades of medical cannabis research leadership and scientific evidence-based patient trials. It is well placed to commercially exploit its intellectual property. MCL's strategy is to develop and improve the commercial opportunities from its existing operations as well as to collaborate with leading research centres where it may be mutually beneficial.</p> <p>Following completion of the Transactions, MCL also hold 55% of HHC.</p> <p>For further information refer to Section 7.3.</p> | |
| Who is Medcan? | <p>Medcan is an Australian proprietary company limited by shares incorporated on 4 November 2016.</p> <p><i>ODC licence</i></p> | Section 7.4 |

| Item | Summary | Further information |
|------|---|---------------------|
| | <p>Medcan was one of the first medical cannabis companies in Australia to receive an Office of Drug Control (ODC) Medical Cannabis Production Licence (Australian Cultivation & Production) to legally cultivate and produce high tetrahydrocannabinol (THC) and cannabidiol (CBD) medicinal cannabis products in Australia. This licence was granted to Medcan in November 2017. The licence expires on 30 June 2019 and will need to be renewed before it expires.</p> <p><i>Revised Agreement</i></p> <p>As announced on 8 February 2019, CGB entered into a revised agreement pursuant to which Medcan has agreed to facilitate the manufacture, importing and exporting of cannabis products and/or ingredients to enable CGB to meet its business objectives (Medcan Agreement). As a result of the new agreement, the previously contemplated formal acquisition will not take place and the 250,000,000 shares previously allocated for the acquisition will not be issued.</p> <p>Under the Medcan Agreement, and subject to the terms and regulations of its Cannabis ODC licences and permits, in summary Medcan will facilitate:</p> <ul style="list-style-type: none"> • the import and export of products under CGB's arrangements with third parties, including CannTab Therapeutics Ltd (CannTab) and Pharmocann Ltd (Pharmocann), as well as any future products that CGB may want to manufacture or distribute; • the manufacture of CGB's products (using either its own facility or the facility of third parties); • the storage of and growing of CGB's unique genetics and seed bank; • assist in the development, research and growing of the CGB's genetics; and • use of a designated area within its facility for a lab for genetic development for CGB, and for manufacturing of oil extraction for CGB. | |

| Item | Summary | Further information |
|---|---|-----------------------|
| | In consideration for these services to be provided by Medcan, CGB will pay Medcan's associated out of pocket expenses and will in addition issue an estimated total of 18,000,000 CGB shares, through the quarterly issue of 2,250,000 shares over a 24-month period. | |
| How will the Transactions be implemented? | <p>The Transactions will be implemented through settlement of the Medcan Agreement, the T12 Agreement, and the MCL Agreement, the latter of which is conditional upon (among other things) the Company obtaining necessary Shareholder and regulatory approvals.</p> <p>Shareholder approval in respect of the Transactions will be sought at the General Meeting.</p> <p>The Company will obtain a 100% interest in MCL, which will, upon completion of the Transactions, result in MCL and T12 becoming wholly owned subsidiaries of CGB and HHC being a majority owned (55%) subsidiary of MCL.</p> <p>A summary of the terms of the Transaction Agreements are set out in Sections 14.2 to 14.5 and 14.10 .</p> | Sections, 7.13 and 14 |

C. Business Model

| | | |
|--|--|--------------------------|
| What are the key business strategies of CGB? | <p>The Company's current activities involve the development of its Bauxite Projects to a commercial stage, as well as pursuing its medicinal cannabis business operations through its existing 55% shareholding in MCL.</p> <p>Upon the successful completion of the Transactions, the Company aims to focus on legally growing and cultivating hemp and medicinal cannabis products in Australia to supply the new Australian and burgeoning global markets as these industries develop from infancy to fruition worldwide.</p> <p>Further details relating to the Company's Bauxite Projects, and its business model and growth strategy following completion of the Transactions, are set out in Sections 7.5 to 7.8.</p> | Sections 6.4, 7.5 to 7.8 |
|--|--|--------------------------|

| Item | Summary | Further information |
|--|---|---------------------|
| | Refer to Section 6.4 for proposed use of funds following completion of the Offers and reinstatement of Shares to trading on ASX. | |
| How will CGB generate income? | <p>Following the Transactions, the Company intends to generate revenue through:</p> <ul style="list-style-type: none"> the manufacture and sale of hemp food and nutritional products; the manufacture of its own GMP pharmaceuticals, nutraceuticals and therapeutics for distribution and sale to the Australian market and international export market; and in the longer term, seeking to exploit the Bauxite Projects to its commercial advantage by advancing its projects to a state where potential customers will seek to contract for direct shipping ore. | Section 7.5 and 7.8 |
| What are CGB's main objectives? | <p>The Company's main objectives as at the date of this Prospectus are as follows:</p> <ul style="list-style-type: none"> successfully completing the Transactions; reinstating its quoted Securities to trading on the ASX by satisfying the conditions set out in any Conditional Approval issued by ASX; progressing the Company's existing development and commercialisation activities on the Bauxite Projects to maximise Shareholder return; and continuing to develop and expand its medicinal cannabis business operated through MCL to maximise Shareholder return. | Section 6.3 |
| What are the key dependencies of the Company's business model? | The key factors and dependencies for the Company to meet its objectives are set out in section 7.10. | Section 7.10 |
| D. Key Investment Highlights | | |
| What are the key investment highlights? | The Directors are of the view that, subject to completion of the Transactions and the Offers, | Section 7 |

| Item | Summary | Further information |
|---|---|---------------------|
| | <p>an investment in the Company provides the following non-exhaustive list of key highlights:</p> <ul style="list-style-type: none"> the Transactions provide an opportunity for the Company to diversify its business by moving to a vertically integrated model in both of the newly legalised cannabis industries of nutritional hemp and medicinal cannabis, underpinning the Company's vision to participate across the value chain; the potential increase in market capitalisation of the Company following the Transactions and the Offers may lead to access to improved equity capital market opportunities and increased liquidity; and the cash reserves of the Company will be conserved as the consideration for the Transactions is predominantly comprised of Securities (other than the requirement to pay any out of pocket costs incurred by Medcan to facilitate the Company's obligations under the Medcan Agreement) – refer to Section 14.2 for further details). | |
| E. Key Risks | | |
| What are the key risks of an investment in CGB? | <p>The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which it can effectively manage them is limited.</p> <p>Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out below. Further industry specific and general risk factors are set out in Section 11 of this Prospectus.</p> | Section 11 |

| Item | Summary | Further information |
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| | <p>The risk factors described in this Investment Overview and Section 11 are not intended to be an exhaustive list of the risk factors to which the Company is exposed.</p> <p><u>Key risks associated with re-compliance</u></p> <p>(a) Completion risk: The Company has agreed to acquire 100% of MCL, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Transactions cannot be fulfilled and, in turn, that completion of the Transactions does not occur. If the Transactions are not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.</p> <p>(b) Re-Quotation of Shares on ASX: Undertaking the Transactions constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.</p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.</p> <p>(c) Dilution Risk: With the Company expected to have approximately 3,142,252,991 Shares on issue at the time of its reinstatement to trading (based on a maximum subscription being achieved under the Capital Raising Offer), existing Shareholders are expected to be diluted by approximately 51.31% on completion of the Transactions and the Company's reinstatement to trading.</p> <p>(d) ASX Suspension: The Company's Securities have been suspended from</p> | |

| Item | Summary | Further information |
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| | <p>the Official List of ASX since 1 August 2018. As such, there is no market for Shares and the Shares offered pursuant to this Prospectus are highly illiquid.</p> <p>(e) Future Capital Requirements: The Company may require additional funding in the future (whether by way of debt or equity or a combination of both). The ability of the Company to meet this future requirement will be dependent on the Company's continued access to credit markets, funding sources and financing facilities. Access to credit markets on less than favourable terms may impact the Company's access to financing facilities should the need arise and may have a material adverse effect on the Company's future financial performance and position.</p> <p>Furthermore, any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.</p> <p>(f) Integration Risk: Given that on completion of the Transactions, two independent businesses will be brought together to be members of the Company Group and the Company will have strategic alliances to adhere to, a process will be implemented to align, expand and improve the financial reporting system for the Company Group. While this process takes place, historical deficiencies may be discovered which may have a material impact on the financial position of the Company.</p> <p><u>Key risks associated with cannabis operations</u></p> <p>(g) Obtaining and retaining licences, permits and approvals: The Company's business model is reliant on obtaining access to</p> | |

| Item | Summary | Further information |
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| | <p>any necessary additional licences, permits and approvals as outlined in the legal opinion on MCL's business operations in Section 10 of this Prospectus and retaining (and in the future applying for renewal of) the necessary licences, permits and approvals issued by the ODC and other regulatory bodies to conduct its cannabis business operations (see Section 7.5).</p> <p>The Company Group may apply for additional licences, permits and approvals as may be required, and undertake the necessary requirements for approval, however, there is no assurance that any such licences, permits or approvals will be granted to the Company Group, or on terms anticipated by the Company Group. A failure to obtain any such licences, permits or approvals may result in the Company Group being unable to continue to establish and/or further its cannabis related business operations.</p> <p>The Company Group will also endeavour to comply with any approvals or conditions attaching to the relevant licences, permits and approvals, and undertake continued maintenance of such licences and permits. However, there is no guarantee that any licences, permits or approvals granted by the ODC or other regulatory bodies will not be revoked during their term, or that they will be renewed for a further period of time or renewed on terms anticipated by the Company Group. Should any of these circumstances eventuate, it is likely to have a material adverse effect on the Company's proposed activities and operations, as well as its financial performance and prospects.</p> <p>(h) Establishment and implementation of new legislative regime: The Company operates (or intends to operate) in an industry which has recently experienced key regulatory and legislative changes. The legislative amendments to key Australian legislation only came into effect fairly recently (for example, the</p> | |

| Item | Summary | Further information |
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| | <p>legislative amendments to the ND Act only came into effect in Australia in October 2016). The ODC has published regulations and a series of guidelines which explain how the reforms are to operate, and the application processes for licences and permits. Although this guidance is quite prescriptive, as with any new legislative regime, there remains some uncertainty as to the interpretation of the new laws and regulations and the review methodology that the ODC will adopt.</p> <p>(i) Change to laws or regulations: The operations and proposed operations of the Company Group are subject to a variety of laws, regulations and guidelines. The industrial hemp and medicinal cannabis industries are evolving globally, including in Australia. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks and operations of companies involved in the hemp and medicinal cannabis sectors. In particular, the regulation of hemp and medicinal cannabis is a partisan and divisive issue and, as a result, a change in government or increase in political lobbying may result in a change in government policy and an amendment of legislation and/or regulation.</p> <p>The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the operations or contractual obligations of the Company Group, could impact adversely on the assets, operations and financial performance of CGB and the hemp and medicinal cannabis industry in general.</p> <p>(j) Agricultural Factors: The businesses of MCL are reliant on agricultural products. As such, the businesses of MCL are subject to the risks inherent in the agricultural industry. These risks include insects, plant diseases, storm, fire, frost, flood, water availability, water salinity,</p> | |

| Item | Summary | Further information |
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| | <p>pests, bird damage and force majeure events.</p> <p>(k) Production risk: The ability of the Company to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of the Company Group.</p> <p>(l) Product approval risk: There is a risk that the products produced and supplied by the Company Group are not approved for supply. This risk is particularly relevant for the Company Group, as it intends to operate in the highly regulated medicinal cannabis industry.</p> <p>(m) Risk of adverse events, product liability or other safety issues: As with all medical or nutraceutical products, there is a risk that the products sold by the Company Group cause serious or unexpected side effects, including risk or injury to consumers. Should any of the Company Group's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could occur.</p> <p>(n) Competition Risk: There are many new entrants and players in the hemp and medicinal cannabis sector, including other growers and multi-national pharmaceutical companies. Some of these parties may have greater financial, technological, managerial and research and development resources and experience than the Company, which may lead to reduced margins and loss of revenue or loss of market share. If the Company is unable to compete successfully, it may be unable to</p> | |

| Item | Summary | Further information |
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| | <p>generate, grow and sustain its revenues and earnings.</p> <p>(o) Strategic Relationship Risk: The Company Group may lose strategic relationships if third parties with whom the Company Group has arrangements are acquired by or enter into relationships with a competitor (which could cause the company to lose access to necessary resources). The Company Group's current competitors could become stronger, or new competitors could form from consolidations. This could cause the Company Group to lose access to markets or expend greater resources in order to stay competitive.</p> <p>(p) Key Supplier Risk: To the extent that the Company Group cannot secure and retain key suppliers, its respective abilities to maintain consistent production levels may be compromised, which in turn may have a material adverse impact on the financial performance and position of the Company Group.</p> <p>(q) Protection of Intellectual Property: The Company Group's success will depend on, in part, its ability to protect its intellectual property, including its trade marks, copyright, trade secrets and know-how. To the extent the Company fails to protect its intellectual property or infringes a third party's intellectual property, the Company may face increased competition from similar products, have to cease using certain intellectual property or be liable for damages. In the event that this occurs, there is a risk that it has a materially adverse impact on the Company Group's operations, financial performance and future prospects.</p> <p><u>Key risks associated with mining operations</u></p> <p>(r) Regulatory Risks: The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Obtaining necessary permits can be a time-</p> | |

| Item | Summary | Further information |
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| | <p>consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.</p> <p>(s) Operations: The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.</p> <p>No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.</p> <p>(t) Mine development: Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental</p> | |

| Item | Summary | Further information |
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| | <p>hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.</p> <p>(u) Equipment and availability: The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.</p> <p>Please refer to Section 11 for a non-exhaustive list of additional risk factors that apply to the Company, including some key risks associated with investing in an entity which operates within the medicinal cannabis and hemp industries.</p> | |

| Item | Summary | Further information |
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| F. Directors and Key Management Personnel | | |
| Who are the Directors of CGB? | <p>The Company's Board following completion of the Transactions is intended to comprise:</p> <ul style="list-style-type: none"> (a) Pnina Feldman (<i>Executive Chairperson</i>); (b) Sholom Feldman (<i>Managing Director</i>); (c) Jonathan Cohen (<i>Non-Executive Independent Director</i>); (d) John Easterling (<i>Non-Executive Independent Director</i>); and (e) David Austin (<i>Non-Executive Independent Director</i>). <p>In addition, the Company intends to appoint Alex Neuling as company secretary prior to the Company's re-listing.</p> <p>The profiles of each of the Directors are set out in Section 12.2. Details of the personal interests of each of the Directors are set out in Section 12.4.</p> | Section 12 |
| Director participation in Capital Raising Offer | As at the date of this Prospectus, Pnina Feldman and Sholom Feldman intend to participate in the Capital Raising Offer. Refer to Section 12.6 for further information. | Section 12.6 |
| G. Financial Information | | |
| How has CGB been performing? | <p>A review of the audited consolidated statements of comprehensive income for CGB for the years ending 30 June 2017, 30 June 2018 and for the half year ended 31 December 2018 are set out in Section 8.</p> <p>The financial information has been adjusted for the effects of the acquisition of MCL, HHC and T12.</p> <p>Refer also to the Investigating Accountant's Report in Section 9.</p> | Sections 8 and 9 |
| What is the financial outlook for CGB? | <p>The reviewed pro-forma statement of financial position for CGB as at 31 December 2018 is set out in the Investigating Accountant's Report in Section 8.</p> <p>It should be noted that past performance is not a guide to future performance.</p> | Section 8 |

| Item | Summary | Further information |
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| Does CGB have sufficient funds for its activities? | The Board believes that the money raised under the Capital Raising Offer and existing cash reserves will provide the Company with sufficient working capital to progress the business as set out in this Prospectus. | Section 6.4 |
| H. Offers | | |
| What is being offered and who is entitled to participate in the Capital Raising Offer? | <p>The Company will be offering Shareholders up to 170,000,000 new Shares at an issue price of \$0.035 per Share to raise up to \$5,950,000, with a minimum subscription of \$1,995,000 (together with one (1) free attaching Option for every two (2) Shares subscribed for and issued).</p> <p>Free-attaching Options will be exercisable at \$0.10 each on or before 30 April 2020.</p> <p>Only persons resident in Australia or New Zealand may participate in the Capital Raising Offer.</p> | Sections 6, 6.14 and 6.15 |
| What is the purpose of the Capital Raising Offer? | <p>The primary purpose of the Capital Raising Offer is to:</p> <ul style="list-style-type: none"> (a) satisfy consideration and other obligations under the Transaction Agreements in order to successfully complete the Transactions; (b) assist CGB to meet the re-admission requirements of the ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 7.12 for further details); (c) provide the Company with additional funding to progress the development of its medicinal cannabis business; and (d) provide CGB with sufficient working capital. <p>The Company intends on applying the funds raised under the Capital Raising Offer along with its current cash reserves in the manner detailed in Section 6.4.</p> | Sections 6.4 and 7.12 |
| Will there be a lead manager to the Capital Raising Offer? | Empire have agreed to act as the Lead Manager to the Capital Raising Offer. Refer to Section 14.1 for details of the fees payable to the Lead Manager for its services. | Section 14.1 |

| Item | Summary | Further information |
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| What are the Other Offers? | <p>This Prospectus also contains the following Other Offers:</p> <ul style="list-style-type: none"> (a) an offer of 2,250,000 Shares to Medcan (Medcan Offer); (b) an offer of 1,277,142,857 Shares to the MCL Shareholders (MCL Offer); (c) an offer of 40,540,541 Shares to the HHC Shareholders (HHC Offer); (d) an offer of 21,621,621 Shares to the T12 Shareholders (T12 Offer); (e) an offer of 5,405,405 Shares to T12 Management (T12 Management Offer); (f) an offer of 10,000,000 Shares and 31,140,000 L1 Options to L1 (L1 Offer); and (g) an offer of 2,857,143 Shares and 20,000,000 Options to the Lead Manager (Lead Manager Offer). <p>Further information relating to the Other Offers, and who may apply for Shares issued under them, is set out in Section 6.2.</p> | Section 6.2 |
| What will CGB's capital structure look like after completion of the Offers and the Transactions? | Refer to Section 6.5 for an indicative pro forma capital structure of the Company following the Offers. | Section 6.5 |
| Will I be guaranteed a minimum allocation under the Offer? | No, the Company is not in a position to guarantee a minimum allocation of Shares under the Offer, although the Company does intend to give preference to existing Shareholders and take into account the size of their holding and the length of time they have held Shares, when allocating the Shares under the Capital Raising Offer. | Section 6.1 (f) and 6.9 |
| What are the terms of the Shares offered under this Prospectus? | <p>A summary of the material rights and liabilities attaching to the Shares offered under the Capital Raising Offer is set out in Section 15.2.</p> <p>The terms and conditions of the free-attaching Options attaching to Shares under the Capital Raising Offer are set out in Section 15.3.</p> | Section 15.2 |

| Item | Summary | Further information |
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| Will any Securities be subject to escrow? | <p>It is expected that a portion of the Company's securities will be subject to escrow following reinstatement to the Official List.</p> <p>The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).</p> | Section 6.11 |
| Will the Shares be quoted? | Application for quotation of all Shares to be issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus. | Section 6.10 |
| What are the key dates of the Offers? | The key dates of the Offers are set out in the indicative timetable in Section 13.1. | Section 3.2 |
| What is the minimum investment size under the Capital Raising Offer? | Applications under the Capital Raising Offer must be for a minimum of \$2,000 worth of Shares (57,143 Shares) and thereafter, in multiples of \$500 worth of Shares (14,286 Shares). | Section 6.1(g) |
| Are there any conditions to the Offers? | The Offers (other than the Lead Manager Offer and the L1 Offer) are conditional upon the Conditions, which are set out in Section 3.1. The Offers will only proceed if all the Conditions are satisfied. | Section 3.1 |
| I. Use of proceeds | | |
| How will the proceeds of the Capital Raising Offer be used? | The Company intends to apply funds raised from the Capital Raising Offer, together with existing cash reserves, primarily for development of its medicinal cannabis business, as specified in Section 6.4. Funds raised will also be allocated towards meeting the expenses of the Offers and providing CGB with sufficient working capital. | Section 6.4 |
| I. Additional information | | |
| Is there any brokerage, commission or | No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offers. | |

| Item | Summary | Further information |
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| duty payable by Applicants? | | |
| What are the tax implications of investing in Shares? | <p>Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.</p> <p>The tax consequences of any investment in Shares depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</p> | |
| Where can I find more information? | <ul style="list-style-type: none"> • By speaking to your sharebroker, solicitor, accountant or other independent professional adviser. • By reviewing CGB's public announcements, which are accessible from ASX's website at www.asx.com.au under the ASX code "CGB". • By visiting CGB's website at www.canngloballimited.com. • By contacting Sholom Feldman, CGB's Managing Director, on (+61 2 8379 1832) or at info@canngloballimited.com.au. • By contacting the Share Registry on +61 8 9323 2000. | |

6. DETAILS OF THE OFFERS

6.1 The Capital Raising Offer

Pursuant to this Prospectus, the Company will be offering up to 170,000,000 new Shares at an issue price of \$0.035 per Share to raise up to \$5,950,000, with a minimum subscription of \$1,995,000 (together with one (1) free attaching Option for every two (2) Shares subscribed for and issued).

- (a) The minimum subscription for the Capital Raising Offer is \$1,995,000. If the minimum subscription has not been raised within four months after the date of the recent refresh prospectus lodged with the ASIC on 24 May 2019, the Offers will not proceed, and no Shares will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.
- (b) Based on the capital structure of the Company as at the date of this Prospectus, if the Capital Raising Offer proceeds, a maximum of 170,000,000 Shares and 85,000,000 free attaching Options will be issued pursuant to the Capital Raising Offer.
- (c) All of the Shares offered under the Capital Raising Offer will be new Shares and will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 15.2 for further information regarding the rights and liabilities attaching to the Shares.
- (d) The free attaching Options offered under the Capital Raising Offer have an exercise price of \$0.10 on or before the expiry date of 30 April 2020. Please refer to Section 15.3 for further information regarding the rights and liabilities attaching to the Options.
- (e) The Capital Raising Offer is not underwritten.
- (f) To participate in the Capital Raising Offer, you must be a person resident in Australia or New Zealand. See Sections 6.14 to 6.15 for further details. The Company is not in a position to guarantee a minimum application of Shares under the Capital Raising Offer.
- (g) Applications under the Capital Raising Offer must be for a minimum of \$2,000 worth of Shares (57,143 Shares) and thereafter, in multiples of \$500 worth of Shares (14,286 Shares).
- (h) Application for quotation of the Shares issued under the Offers will be made to ASX no later than 7 days after the date of this Prospectus. See Section 6.10 for further details. Shares issued pursuant to the Capital Raising Offer are not expected to be subject to any escrow requirements by the ASX.
- (i) The Capital Raising Offer is subject to and conditional upon the satisfaction of the Conditions outlined in Section 4.7. In the event the Conditions are not satisfied, the Offers will not proceed, and no Shares will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

6.2 Other Offers

- (a) This Prospectus also contains the following Other Offers:
 - (i) **Medcan Offer:** An offer of 2,250,000 Shares to Medcan pursuant to the terms of the Medcan Agreement.
 - (ii) **MCL Offer:** An offer of 1,277,142,857 Shares to the MCL Shareholders in consideration for the MCL Acquisition.
 - (iii) **HHC Offer:** An offer of 40,540,541 Shares to the HHC Shareholders pursuant to the terms of the HHC Agreement.
 - (iv) **T12 Offer:** An offer of 21,621,621 Shares to the T12 Shareholders pursuant to the terms of the T12 Agreement.
 - (v) **T12 Management Offer:** An offer of 5,405,405 Shares to the T12 Management.
 - (vi) **L1 Offer:** An offer of the L1 Shares and L1 Options to L1.
 - (vii) **Lead Manager Offer:** An offer of 2,857,143 Shares and 20,000,000 Options to the Lead Manager.
- (b) There is no minimum subscription for the Other Offers.
- (c) Based on the capital structure of the Company as at the date of this Prospectus, if the Other Offers proceed, a maximum of 1,529,817,566 Shares will be issued pursuant to the Other Offers. The expected capital structure of the Company upon completion of all Offers is set out in Section 6.5.
- (d) All of the Shares offered under the Other Offers will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 15.2 for further information regarding the rights and liabilities attaching to the Shares.
- (e) The Options offered under the Lead Manager Offer have an exercise price of \$0.10 on or before the expiry date of 30 April 2020. Please refer to Section 15.3 for further information regarding the rights and liabilities attaching to the Options.
- (f) The L1 Options offered under the L1 Offer have an exercise price of \$0.05 and expire on the date which is 3 years following their date of issue. Please refer to Section 15.4 for the terms and conditions applying to L1 Options.
- (g) None of the Offers are underwritten.
- (h) The Other Offers (other than the Lead Manager Offer and the L1 Offer) are subject to and conditional upon the satisfaction of the Conditions outlined in Section 4.7. In the event the Conditions are not satisfied, the Offers will not proceed, and no Shares will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

6.3 Purpose of the Capital Raising Offer and CGB's main objectives

The Company's main objectives as at the date of this Prospectus are as follows:

- (a) successfully completing the Transactions;
- (b) reinstating its quoted Securities to trading on the ASX by satisfying the conditions set out in any Conditional Approval issued by ASX;
- (c) progressing the Company's existing development and commercialisation activities on the Bauxite Projects to maximise Shareholder return; and
- (d) continuing to develop and expand its hemp and medicinal cannabis business operated through MCL to maximise Shareholder return.

The primary purpose of the Offers therefore is to:

- (a) satisfy consideration and other obligations under the Transaction Agreements in order to successfully complete the Transactions;
- (b) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 7.12 for further details);
- (c) provide the Company with additional funding to progress the development of its businesses; and
- (d) provide the Company with sufficient working capital.

The Company intends on applying the funds raised under the Capital Raising Offer along with its current cash reserves in the manner detailed in Section 6.4. No funds will be raised from the Other Offers.

6.4 Use of Funds

The Company intends to apply funds raised from the Capital Raising Offer, together with existing cash reserves, following re-admission to the Official List of the ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) over the next two (2) years as follows:

| Item | Minimum Subscription \$1,995,000 | Maximum Subscription \$5,950,000 |
|--|--|--|
| | Amount (\$) / (%) | Amount (\$) / (%) |
| Existing cash reserves of the Company ¹ | 5,859,218 | 5,859,218 |
| | (74.6%) | (49.6%) |
| Funds raised under the Capital Raising Offer | 1,995,000 | 5,950,000 |
| | (25.4%) | (50.4%) |
| TOTAL | 7,854,218 | 11,809,218 |
| | (100%) | (100%) |
| <u>Use of Funds:</u> | | |

| Item | Minimum Subscription \$1,995,000 | Maximum Subscription \$5,950,000 |
|---|--|--|
| | Amount (\$) / (%) | Amount (\$) / (%) |
| Production manufacture cost ² | 2,600,000 | 3,500,000 |
| | (33.1%) | (29.6%) |
| Medical research and product development ³ | 1,500,000 | 2,500,000 |
| | (19.1%) | (21.2%) |
| Hemp business development and marketing ⁴ | 1,150,000 | 2,250,000 |
| | (14.6%) | (19.1%) |
| Exploration and expenditure associated with the Bauxite Projects | 100,000 | 300,000 |
| | (2.5%) | (2.5%) |
| Costs associated with the re-compliance with Chapters 1 & 2 of the ASX Listing Rules ⁵ | 820,750 | 860,300 |
| | (6.4%) | (4.6%) |
| Raw materials for inventory build | 1,200,000 | 1,500,000 |
| | (15.3%) | (12.7%) |
| Corporate and administration costs | 400,000 | 750,000 |
| | (5.1%) | (6.4%) |
| Balance for working capital | 83,468 | 148,918 |
| | (3.8%) | (4.0%) |
| TOTAL | 7,854,218 | 11,809,218 |
| | (100%) | (100%) |

Notes:

- Existing cash reserves as per 31 December 2018 Financial Report.
- To fund the costs associated with the production and installation of manufacturing equipment related to the production of Canntab medical cannabis pain relief products, facilitating the production of medical cannabis skincare products for the Pharmocann joint venture and other potential customers. In addition to costs of outfitting medical cannabis equipment, this amount will also be used to fund the costs associated with operations conducted at the Bio Health production facility in Australia, including contributions to operational and production costs during the next two-year period.
- Including payment of research funding in accordance with existing contractual arrangements, including with TDRF (refer to Section 14.8 for further information), to be expended the next two-year period.
- Including increasing inventory purchase, marketing and advertising and sales team personnel, to be expended over the next two-year period.
- Including the fees payable to the Lead Manager. Pursuant to the terms of the lead manager mandate with Empire, Empire is entitled to a lead manager fee of 1% on the total amount raised under the Capital Raising Offer (payable in cash). Empire is also entitled to a \$100,000 success fee, payable in shares if the Capital Raising Offer is fully subscribed.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

In the event more than the minimum subscription, but less than the maximum subscription is raised, then the above funds will be allocated firstly towards payment of capital raising fees and costs associated with the re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and thereafter each line item will be scaled back on a pro-rata basis based on the actual amount raised.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 11).

The Board believes that the funds raised from the Capital Raising Offer (under either the minimum subscription or the maximum subscription), combined with existing funds, will provide the Company with sufficient working capital to progress its business objectives.

6.5 Capital Structure

The expected capital structure of the Company following completion of the Capital Raising Offer and all related matters (assuming no Options or Performance Shares are exercised) is tabled below:

| | Shares | | Options | | Performance Shares | Convertible Notes |
|--|-------------------------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------|
| | Minimum Subscription | Maximum Subscription | Minimum Subscription | Maximum Subscription | | |
| Securities currently on issue | 1,612,435,425 | 1,612,435,425 | Nil | Nil | 50,000,000 ¹ | Nil |
| Shares to be issued pursuant to the Capital Raising | 57,000,000 ² | 170,000,000 ² | 28,500,000 ³ | 85,000,000 ³ | Nil | Nil |
| Securities to be issued pursuant to Lead Manager Offer | Nil | 2,857,143 ⁴ | 20,000,000 ³ | 20,000,000 ³ | Nil | Nil |
| Shares to be issued pursuant to the MCL Acquisition ⁵ | 1,277,142,857 | 1,277,142,857 | Nil | Nil | Nil | Nil |
| Shares to be issued to Medcan ⁶ | 2,250,000 | 2,250,000 | Nil | Nil | Nil | Nil |
| Shares to be issued pursuant to purchase of HHC ⁷ | 40,540,541 | 40,540,541 | Nil | Nil | Nil | Nil |
| Shares to be issued pursuant to the T12 Acquisition ⁸ | 21,621,621 | 21,621,621 | Nil | Nil | Nil | Nil |
| Shares to be issued to T12 Management ⁹ | 5,405,405 | 5,405,405 | Nil | Nil | Nil | Nil |

| | Shares | | Options | | Performance Shares | Convertible Notes |
|--|----------------------|----------------------|----------------------|----------------------|--------------------|-------------------|
| | Minimum Subscription | Maximum Subscription | Minimum Subscription | Maximum Subscription | | |
| Securities to be issued pursuant to L1 Offer ¹⁰ | 10,000,000 | 10,000,000 | 31,140,000 | 31,140,000 | Nil | 1,730,000 |
| TOTAL¹¹ | 3,026,395,849 | 3,142,252,991 | 79,640,000 | 136,140,000 | 50,000,000 | 1,730,000 |

Notes:

1. Refer to Section 15.5 for the terms and conditions attaching to the Performance Shares.
2. Based on a price per share of \$0.035 each to raise at least \$1,995,000 under the minimum subscription and up to \$5,950,000 under the maximum subscription.
3. Exercise price of \$0.10 on or before the expiry date of 30 April 2020. Refer to Section 15.3 for a summary of the terms and conditions of these Options. In accordance with the terms of the Empire Mandate, these Options only become issuable upon Empire providing CGB with an analyst research note with a purchase recommendation. Refer to Section 14.1 for a summary of its terms.
4. Based on a success fee of \$100,000 on a maximum subscription raise under the Capital Raising Offer. The success fee is payable in Shares at the same price as those Shares offered under the Capital Raising Offer. Refer to Section 14.1 for more details.
5. Shares expected to be subject to escrow pursuant to the requirements of the ASX Listing Rules. The Company expects to release an ASX announcement confirming applicable escrow requirements in respect of its Shares following reinstatement to trading.
6. These Shares are in addition to the 4,250,000 Shares that have already been issued to Messrs Ball and Cochran and for which ratification is being sought at the General Meeting.
7. Refer to Section 14.3 for a summary of the HHC Agreement.
8. Refer to Section 14.5 for a summary of the T12 Agreement.
9. The T12 Management Offer is being made to Sebastian Edwards and Sam Edwards.
10. The Company and L1 have entered into a varied agreement under which the Company will issue 1,730,000 replacement convertible notes (having a total face value of \$2,076,000) and 31,140,000 options and 10,000,000 Collateral Shares.. Refer to Section 14.9 for further information and Section 15.4 for the terms of the L1 Options.]
11. This assumes that no additional Securities are issued, or Performance Share milestones satisfied, which would result in their conversion into Shares.

On a fully diluted basis, the Company would have a total of 3,107,765,849 Shares on issue (assuming the minimum subscription is achieved, all options exercised and the Convertible Notes are converted at a conversion price of \$0.035) and a total of 3,280,122,991 Shares on issue (assuming the maximum subscription is achieved all other exercised and the Convertible Notes are converted at a conversion price of \$0.035).

6.6 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

| Shareholder | Shares | % |
|---|-------------|--------|
| Pnina Feldman and Sholom Feldman and their associated entities ¹ | 193,597,812 | 12.01% |

Notes:

1. Including L'Hayyim Pty Ltd and Volcan Australia Corporation Pty Ltd.

On completion of the Offers (assuming no Securities are issued other than those the subject of this Prospectus and no Performance Shares are converted), the following persons (and their associates) will have an interest in 5% or more of the Shares on issue:

| Shareholder | Shares | % | |
|---|-------------|----------------------|----------------------|
| | | Minimum Subscription | Maximum Subscription |
| LBT Corp | 517,690,808 | 17.11% | 16.48% |
| Pnina Feldman and Sholom Feldman and their associated entities ^{1,2} | 218,597,812 | 7.22% | 6.96% |

Notes:

1. Including L'Hayyim Pty Ltd and Volcan Australia Corporation Pty Ltd.
2. Pnina Feldman and Sholom Feldman currently intend to participate in the Capital Raising Offer so their relevant interest in Shares will increase accordingly following the completion of the Offers if they elect to participate. Refer to Section 12.7 for further information.

6.7 Taxation

The acquisition and disposal of Securities may have tax consequences, which may differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and/or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

6.8 Applications

Capital Raising Offer

Applications for Securities under the Capital Raising Offer must be made using an Application Form which accompanies this Prospectus.

Applications may be made by applying online and paying the application monies electronically, or by completing a paper-based Application Form using the relevant Application Form attached to or accompanying this Prospectus or a printed copy of the relevant Application Form attached to the electronic version of this Prospectus.

To apply online, please visit **<https://qbloffertthereachagency.com>**, follow the instructions and then complete a BPAY® payment. If you do not make a BPAY® payment, your application will be incomplete and will not be accepted. Your online Application Form and payment must be completed and received by no later than **5.00pm (WST) on the Closing Date**. If you are applying online using an online Application Form and making your application payment by BPAY®, you will be given a BPAY® biller code and unique customer reference number for your application once you have completed your online Application Form. BPAY®

payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY® details, you must:

- (a) access your participating BPAY® financial institution either through telephone or internet banking;
- (b) select to use BPAY® and follow the prompts;
- (c) enter the supplied biller code and unique customer reference number;
- (d) enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each application;
- (e) select which account you would like your payment to come from;
- (f) schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- (g) record and retain the BPAY® receipt number and date paid. You should be aware that your own financial institution may implement earlier cut-off times with regard to BPAY® or other electronic payments and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or other electronic payments are received by 5.00pm (WST) on the Closing Date.

To apply in hard copy, please complete the Application Form by filling in the details in the spaces provided and attach a cheque for the application monies indicated on the Application Form. Completed Application Forms and accompanying cheques, made payable to "**Cann Global Limited – Share Applications Account**" and crossed "**Not Negotiable**", must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (EST) on the Closing Date**.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

The Company reserves the right to close the Offers early, subject to compliance with ASX Listing Rules.

Other Offers

Applications for the Other Offers must be made using the Application Form and may only be made by the persons to whom the Other Offers are made. In this regard:

- (a) the Medcan Offer is an offer of Shares to Medcan only;
- (b) the MCL Offer is an offer of Shares to MCL Shareholders only;
- (c) the HHC Offer is an offer of Shares to the HHC Shareholders only;
- (d) the T12 Offer is an offer of Shares to the T12 Shareholders only;

- (e) the T12 Management Offer is an offer of Shares to the T12 Management only;
- (f) the L1 Offer is an offer of Securities to L1 only; and
- (g) the Lead Manager Offer is an offer of Shares and Options to the Lead Manager only.

If you require assistance in completing an Application Form, please contact Sholom Feldman, on +61 2 8379 1832 or email sfeldman@canngloballimited.com.

6.9 Issue and allocation of Securities

(a) General

Subject to the satisfaction of all the Conditions (see Section 4.7), the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in Section 3.1.

(b) Allocation of Securities – Capital Raising Offer

Every Applicant may apply for as many new Shares as they wish under the Capital Raising Offer, up to the maximum subscription of 170,000,000 Shares.

The Directors will allocate the Shares, in their absolute discretion, taking into account giving preference to larger and longer-term Shareholders and strategic investors. There is no guaranteed allocation of Shares under the Capital Raising Offer and the Board reserves the right to reject any application or to allocate any applicant fewer Shares than the number applied for under the Capital Raising Offer.

Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded (without interest) to the Applicant as soon as practicable after the Closing Date. For example, if the Applicant applies for \$20,000 worth of Shares, being 571,429 Shares, and if they are only allocated \$10,000 worth of Shares, being 285,715 Shares, then the Company will return the remaining \$10,000 to the Applicant.

As noted in further detail in Section 12.6, Directors Pnina Feldman and Sholom Feldman intend to participate in the Capital Raising Offer (which participation will be sought at the Company's General Meeting).

The Company's decision on the number of Shares to be allocated to an Applicant will be final and the Company has absolute discretion in making such allocations.

(c) **Allocation of Securities – Other Offers**

The allocation of Securities under the Other Offers will occur in accordance with the respective contractual arrangements governing those Offers, the terms of which are summarised in Section 14.

(d) **Defects in applications**

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

(e) **Application monies**

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

6.10 ASX listing

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 7.8). As such, the Shares may not be able to be traded for some time after the Closing Date.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

As at the date of this Prospectus it is not intended that the free-attaching Options attaching to Shares offered under the Capital Raising Offer will be quoted. However, the Company will assess the merits of listing the Options and may determine to apply for them to be listed at a date following the close of the Offer.

6.11 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, certain Securities on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

The Shares issued pursuant to the Capital Raising Offer however will not be classified as restricted securities and will not be required to be held in escrow.

The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

6.12 Top 20 Shareholders

The Company will announce to the ASX details of its top 20 Shareholders following the completion of the Offers and prior to the date of re-admission of the Company to the Official List.

6.13 Clearing House Electronic Sub-Register System and Issuer Sponsorship

The Company participates in CHESS. ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

6.14 Applicants outside Australia and New Zealand

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Shares in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia or New Zealand. Applicants who are resident in countries other than Australia or New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept an offer under this Prospectus.

If you are outside Australia or New Zealand, it is your responsibility to ensure compliance with all laws of any country relevant to, and obtain all necessary approvals for, the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that there has been no breach of any such laws and all relevant approvals have been obtained.

Where this Prospectus has been dispatched to persons in jurisdictions outside of Australia or New Zealand, in which the securities legislation or regulation requires registration or any analogous treatment, this Prospectus is provided for information purposes only. This Prospectus has not been and will not be registered under any such legislation or regulation or in any such jurisdiction.

The Offers do not and will not constitute an offer of Shares in the United States of America (**US**). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that Applicant's application.

6.15 New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Cth) and regulations made under that Act. In New Zealand, this is Subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the Offers must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand (www.fma.govt.nz). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

6.16 Enquiries

If you have any queries in relation to the Offers, please contact Sholom Feldman, on +61 2 8379 1832 or at sfeldman@canngloballimited.com.

7. COMPANY OVERVIEW

7.1 Business Overview

Cann Global Limited (**Company**) is an Australian public company listed on the Official List of the ASX (ASX:CGB). The Company was admitted to the official list of ASX on 14 January 2008.

The Company has been focused on defining significant bauxite resources with a view to developing a bauxite mining and export operation that may include direct shipping ore. The Company has been focussed on targeting long-life operations and positioning itself to participate in the growth of the bauxite sector. Following the completion of a comprehensive study, mapping and review process, the company acquired projects that offer significant prospects for the attainment of high quality gibbsitic bauxite with a low reactive silica content close to key road, rail and port infrastructure.

The Company's bauxite projects are outlined in Section 7.6 and include interests in:

- the South Johnstone Project located in Queensland; and
- the New England Bauxite Project located in the New South Wales.

The Company acquired a 55% shareholding interest in Medical Cannabis Ltd (**MCL**) in 2017, which operates a business developing and distributing medicinal cannabis products. MCL has been a key value driver for the Company and has delivered material shareholder returns since the Company's initial investment.

This investment has now grown to a point where the hemp and medical cannabis business is a significant business in its own right. In line with this development, the Company announced:

- (a) on 20 June 2018 that it had entered into two related agreements, an agreement with Medcan (as subsequently amended, see Section 7.1(b)) and the MCL Agreement;
- (b) On 8 February 2019, that it had entered into a strategic alliance with Bio Health and Medcan; and
- (c) the MCL Agreement pursuant to which the Company will acquire the remaining 45% of the MCL Shares from the MCL Shareholders,

The Company has also entered into agreements to purchase T12 and HHC, details of which are contained in Sections 14.4 and 14.5.

Upon the successful completion of the Transactions, the Company will primarily focus on legally growing and cultivating hemp and medicinal cannabis products to service an increasing demand in the Australian and global markets but will also retain an interest in its existing Bauxite Projects.

Following completion of the Transactions, the Company will be comprised of two separate operating divisions; mining and cannabis. The Transactions will enable the Company to complete its second vertically integrated business from 'seed to consumer' in medicinal cannabis in addition to its current fully vertically operated business in the nutritional hemp industry.

7.2 Reason for the Transactions

7.2.1 Overview

The combined value of MCL and the strategic alliances combined is greater than the sum of the individual businesses. All parties achieve value uplift with clear and deliverable synergies. Through the Medcan Transactions, the Company's medical cannabis operations that will be managed by Medcan will have the benefit of the Medical Cannabis Licence MC 013/17 (**ODC Production Licence**) from the Office of Drug Control ("**ODC**") held by Medcan.

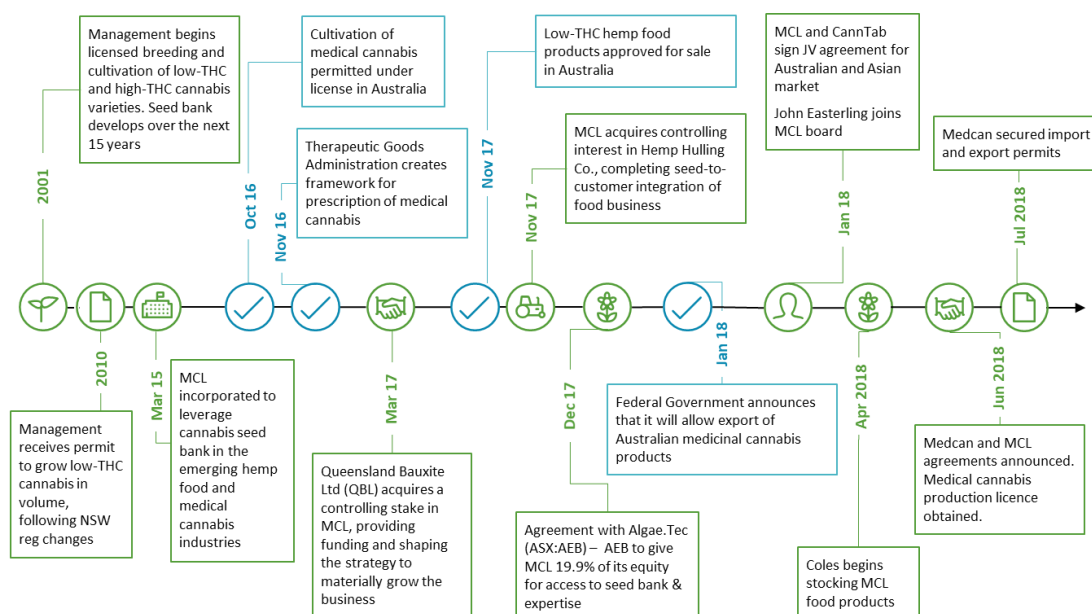
Medcan's experienced management will assist and enhance the broader success of the CGB Group. The terms of the strategic alliance will assist the Company to fulfil its vision of becoming a fully vertically integrated cannabis company with the ability to develop its own unique products and to produce tailored treatments for patients to the highest standard. It is expected that this new business model will generate greater returns for CGB Shareholders.

The Company's Board and management believe this vertically integrated model is a major competitive advantage for the Company in the Australian cannabis market. By combining access to a lawfully recognised source with MCL's seed bank of over 25 varieties of unique cultivars, chemovars and genetics which have been developed over two decades, this vertical integration model effectively captures greater profit across the value chain.

7.3 Medical Cannabis Ltd

MCL is an unlisted public company incorporated on 16 March 2015 for the purpose of capitalising on the industrial hemp seed industry and the medical cannabis market in Australia.

MCL is backed by an intellectual property portfolio, initially developed by one of its directors, Mr Andrew Kavasilas, over more than a decade and continuing to be developed by Mr Kavasilas and the MCL team. Mr Kavasilas has a track record of breeding various strains of cannabis to targeted cannabinoid profiles since 2001. This has resulted in MCL developing a seed bank, containing numerous varieties of cannabis to match demand for different cannabinoid profiles. MCL has over 25 varieties in its seed bank, suitable for both nutritional hemp and medicinal purposes, including dual purpose varieties.



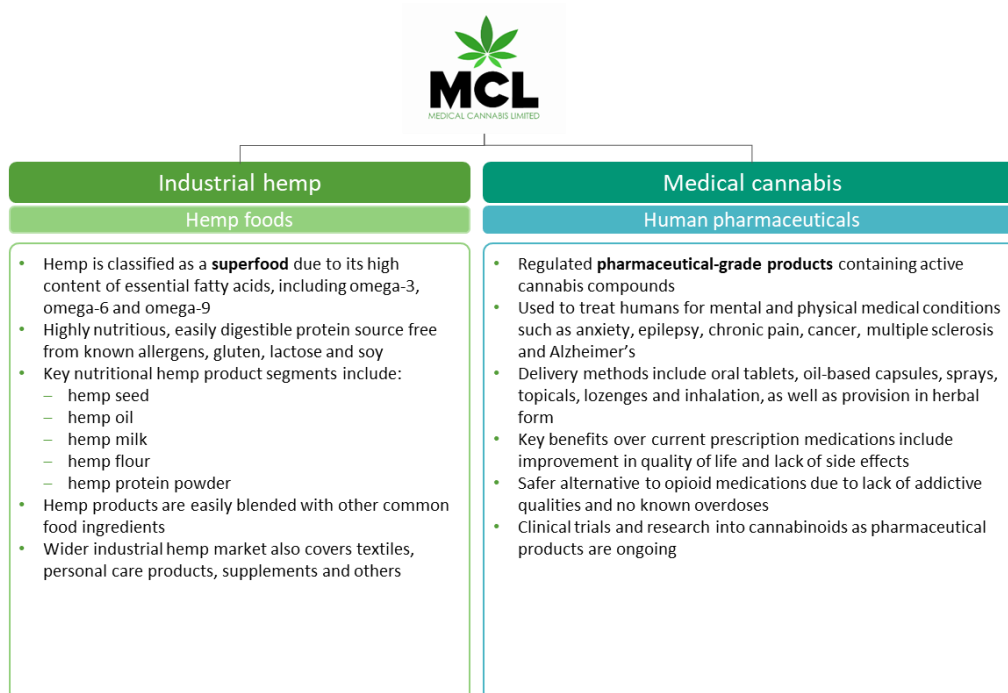
NOTE: *Algae Tec Limited has since changed its name to Affinity Energy and Health Limited.*

MCL's strategy is to leverage the intellectual property and management expertise it has in the cannabis sector to become a leader in the distribution of medical cannabis products and solidify its position as Australia's premier hemp food company.

MCL has access to Australian approved and certified genetics as well as decades of medical cannabis research leadership and scientific evidence-based patient trials. It is well placed to commercially exploit its intellectual property. MCL's strategy is to develop and improve the commercial opportunities from its existing operations as well as to collaborate with leading research centres where it may be mutually beneficial.

MCL's key management has experience in the cannabis sector and the board has over 40 years combined ASX board experience. The proposed board of MCL after completion of the MCL Acquisition is set out in Section 12.3.

MCL operates in both the industrial hemp and medical cannabis sectors.



7.4 Medcan Australia Pty Ltd

As announced on 8 February 2019, the Company has executed an agreement to facilitate the manufacture, importing and exporting of cannabis products and/or ingredients to enable CGB to meet its business objectives. Further details of the Medcan Agreement are contained in Section 14.3.

Medcan was founded in Brisbane, Queensland in 2016 by its directors Mr Craig Cochran and Mr Gareth Ball with the vision of providing reliable access to patient specific medicinal cannabis products. Medcan was granted an ODC Production Licence in November 2017.

Medcan holds an ODC Production licence to legally grow and cultivate high THC and CBD medicinal cannabis products in Australia. Medcan was one of the first medical cannabis companies to receive an ODC Production Licence pursuant to the recent legislative changes and as announced on 19 July 2018 Medcan has also been issued with an Import (no 1820738) and Export (no 1820739) Licence by

the ODC. The ODC Production licence expires on 30 June 2019 and will need to be renewed before that date. Medcan will also need to obtain a medicinal cannabis permit in conjunction with the ODC Production Licence which permit will set out the various activities which are authorised by the ODC Production Licence in accordance with that permit.

Medcan is aiming to cultivate, produce and manufacture high quality medicinal cannabis products for both clinical trials and individual patient access. Medcan's automated cultivation processes are designed to ensure consistent results, so consumers are assured the quality, composition and reliability of their supply.

Medcan has an experienced management and production team consisting of Mr Cochran and Mr Ball, both well respected experts in the medicinal cannabis industry.

7.4.1 Medical Cannabis Industry Overview

The cannabis plant produces over 100 different types of compounds called cannabinoids (the most well-known cannabinoids being THC and CBD). Cannabinoids act on the cannabinoid receptors of human cells, known as the Endocannabinoid System, and varying the make-up of these chemical compounds can alter the strength and medical efficacy of cannabis. In conjunction to cannabinoids, jointly, another type of compound called terpenes, are also said to be at the helm of many of the therapeutic benefits that users of medical cannabis report.

The Endocannabinoid system in the human body (and within all mammals), a natural cannabinoid receptor, interacts with the cannabinoids in cannabis. These receptors have been shown to affect a large number of different pathological conditions including – cardiovascular, neurodegenerative, reproductive, gastrointestinal, liver, lung skeletal, psychiatric, and cancer diseases. Further, the Endocannabinoid system also controls other vital life functions such as the immune system, memory, appetite, sleep patterns, mood and pain sensation.

Currently there are two widely accepted strains of cannabis, Sativa and Indica. Both strains have different varying effects on the body and mind, which, result in a wide range of medical benefits.

Sativa (high levels of THC) is used to produce medicine with high THC counts and lower CBD counts. The major qualities of Sativa medicinal strains have been reported to include:

- (a) anti-anxiety;
- (b) anti-depressant;
- (c) treats chronic pain;
- (d) increased focus and creativity;
- (e) increased levels of serotonin; and
- (f) are suited for day time use.

Indica (high levels of CBD) is used to produce medicine with high CBD counts and lower THC counts. The major qualities of Indica medicinal strains are reported to include:

- (a) increased mental relaxation;
- (b) muscle relaxation;
- (c) decreased nausea;
- (d) decreased acute pain;
- (e) increased appetite;
- (f) increased dopamine; and
- (g) are suited for night time use.

7.4.2 Regulatory Position of Medical Cannabis in Australia

The regulatory landscape around the medical use of cannabis started to change over the last five years in Australia and has led to an emerging acceptance amongst society and medical practitioners where conventional treatment has been unavailable.

In February 2016, the Australian Federal Government passed legislation to enable the cultivation of cannabis for medicinal and related research purposes, and on 29 October 2016 the amendments relating to the licensing came into effect under the Narcotics Drugs Act 1967. As a result, a detailed regulatory framework was put in place to enable the applications for licences and permits for cultivation, production and manufacture of medicinal cannabis products.

There are currently three main types of licences relating to the cultivation of cannabis plants, the production of cannabis or cannabis resin for medicinal purposes and the manufacture of a drug which are issued through the Office of Drug Control under the Department of Health in Australia:

- (a) licences authorising cultivation or production or both;
- (b) cannabis research licences; and
- (c) manufacturing licences.

In January 2018, the Australian Federal Government announced that it was allowing the export of Australian medicinal cannabis products providing a further boost to the industry that was facing imports into Australia.

Medical cannabis products are available for specific patient groups under medical supervision at a State and Territory level. Access to medical marijuana at a State and Territory level is as follows:

- (a) **Victoria:** Currently any patient with any medical condition can apply via their doctor to use medicinal cannabis. Any doctor in Victoria can prescribe medicinal cannabis for any patient with any condition, if they have the required Commonwealth and/or State approvals.
- (b) **Queensland:** Currently legal by prescription from specialists for use by patients with a range of conditions including Multiple Sclerosis, epilepsy, chemotherapy induced nausea and vomiting and palliative care (loss of appetite, nausea, vomiting, pain).

- (c) **New South Wales:** The NSW government has established the Medicinal Cannabis Compassionate Use Scheme, which allows patients with a terminal illness to be possession of cannabis which is not lawfully prescribed.
- (d) **Australian Capital Territory:** Patients that fall within Category 6 of the ACT Government Health Medicines, Poisons and Therapeutic Goods (Category Approval) Determination 2018 (No 1). This list includes patients with multiple sclerosis, chemotherapy induced nausea and vomiting, pain and/or anxiety in patients with active malignancy of a life limiting disease and refractory paediatric epilepsy.
- (e) **Tasmania:** The Tasmanian government has developed a medical cannabis-controlled access scheme which allows relevant medical practitioners to be authorized to prescribe medical cannabis in circumstances, in which, conventional treatment has been unsuccessful.
- (f) **Western Australia:** Currently legal by prescription. Only some medical conditions are suitable for approval to use cannabis-based products under the WA legislation.
- (g) **South Australia:** Currently legal by prescription under certain conditions through the patient access pathway.
- (h) **Northern Territory:** Currently legal, access is restricted to appropriate patients with certain medical conditions where there is evidence to support its therapeutic use.

In addition to the above, the diagram below, which is published on the Therapeutic Goods Administration (TGA) website provides an overview of the processes and regulatory bodies involved at the Federal level.

| Process step | | Therapeutic Goods Act (TGA) | Narcotic Drugs Act (ODC) | States and territories involved? |
|---|------------------------------------|---|--|----------------------------------|
| Patient need | Access | ✓ Special access scheme | ✗ No | ✓ Yes |
| Medical authorisation | | OR ✓ Authorised prescriber | | |
| Import (if obtaining from overseas) | Import | ✓ Responsibility of the sponsor | ✓ Licence ¹² and permit ¹² to import controlled substances | ✓ Yes |
| Distribution | PATIENT with medical authorisation | ✗ No | ✓ Responsibility of the licensee | ✓ Yes |
| Manufacture of medicine in its dosage form | Local cultivation and supply | ✓ Licensable | ✓ Licences and permits | ✓ Yes |
| Manufacture of active ingredient | | ✓ Licensable | ✓ Licences and permits ¹² | ✓ Yes |
| Harvest (termed 'production' in the Narcotic Drugs Act) | | ✗ No | ✓ Licences and permits | ✗ No |
| Cultivation | | ✗ No | ✓ Licences and permits ¹² | ✗ No |

*Source: The above table is published on the TGA website (www.tga.gov.au/medicinal-cannabis-products-overview-regulation).

7.4.3 Medical Cannabis Market Drivers

The demand and growth in the medicinal cannabis market is thought to be driven by a number of factors. These include, but are not limited to:

- (a) **Regulatory reform:** Legal access to medical cannabis products is the key driver of market growth. Australia has seen significant reform in the past two years and is now currently on the public spotlight due to the increasing amount of positive research surrounding the benefits of medical cannabis.
- (b) **Clinical trials:** A significant increase in the number of clinical trials that are currently underway globally are expected to increase rapidly. This should result in high-quality data to guide medical professionals in the varying applications of medical marijuana to human consumption.
- (c) **Safety profile:** A further understanding of the reduced side effects, well documented increased quality of life and the remote likelihood of a potential overdose will provide medical cannabis with a strong safety profile that will make it an appropriate addition to the options available to patients, that look to treat various medical issues.
- (d) **Rising social acceptability:** Shifting societal perception of marijuana from its traditional broader public and social stigma has led to an increased acceptance and legitimacy as an alternative treatment via medical cannabis products.
- (e) **Aging population:** Chronic illnesses are becoming more prevalent as first-world populations continue to age. In turn, this will drive demand for effective medications.

7.4.4 Nutritional Hemp Industry Overview

Hemp is classified as a superfood due to its nutritional benefits:

- (a) Good source of omega: hemp is a good source of essential fatty acids with an ideal ratio of 3:1 for omega-6 to omega-3.
- (b) Source of protein & amino acids: hemp contains all 10 essential amino acids.
- (c) Gluten free: hemp seeds are gluten free.
- (d) Good for the gut: hemp does not contain enzyme inhibitors unlike other vegetables and the body can easily digest the nutrients contained in a serving.

Many major geographies have legalised the retail sale of hemp food products, including Australia. Nutritional hemp was legalised in Australia in November 2017, with MCL well placed to take advantage of this growing industry with its existing farming network and production infrastructure.

The nutritional hemp industry in Australia is in an early stage, given hemp food only became legal domestically in November 2017. MCL is well positioned given it has a vertically integrated food business from the seed to the shelf and existing management experience in distributing organic and health orientated food products. MCL is unaware of a hemp food producer with larger processing capacity with competitors generally being small, fragmented and not integrated along the value chain.

7.4.5 Nutritional Hemp Market Drivers

The demand and growth in the nutritional hemp market is thought to be driven by a number of factors. These include, but are not limited to:

- (a) **Regulatory reform:** Legal access to hemp food products is the key driver behind market growth. Retail in Australia was legalised in November 2017 and thus the market is in its infancy and growing off a low base.
- (b) **Food allergies:** A rise in food allergies, including gluten and lactose intolerances, is driving a need for free-from alternatives that are easy to digest.
- (c) **Changing diets:** Demand for meat-free protein sources and alternative healthy oils is rising due to changing dietary habits globally as consumers focus on wellness and sustainability.
- (d) **Health consciousness:** Growing levels of health consciousness encourage consumers to seek out healthier alternatives to traditional snacks.

7.5 CGB Business Model Following the Transactions

Following the integration of MCL into the Company, the Company will be comprised of two separate operating divisions; mining and cannabis.

Upon the successful completion of the Transactions, the Company will primarily focus on legally growing and cultivating hemp and medicinal cannabis products to service an increasing demand in the Australian and global markets but will also retain an interest in its existing Bauxite Projects.

There will be a change to the Board as a result of the Transactions (see section 12.1), and in addition, through the acquisition of MCL and the facilitation agreement signed with Medcan, the Company will gain access to the skilled management teams of each of these respective companies.

7.5.1 Cannabis Division

The Transactions will enable the Company to complete its second vertically integrated business from 'seed to consumer' in medicinal cannabis, following the successful vertical integration achieved in 2017 in the nutritional hemp sector.

Following the Transactions, the Company plans to utilise and have access to MCL and (through the Medcan Agreement) Medcan's management experience in the cannabis industry and the intellectual property it has developed in its seed bank to take advantage of opportunities relating to the emerging medical cannabis and nutritional hemp industries.

Through its existing investment in seed growing and food processing infrastructure, the Company intends to generate revenue from hemp food and nutritional products. The acquisition of T12 with its product range and client base, is expected to enhance and fast track the development of this side of the business. Marketing and branding strategies are aimed at both growing market share and increasing the size of the fledgling industry. The Company's vertically integrated structure is aimed at maximising margins across the value chain.

MCL's medical cannabis strategy is to leverage the value of the cannabis genetics it has developed over the last decade. Partnerships on auto immune and multiple sclerosis cannabis research with the world leading Israeli professors

and cannabis research laboratory facilities at the Technion in Haifa, and the exporting of genetics to CannTab for use in medical cannabis products are examples.

MCL also intends to distribute medical cannabis products in Australia, initially pain relief products via an agreement with CannTab (summarised in section 14.7).

MCL believes there is significant value in its intellectual property and the implementation of its strategy to generate potential revenues in the medical cannabis and nutritional hemp industries.

7.5.2 MCL Business Model

MCL operates in the industrial hemp and medicinal cannabis industries. MCL has three key divisions that leverage its seed bank; namely, growing and cultivating, retail products and medical applications. Below is an outline of important MCL subsidiaries:

- (a) **VitaSeeds Pty Ltd (growing and cultivating):** MCL's growing and cultivating division gathers seed from existing production locations in both New South Wales and Victoria. The majority of the biomass collected is for nutritional hemp food products, while MCL does have a small growing facility in NSW for growing cannabis for genetic breeding purposes.
- (b) **Hemp Hulling Co (Qld) Pty Ltd (retail products – processing):** MCL owns a majority stake (55%) in Hemp Hulling Co (Qld) Pty Ltd, a manufacturer of hemp foods based in Queensland, Australia. Hemp Hulling Co converts hemp seed into hemp food products for distribution via the Company's Vitahemp brand, as well as other third-party brands.
- (c) **VitaHemp Pty Ltd (retail products – marketing):** The retail division largely encompasses nutritional hemp, where MCL has rights to package and distribute low THC hemp food products, such as protein powder, edible seeds and hemp oil.
- (d) **Medical Cannabis Research Group Pty Ltd (medical research):** MCL's medical division seeks to take advantage of the company's seed bank and management regulatory experience to develop and progress medical applications of cannabis, including in association and collaboration with the world's leading cannabis researchers, including with world leading researchers at the Haifa Technion in Israel.

7.5.3 Seed bank & management knowledge

MCL's management team and in particular Mr Kavasillas, has a track record of breeding various strains of cannabis to targeted cannabinoid profiles since 2001. MCL has over 25 varieties in its seed bank, suitable for both medicinal purposes and food products, including dual purpose varieties. The value of the seed bank can be for internal purposes, such as developing varieties that match the demand profile for downstream pharmaceuticals for medical applications, or for improved farming for food product varieties.

The seed bank also has significant potential value to third parties, for example, ASX listed Affinity Energy and Health Limited (ASX:AEB) (**Affinity Energy**) has agreed to give MCL up to 19.9% of its company equity for access to MCL's seed bank for the development of veterinary products.

MCL is well placed to commercially exploit its intellectual property. The Company's strategy is to develop and improve the commercial opportunities from its existing operations as well as to collaborate with leading research centres where it may be mutually beneficial.

7.5.4 Leveraging strategic relationships

MCL collaborates with third parties in the medical cannabis industry, including:

- (a) **CannTab:** For the distribution of pharmaceutical medical cannabis products, with an intention to supply cannabis genetics in time, contingent on licence approvals. CannTab is the Canadian company which has developed a GMP Pharmaceutical Grade Extended Release (XR) pill to alleviate chronic pain, and VitaCann has entered into a joint venture agreement to distribute the CannTab product range into the Australian market. Refer to Section 14.7 for further information.
- (b) **Haifa Technion Israel:** A leading partner with MCL is professor David (Dedi) Meiri, the Head of the Cannabis Department of the Haifa Technion in Israel. Professor Meiri, in conjunction with MCL, has been researching ways of strengthening the human body's autoimmune system to enable it to fight the numerous autoimmune diseases effecting multi-millions of people worldwide, focussing initially on Multiple Sclerosis.
- (c) **Affinity Energy:** An ASX listed company that aims to utilise the asset base of MCL, via MCL's seed bank, to research veterinary applications of medical cannabis. MCL is exposed to potential research discoveries via equity ownership in Affinity Energy and royalty arrangements.
- (d) **Various research groups:** MCL collaborates with various research groups and parties involved in clinical evaluations in the medical cannabis industry in the effort to discover the benefits of medical cannabis, substantiate proposed medical claims and, subject to the regulatory approval of proposed products, produce products for the broader population.

7.5.5 Nutritional Hemp division

Through its existing investment in seed growing and food processing infrastructure, the Company intends to generate revenue from hemp food and nutritional products.

Marketing and branding strategies are aimed at both growing market share and increasing the size of the fledgling industry. The Company's vertically integrated structure is aimed at maximising margins across the value chain.

Hulled Hemp Seeds



Raw hemp seeds possess an optimal ratio of omega 3, 6 & 9 for long term healthy human nutrition, are naturally low in carbohydrates and high in BCAA's. Hemp seeds naturally contain all 10 essential amino acids, a range of vitamins and minerals including calcium, folate, iron, high in protein and more. VitaHemp suggests customers try in smoothies, add to yoghurts, salads, also in baking. The hulled seeds when mixed in a high-speed blender produce a delicious fresh vegan milk.

Hemp Protein



VitaHemp hemp seed protein powder is high in digestible protein (52%) and possesses 20 amino acids, including the 10 essential amino acids that the human body is unable to produce on its own. Hemp seed protein powder is a natural source of vitamins A, C and E and beta-carotene and is rich in protein, carbohydrates, minerals and fibre. Used in protein shakes, baking, smoothies and as a breakfast topping.

Hemp Oil



With its familiar nutty flavour, this high quality versatile oil can be added to smoothies, applied to salads, dressings, sauces, pasta dishes, drizzled over cooked fish and meat, incorporated in low heat baked recipes such as cakes, cookies and desserts and in many other instances where high quality nut oils are used. Excellent for vegetarians and vegans.

Hemp Oil Capsules



Hemp seed oil is also a fish oil replacement, a great source of antioxidants (Vitamin E), minerals and Vitamin D, which is vital for calcium absorption, along with generous amounts of iron and zinc. A rich source of essential fatty acids and gamma linolenic acid, hemp seed oil includes omega 6 and omega 3 in a naturally occurring 3:1 ratio, considered an essential part of a balanced diet.

Hemp Flour



VitaHemp hemp seed flour is a very versatile baked goods ingredient, naturally gluten- free, it is a nutritious and flavoursome alternative or enhancer to wheat-flour. It is a great substitute for those with gluten intolerance, especially for our changing diets where highly processed ingredients and foods are being avoided. The product is wheat, nut and grain free, rich in fibre and protein and a supplementary source of amino acids.

7.6 Mining division

Following completion of the Transactions, the Company will also focus on progressing its Bauxite assets to commercialisation. CGB's strategy in this regard is to:

- (a) define significant bauxite resources close to port and near established infrastructure;
- (b) short list potential joint venture partners;

- (c) gain requisite approvals;
- (d) establish mining operations;
- (e) export bauxite ore to Asian alumina refineries;
- (f) use initial DSO cash flow to fund further exploration and DSO production expansion; and
- (g) acquire or joint venture other mining projects of value to the Company.

Summary of South Johnstone Project

The Company has been granted a mineral development licence (**MDL**) from the Queensland Department of Natural Resources, Mines and Energy (**DNRME**) at the Company's South Johnstone Bauxite Project in northern Queensland.

The South Johnstone Project is particularly well situated geographically as it is located only 15-24 kilometres from the Port of Mourilyan where there is a currently available export allocation to CGB and capacity for direct shipping to export markets.

The MDL grant is an important milestone for the Company. It is part of its overall strategy to develop an export operation in a staged development of South Johnstone that allows for long term mining and export, prospect by prospect at low cost. Conclusion of offtake or partnership arrangements and the initial pilot programme should prove the viability of this approach for the long term.

Concurrently, CGB will look to increase the JORC Indicated Resource from ongoing regional work programs while commencing production on the first prospects.

The main objective of the Company in developing this project is to generate positive net cash flows as quickly as possible.

Following on from the grant of the MDL by the DNRME in respect of the South Johnstone Bauxite Project and the sending of bulk samples to potential customer refineries to secure off take, members of the Company's management team, as announced on 26 April 2018, have visited several Chinese bauxite refineries and aluminium smelters to discuss development of the South Johnstone Bauxite Project. The team has also met with Hong Kong based metals marketing platforms who have expressed an interest to assist in the commodity trading with CGB. This remains an ongoing process.

Off take

The Company is continuing its discussions with a number of groups including end users for off take of bauxite from South Johnstone.

Progress is being made in discussions with offtake partners and the current strategy of enabling the project to be ready for production in a staged manner will assist these efforts, by giving the end users clarity of timing for buying of the product.

High Demand

Forward demand continues to be strong for bauxite given the favourable demand and supply metrics.

The global market requires a constant supply of bauxite to meet the growing demand and South Johnstone is well positioned to capitalise on demand.

Bauxite at South Johnstone is predominantly gibbsite which is the preferred form of bauxite as it is easier to process at low temperature than non-gibbsitic bauxite.

Port

Profit margins in bauxite mines in general are strongly affected by transportation costs, and producers often need to build the railroads and roads to transport the material many kilometres to a deep water port, and then in addition pay the cost of shipping from that port to a large importer of bauxite like China.

North Queensland is one of the nearest ports to China. It is closer than nearly all the major bauxite export provinces around the world.

The Company's South Johnstone Bauxite Project in North Queensland is situated near a deep water port suitable for exports and stands to have a significant competitive advantage in terms of transport and shipping costs.

Geological Summary of Material Information

CGB has an Indicated JORC Resource of 1.9 million tonnes at Camp Creek located within the larger South Johnstone Project.

CGB's JORC Code Indicated Resource within EPM 18463 is based on a coverage of holes on a 200m x 200m grid over most of Camp Creek (51 auger holes and 1 aircore hole drilled into a sound geological model with bauxite recovered in most of those holes). Based on this understanding, a select portion of the bauxite mineralisation at Camp Creek (1.9Mt at 29.7% Av Al₂O₃ 3.2% Rx SiO₂) has been classified as a JORC Code Indicated Resource (Refer tables below).

Camp Creek is one of the areas of bauxite mineralisation discovered by the Company through its regional drilling programs within exploration permit EPM 18463. EPM 18463 was applied for by the Company to cover a bauxite exploration target (basaltic lava flows within the palaeo-Johnstone valley) based on the geologic model.

Geology and Geological Interpretation

Bauxite mineralisation occurs at surface in a weathering profile that is known from the drilling to extend from surface to a depth of about 5m. It is found as a continuous blanket overlying flat-lying basalt flows of the Atherton Province within EPM 18463. The deposit formed by weathering of the basalt surfaces with resultant leaching of silica downwards and concentration of alumina towards the surface of the profile. In most of the drilling carried out to date, a gradual decline in alumina and increase in silica with depth is noted in the first few metres indicating an in-situ weathering profile over basalt.

Confidence in the geological interpretation of the mineral deposit at Camp Creek, and specifically within the MDL area, is high because of its simple geometry and topographic conformity - a flat-lying visible weathering horizon at surface related to a palaeo-surface. Drilling to date indicates there is little to no overburden.

Drilling on a 50m x 50m grid provides confidence that the geology and mineralisation can be interpolated between boreholes containing bauxite across un-dissected terrain at the same general elevation. Mineralisation at Camp Creek

was only previously inferred from hole SJAC052 with the topography/geomorphology guiding the initial Inferred Resource estimation with topographic features such as plateaus, ridge tops etc, interpreted to be part of the original flat lava surface. Results from the September 2014 200m x 200m auger drilling program and the May/June 2015 50m x 50m air core/ auger drilling program at Camp Creek have proved the geological model to be accurate, giving higher confidence to the other resource areas inferred by the Company elsewhere in EPM18463.

Continuity of the mineral deposit was not assumed where the terrain is dissected by younger drainages (i.e. around the plateau edges). Drilling at Camp Creek has also shown this assumption to be correct - i.e. that the surrounding bauxite has been eroded away beyond the current plateau edges.

Mineral Resources and Ore Reserves Statement

Table of Results

The Company's independently reviewed JORC Code Indicated mineral resources are listed in the following table:

| Queensland Bauxite Annual Review of JORC Indicated Mineral Resources | | | | | | |
|--|-----------|-------------|--|---------------------------|--------------------|----------|
| Year | Commodity | Tonnage (t) | Grade Avail Al ₂ O ₃ | Grade Rx SiO ₂ | Category | Location |
| 2013-2014 | Bauxite | nil | - | - | - | EPM18463 |
| 2014-2015 | Bauxite | 1,900,000 | 29.7% | 3.2% | Indicated Resource | EPM18463 |

The material changes in the Company's listed JORC Indicated mineral resources are based on exploration drilling and analytical work carried out during the reporting period.

The Company's JORC Inferred mineral resources for the reporting year 2014-2015 and previous year are listed in the following table:

| Queensland Bauxite Annual Review of JORC Inferred Mineral Resources | | | | | | |
|---|-----------|-------------|--|---------------------------|-------------------|----------|
| Year | Commodity | Tonnage (t) | Grade Avail Al ₂ O ₃ | Grade Rx SiO ₂ | Category | Location |
| 2013-2014 | Bauxite | 30,000,000 | 25.2% | 6.9% | Inferred Resource | EPM18463 |
| 2014-2015 | Bauxite | unreported | unreported | unreported | - | EPM18463 |

The material changes in the Company's listed JORC Inferred mineral resources are a result of the fact that the Company has decided to base all future mine scoping studies on independently-reviewed JORC Indicated results, or better, and will no longer be reporting results at the Inferred level.

The Company has not announced any JORC Measured Resources or Ore Reserves at the present time.

Competent Person Statement

The information in this Prospectus that relates to exploration results, Exploration Targets or Mineral Resources is based on, and fairly represents, information compiled by Dr Robert Coenraads BA Hons MSc PhD. Dr Robert Coenraads is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Coenraads contracts services to Cann Global Limited. Dr Coenraads has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Dr Coenraads has given his consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Existing tenements

The Company's existing Tenements are as follows:

QUEENSLAND TENEMENTS

| TENEMENT | STATUS | REGISTERED HOLDER | SHARES HELD | GRANT DATE / COMMENCEMENT DATE | EXPIRY DATE | AREA SIZE | RATE/UNIT AREA | ENCUMBRANCES/ DEALINGS | EXCLUSIONS | NATIVE TITLE CLAIMS / DETERMINATIONS / ILUAs | NOTES |
|-----------|---------|-----------------------------------|-------------|--|-------------------------|-----------------|---------------------------|------------------------|------------|--|---|
| MDL 2004 | Granted | Volcan Queensland Bauxite Pty Ltd | 80 | Granted: 12/10/2017 Commenced: 01/11/2017 | 31/10/2019 | 15,720 Hectares | \$9.20 (Area Units: 16) | None noted | Nil | 100% exclusive land | Prescribed minerals: Bauxite |
| | | South Johnstone Bauxite Pty Ltd | 20 | | | | | | | | |
| EPM 18463 | Granted | Volcan Queensland Bauxite Pty Ltd | 80 | Granted: 25/05/2010 Commenced: 25/05/2010 | Expiry Date: 26/05/2020 | 75 Sub-blocks | \$155.80 (Area Units: 75) | None noted | Nil | Predominantly exclusive land | Prescribed minerals: All minerals other than coal |
| | | South Johnstone Bauxite Pty Ltd | 20 | | | | | | | | |

NEW SOUTH WALES TENEMENT

| TENEMENT | STATUS | REGISTERED HOLDER | SHARES HELD | GRANT DATE / COMMENCEMENT DATE | EXPIRY DATE | AREA SIZE | RATE/UNIT AREA | ENCUMBRANCES/ DEALINGS | EXCLUSIONS | NATIVE TITLE CLAIMS / DETERMINATIONS / ILUAs | NOTES |
|----------|---------|--------------------------------------|-------------|--------------------------------|---|-----------|------------------------------------|------------------------|------------|--|-----------------------|
| EL 7301 | Current | Volcan Australia Corporation Pty Ltd | 100 | Granted: 23/02/2009 | 23/02/2016 (Renewal currently pending) ¹ | 84 Units | \$5,240 per annum (Area Units: 84) | Security: \$20,000 | N/A | None noted | Expenditure: \$57,000 |

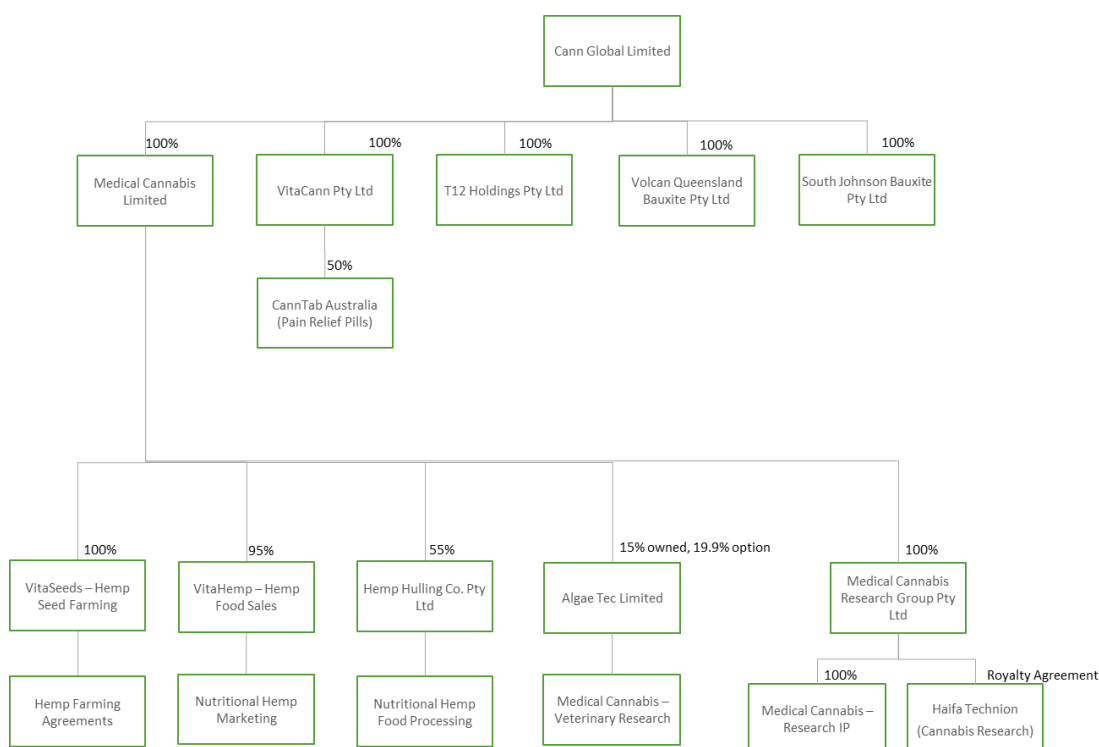
Note:

1. A renewal of EL 7301 has been lodged with the Department of Natural Resources, Mines and Energy, together with a transfer of EL 7301 from Volcan Australia Corporation Pty Ltd to CGB. These documents are still being processed as at the date of this Prospectus, however the Directors do not consider there to be any reason why such renewal and transfer would not be granted.

7.7 Corporate structure following the Transactions

Corporate Structure Diagram

Following completion of the Transactions, the Company's corporate structure will be as follows:



Outline of CGB and group entities following MCL and T12 Transactions

Cann Global Limited will be the ASX listed parent entity.

CGB's subsidiaries will comprise the following:

- (a) **Medical Cannabis Limited:** Public company in which CGB holds an existing 55% interest, with remaining 45% proposed to be acquired by CGB pursuant to the MCL Acquisition, which will make MCL 100% owned by CGB. MCL has the following subsidiaries:
- (i) **VitaSeeds Pty Ltd:** Sourcing and farming of hemp seeds and holding a licence to supply or cultivate low-THC hemp for commercial production and for use in manufacturing process in NSW as set out in the Legal Opinion.
 - (ii) **VitaHemp Pty Ltd:** Marketing and distribution of nutritional hemp products.
 - (iii) **Hemp Hulling Co. (Qld) Pty Ltd:** Processes nutritional hemp product for MCL as well as third party brands. HHC has a 50% interest in Waltanna Hemp Group Pty Ltd, an entity which has authority to prioritise Waltanna Farms hemp processing capacity for MCL.
 - (iv) **Affinity Energy and Health Limited:** Affinity Energy is an ASX-listed company (ASX:AEB) with a focus on developing technology to produce commercial quantities of algae and medicinal

cannabis, which has a partnership agreement with MCL. Affinity Energy has provided MCL with an option to acquire up to 19.9% of its equity (current MCL ownership is 15%) in consideration for the Company's entry into a research partnership in respect of the Company's cannabis research and genetics expertise.

- (v) **Medical Cannabis Research Group Pty Ltd:** Holds specific cannabis related intellectual property, including a research sponsorship agreement with the Haifa Technion research institute in Israel regarding medical cannabis research discoveries in the research being undertaken for auto immune diseases focusing initially on multiple sclerosis (refer to Section 14.8 for further information). Dr David (Dedi) Meiri is a leading researcher in cannabis.
- (b) **VitaCann Pty Ltd:** Holding company for international medical cannabis relationships. VitaCann Pty Ltd currently owns 50% of an unincorporated joint venture with CannTab (CNSX: PILL) to distribute the CannTab product range into the Australian market.
- (c) **T12 Holdings Pty Ltd:** Parent company of Organic Markets Direct which includes brands EM Super Foods, Australian Grown Naturals, Black Bag and OMD. T12 will become a wholly owned subsidiary of CGB following completion of the T12 Agreement (summarised in Section 14.5).
- (d) **Volcan Queensland Bauxite Pty Ltd:** Owns 80% of EPM 18463 and 80% of MDL 2004.
- (e) **South Johnstone Bauxite Pty Ltd:** Owns 20% of EPM 18463 and 20% of MDL 2004.

CGB also has the following components to its business overview:

- (a) two dormant subsidiaries which are not noted in the above diagram named QBL Asia Mining Pty Ltd and Rosie's Gold Pty Ltd. These entities are currently dormant and not relevant for the purposes of the above structure; and
- (b) a facilitation agreement with Medcan, a strategic alliance with Bio Health and a planned skin care production Joint Venture with Israeli based Pharmocann.

7.8 Revenue generation strategy

7.8.1 Cannabis Division

As discussed previously, the Company's subsidiary Medical Cannabis Limited has three key divisions that leverage the Company's seed bank; growing and cultivating, retail products and medical research.

Growing and cultivating: MCL generates revenue for this division by passing nutritional hemp seeds downstream to MCL's retail division. MCL has the necessary licences to grow and sell hemp (low THC cannabis), with revenue generation from this vertical a near term strategic goal.

Retail products: MCL has the capacity to process hemp seed into products available for retail sales via two manufacturing facilities in VIC and QLD. These facilities produce various health-oriented products, including hemp protein

powder, hemp seeds and hemp oil. Revenue is currently being generated from the sale of these products under both the 100% owned Vitahemp brand as well as by processing, packaging and distributing for third party brands. CGB is well positioned to be competitive in this market given the Company is vertically integrated and controls the value chain from the seed to the consumer. MCL produced products are Australian made and sold at various domestic locations.

Medical products and research: Aside from selling medical cannabis in its flower or oil form, MCL's medical division is focused on research, development and commercialisation of new treatments using medical grade cannabis. Examples include:

- (a) **Multiple Sclerosis (MS):** In partnership with experienced researchers in Israel, MCL is funding research into medical cannabis treatments for MS. Existing MS treatments ultimately do not arrest the progression of the disease and MCL is sponsoring research to indicate where cannabis genetics may provide an improved treatment, in return for an exclusive licence on any products derived from the research.
- (b) **"CannTab Therapeutics Australia" Joint Venture:** MCL's wholly owned subsidiary VitaCann Pty Ltd has established a corporate joint venture with Canadian company CannTab Therapeutics Ltd (**CannTab**) (JV). The JV aims to develop and distribute pharmaceutical grade extended release pills which the Company believes has the potential to be an effective pain relief substitute. Clinical trials are to be planned to determine to what extent this product could take market share from existing treatments.
- (c) **Veterinary products:** The Company has also entered into an arrangement with ASX-listed Affinity Energy and Health Limited, a Company seeking to develop medicinal cannabis products for the veterinary market. MCL is to benefit from any success in the research via an equity stake in Affinity Energy itself and further royalties on income earned from successful products. There is both material upside and potential risk surrounding the timing and magnitude of the revenues of the medical division.

The above agreements are summarised in Sections 14.6 to 14.8.

7.8.2 Mining Division

The mining division seeks to exploit its bauxite resources for its commercial advantage. The strategy for revenue generation is to advance the Company's projects to a state where potential customers will seek to contract for DSO. The Company is advancing the South Johnstone project to ready the project for construction and is in discussions with potential customers to secure offtake.

7.9 Competitive Positioning

There are over 12 ASX listed companies selling or seeking to sell cannabis related products for both medical and retail markets. The competitive positioning of the Company is highlighted below.

7.9.1 Competitive Advantage

The Company plans to utilise its management experience in the cannabis industry including the facilitation agreement and strategic alliance it has with Medcan, Bio Health and Pharmocann respectively and the intellectual property it has developed in its seed bank to take advantage of opportunities relating to the emerging medical cannabis and nutritional hemp industries.

Through its existing investment in seed growing and food processing infrastructure, the Company intends to generate revenue from the sale of hemp food products. Marketing and branding strategies are aimed at both growing market share and increasing the size of the fledgling industry. The Company's vertically integrated structure is aimed at maximising margins across the value chain.

The Company's medical cannabis strategy includes leveraging the value of the cannabis genetics it has developed over the last decade. Partnerships on MS research with world class Israeli facilities and the potential exporting of genetics to partners such as CannTab for use in medical cannabis products are strategies the Company is seeking to execute on. The Company intends to distribute medical cannabis products in Australia, initially flowers and oils produced in Australia at Medcan's production facility and also pain relief products via the CannTab JV.

7.9.2 Cannabis seed bank & management knowledge

The Company's management team and in particular Andrew Kavasilas, has a track record of breeding various strains of cannabis to targeted cannabinoid profiles since 2001. The Company has over 25 varieties in its seed bank, suitable for both medicinal purposes and food products, including dual purpose varieties. The value of the seed bank can be for internal purposes, such as developing varieties that match the demand profile for downstream pharmaceuticals for medical applications or for improved farming for food product varieties. The seed bank also has potential value to third parties, for example, ASX listed Affinity Energy (ASX:AEB) has agreed to give MCL up to 19.9% of its company equity for access to MCL's seed bank. Refer to section 14.6 for further information.

The Company is well placed to commercially exploit its intellectual property. The Company's strategy is to develop and improve the commercial opportunities from its existing operations as well as to collaborate with leading research centres where it may be mutually beneficial.

7.9.3 Strong leadership team

MCL's board has experience in the cannabis sector and over 40 years combined ASX board experience. Management have the relevant industry and regulatory connections and prior experience advising regulators and governments on cannabis reform. With a strong history of growing emerging companies, the board and management are well placed to execute on the Company's strategy.

7.9.4 Leveraging strategic relationships

MCL collaborates with third parties in the medical cannabis industry, including:

- (a) **CannTab (CNSX:PILL):** The Company has a joint venture with CannTab for the immediate distribution of pharmaceutical medical cannabis products in Australia and Asia, in addition to an intention for MCL to potentially supply CannTab with its cannabis genetics in time, contingent on licence approvals.
- (b) **Affinity Energy (ASX:AEB):** AEB is an ASX listed company that aims to utilise the asset base of the Company, via it's seed bank, to research veterinary applications of medical cannabis. The Company is exposed to potential research discoveries via equity ownership in Affinity Energy and royalty arrangements.

- (c) **Various research groups:** MCL collaborates with various research groups and parties involved in clinical evaluations in the medical cannabis industry in the effort to discover the benefits of medical cannabis, substantiate proposed medical claims and, subject to the regulatory approval of proposed products, produce products for the broader population.

7.9.5 Mining division

Bauxite is a bulk commodity that feeds into the alumina and aluminium supply chains. Features of a competitive project include:

- (a) low operating costs;
- (b) high product quality;
- (c) close access to key infrastructure including ports and roads; and
- (d) end user demand for product.

The Company is actively speaking to end users to ascertain the best target customers for its mining assets and is seeking to optimise operating and capital costs to ensure the assets are as competitively placed geologically as possible.

7.10 Key Dependencies of the Business Model

The key dependencies for the Company to meet its objectives are:

7.10.1 Medical Cannabis

- (a) **Company owned genetics:** MCL has over 25 varieties in its seed bank, suitable for both nutritional hemp and medicinal purposes, including dual purpose varieties.
- (b) **Product development:** The Company is targeting future sales in the domestic medical cannabis industries. MCL's strategy has been to develop a product pipeline it believes will be attractive to both consumers and the medical community.
- (c) **Ongoing research:** The value of the seed bank is to match the genetics of the company's lawfully sourced cannabis varieties to areas of demand in the medical and nutritional cannabis industries. An ongoing priority for the Company's subsidiary, VitaSeeds Pty Ltd, will be the ongoing development and cultivation of varieties and strains.
- (d) **Compliance with domestic and international regulations:** Medical cannabis is a regulated market. The Company requires connections with key authorities and regulators to be maintained, with smooth and compliant relations a key priority for the Company.

7.10.2 Nutritional Hemp

- (a) **Quality management:** HHC (to be a 55% owned subsidiary of MCL) seeks to maintain its reputation for producing high quality food products in tandem with increasing sales volumes.
- (b) **Optimise processing rates:** HHC has recently completed a large expansion of its processing facility, in order to meet market demand. The

ramp up to full utilisation and recovery rates will be an important value driver over the next six months.

- (c) **Expanding distribution:** The Australian market is the core sales area of the business, with the Company developing strong relationships with distributors to health stores, chemists and the Company's online retail presence. In time, VitaHemp intends to seek export market opportunities, with management having established relationships into the Asian market and prior experience placing organic Australian produce into Korea, Japan, Hong Kong and China.
- (d) **Market education:** Hemp products are naturally high in protein and have a favourable omega 6 and omega 3 oil ratio. The addition of hemp food products to breakfast or smoothies have nutritional benefits. In order to be considered a food ingredient, THC must be below 5mg/kg for hulled hemp seeds. VitaHemp Pty Ltd's marketing will focus on promoting the benefits of Australian grown hemp foods and communicating to the market the lack of psychoactive ingredients.
- (e) **Dependence on licences and permits:** Nutritional hemp is subject to THC testing, to ensure hemp seeds at the farm are suitable for broad human consumption. The Company has access to licences required for its activities in the Australian hemp food market.

7.10.3 Suppliers and important contracts

- (a) **Medical cannabis:** The medical cannabis division will primarily use its own seed genetics for growing medical cannabis products. The key suppliers for this division relate to the procurement and maintenance of growing equipment at its Medcan production operation. Medcan has undergone an extensive due diligence process on potential suppliers for its production facility with quality, reliability and operating costs factoring into contractual decision making.
- (b) **Nutritional hemp:** The nutritional hemp business contract farms for its Australian grown hemp seeds. Contract farmers are mandated to exclusively supply the Company with nutritional hemp seeds and are paid according to the yield of the harvest. The Company manages the supply of hemp seeds in line with its expectation of market demand in the year ahead.
- (c) **Mining:** The mining division does not have material suppliers as yet given the early stage nature of the project. Key suppliers and contracts will be noted when the company executes on its strategy to secure suitable offtake partners.

7.10.4 Reliance on intellectual property and key licences

- (a) **Medical cannabis:** Licensing is a key driver of value realisation for the Medical cannabis division. As outlined in paragraph 7.4.2. Medcan has an ODC Production Licence pursuant to the recent legislative changes and has also been issued with an Import and Export Licence. Strict adherence to the compliance procedures of regulators will ensure the Company has the continued benefit of these important licences. For further information please see the Legal Opinion.
- (b) **Nutritional hemp:** The Company relies on licences to grow and import/export nutritional hemp seeds. Given the low THC content of

nutritional hemp, the conditions of these licences are less onerous than what is expected in the medical cannabis division.

- (c) **Mining:** The Company's mining division has active exploration permits and is working towards securing mining lease applications. These permits and leases are vital for the continuance of the business and the implementation of the revenue realisation strategy.

7.10.5 Mining Division

- (a) **Active exploration permits:** The Company's mining division holds active exploration licences in Queensland (EPM 18463 and MDL 2004) and New South Wales (EL 7301) which form the cornerstone of its South Johnstone and New England bauxite projects.
- (b) **Mining Lease application:** The Company works towards satisfying requirements to make application for a mining lease (ML) over its Camp Creek JORC Resource.

7.10.6 Ongoing financing

The Company expects its investments in the cannabis division to be cash generative near term. Medium term, ongoing financing will primarily be generated from operating cashflows. The Company will retain close ties to key capital market participants to ensure it has access to funds should they be required for growth opportunities. Should the company proceed with a mining investment decision, the scale of capital required may require external support.

7.11 Growth Strategy

The Company has an active policy to prioritise internal growth. However, the management team is well positioned to identify and act upon growth opportunities with synergistic benefits, should they arise.

For growth, the Company intends to increase Shareholder value as per the vision outlined above, by adopting the following strategies:

7.11.1 Medical Cannabis

- (a) **Organic industry growth:** The domestic medical cannabis industry in Australia is at a fledgling stage and is likely to experience growth as the industry matures. Establishing a position early in the development of what is potentially a high growth industry may lead to growing volumes for MCL even in the event market share remains relatively stable.
- (b) **Export potential:** Following the Australian government's decision in January 2018 to legalise the exports of medical cannabis, MCL has implemented a strategy to take advantage of government support. This will increase the addressable market of MCL products beyond Australia and increase the scale of potential revenues. As announced 8 January 2018, MCL is reviewing export options with CannTab, a producer of medical cannabis pain relief pills (CNSX:PILL).

7.11.2 Nutritional Hemp

- (a) **Increasing sales volumes to match expanded production capacity:** HHC has just completed a large production upgrade at its Queensland hulling facility. Organic growth is the most likely method to expand capacity

when required given the modular nature of the machinery and the internal intellectual property built by management.

- (b) **Export potential:** MCL aims, in time, to have a global presence with sales in multiple geographies. In particular, Asian markets have shown strong demand interest for Australian produced health products and are likely to be targeted as export markets for the Company in the medium term.
- (c) **New products:** VitaHemp plans to bring new products to market in order to increase the number of revenue verticals, such as the intention to produce hemp milk in Australia.

7.11.3 Mining Division

- (a) **New project opportunities:** the Company's mining division continues to research new projects and potential acquisition opportunities across a spectrum of commodity types. Such opportunities will enable the company to expand and diversify its current portfolio.
- (b) **New sales opportunities:** the company's marketing team continues to evaluate potential customer refineries for offtake of bauxite from its South Johnstone project.

7.12 Suspension and Re-admission to ASX

ASX has determined that due to the change in the structure of the Medcan Transaction and the alliance entered into with Bio Health, the Company is required to again seek the Shareholder Approvals.

The change in the nature and scale of the Company's activities will require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Company's Securities have been suspended from trading on the ASX since 1 August 2018, and will remain suspended and not be reinstated to Official Quotation until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by the ASX to the Official List.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in ASX Listing Rule 1.3.

The Company expects that the conduct of the Offers pursuant to this Prospectus will enable the Company to satisfy the above requirements.

In the event that CGB does not receive ASX Quotation Approval within three months after the date of the recent refresh prospectus which was lodged with ASIC on 24 May 2019, the Offers will not proceed, and no Shares will be issued pursuant to this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

7.13 Shareholder Approval of Transactions

At the General Meeting of the Company, the Company will seek to obtain approval from Shareholders for a number of resolutions to enable the Company to implement the Transactions, including (among other things):

- (a) the contemplated change in the nature or scale of the Company's activities, as required under ASX Listing Rule 11.1.2;
- (b) the issue of the following securities in connection with the Transactions:
 - (i) 1,277,142,857 Shares to the MCL Shareholders;
 - (ii) 40,540,541 Shares to the HHC Shareholders;
 - (iii) 2,250,000 Shares to Medcan (and ratification of 4,250,000 Shares already issued to Medcan Management);
 - (iv) 21,621,621 Shares to the T12 Shareholders;
 - (v) 5,405,405 Shares to T12 Management,
 - (vi) approval for Sholom Feldman (or his nominee) and Prina Feldman (or her nominee) to participate in the Capital Raising Offer each up to 12,500,000 Shares and 6,250,000 Options;
 - (vii) Issue of Shares and Options to the Lead Manager; and
 - (viii) 1,730,000 Convertible Securities, 31,140,000 Options and 10,000,000 Collateral Shares to L1; and
- (c) the Company undertaking a capital raising by issuing up to 170,000,000 Shares at an issue price of \$0.035 per Share to raise up to \$5,950,000, with a minimum subscription of \$1,995,000 (together with one (1) free attaching Option for every two (2) Shares subscribed for and issued).

7.14 Funding

The funding for the Company for the two years following re-admission to the Official List of ASX will be met by the offer of Shares pursuant to the Capital Raising Offer under this Prospectus and by the Company's existing cash reserves (see Section 6.4 for further details). As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of Securities and/or from debt funding.

7.15 Financial Information

(a) Historical financial information

The financial information contained in Section 8 of this Prospectus sets out financial information of CGB, which has been reviewed by Nexia Sydney Corporate Advisory Pty Ltd, including:

- (i) pro forma historical income statements for the financial years ending 30 June 2017, 30 June 2018 and the half year ended 31 December 2018;

- (ii) pro forma historical cash flow statements for the financial years ending 30 June 2017, 30 June 2018 and the half year ended 31 December 2018; and
- (iii) a pro-forma statement of financial position as at 31 December 2018,

(the **Pro Forma Historical Financial Information**).

The Investigating Accountant's Report in Section 9 provides an opinion, based on the Investigating Accountant's review of the Pro Forma Historical Financial Information, on the preparation of the Pro Forma Historical Financial Information.

Investors are urged to read both the Financial Information in Section 8 and the Investigating Accountant's Report in Section 9 in full.

The full financial statements for CGB for its financial year ended 30 June 2018 and half year ended 31 December 2018, which include the notes to the financial statements, can be found on the Company's website ASX announcements platform on www.canngloballimited.com.

(b) **Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are still considered to be in the start-up phase of a new industry. 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 best estimate forecast or projection.

7.16 Dividend Policy

The Company intends to issue dividends when the Company begins to be operating at a material profit. As previously noted, given the early stage of the Company's operations, the Company cannot yet guarantee when that will occur, and how much dividends would be appropriate at that time.

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

8. FINANCIAL INFORMATION

8.1 Overview

This Section of the Prospectus contains the financial information of CGB, which includes:

The pro forma historical financial information, being the:

- pro forma historical income statements for FY2017, FY2018 and HY2019;
- pro forma historical cash flow statements for FY2017, FY2018 and HY2019; and
- pro-forma statement of financial position as at 31 December 2018.

(together the **Pro Forma Historical Financial Information**);

(the Historical Financial Information and the Pro Forma Historical Financial Information together form the **Financial Information**).

CGB has a 30 June financial year end. As such any references in this section to "FY" refer to a 30 June financial year end and "HY" refer to a six-month period ending on 31 December of the relevant financial year.

The Financial Information in this Section should be read in conjunction with the risk factors set out in Section 0 and other information contained in this Prospectus including the significant accounting policies in Section **Error! Reference source not found..** Investors should note that past results are not a reliable indicator of future performance.

All amounts disclosed in this Section are presented in Australian dollars, rounded to the nearest thousand dollars. Some tables may not add due to rounding.

The Financial Information has been reviewed by Nexia Sydney Corporate Advisory Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings or Prospective Financial Information*, as stated in its Investigating Accountant's Report set out in section 9.

8.2 Basis of preparation and presentation of the Financial Information

The Directors of the Company are responsible for the preparation and presentation of the Financial Information contained in this Prospectus.

The Financial Information has been prepared and presented with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in abbreviated form insofar as it does not include presentations and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purposes financial reports prepared in accordance with the Corporations Act.

CGB's significant accounting policies are set out in Section **Error! Reference source not found.** and have been consistently applied throughout the periods.

Preparation of the Pro Forma Historical Financial Information

The pro forma historical income statements and pro forma historical statements of cash flows have been derived from the statutory historical income statements and statutory statements of cash flows for FY2017, FY2018 and HY2019 and adjusted for the effects of the acquisition of T12, MCL and HHC as if they had occurred on 1 July 2016.

CGB's consolidated financial statements for 30 June 2017 and 30 June 2018 were audited by Nexia Sydney Partnership. The consolidated financial statements for the six months to 31 December 2018 were reviewed by Nexia Sydney Partnership.

The audit opinions for 30 June 2017 was qualified due to a lack of audit evidence in relation to right of tenure held by CGB in respect to tenements. During the financial year ended 30 June 2018, the tenement expired and the balance was impaired. The audit opinion on the 30 June 2018 financial statements and the review opinion on the 31 December 2018 financial statements were unmodified.

Refer to Section 8.4 for a reconciliation of the pro forma historical income statements to the statutory historical income statements of CGB and Section **Error! Reference source not found.** for a reconciliation of the pro forma historical statements of cash flows to the statutory historical statements of cash flows.

The pro forma statement of financial position has been derived from the consolidated statement of financial position as at 31 December 2018 and adjusted for the effects of:

- The acquisition of MCL, HHC and T12;
- Entering into the licensing agreement with Affinity Energy;
- Conversion of convertible notes to Shares;
- The issue of T12 Management Shares, pursuant to the T12 Agreement; and
- The impact of the Capital Raising Offer,

as if they had occurred on 31 December 2018. The pro forma statement of financial position is reconciled to CGB's statutory statement of financial position in Section **Error! Reference source not found.**

The Pro Forma Financial Information has been prepared for illustrative purposes and due to its nature the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

Financial information in respect of Transactions

MCL was incorporated on 16 March 2015. The financial information of MCL for the years ended 30 June 2017 and 30 June 2018 were audited by MNSA Pty Ltd and an unqualified audit opinion was provided in each year. CGB acquired 55% of MCL on 30 May 2017 and MCL's financial information is included in CGB's consolidated statutory information from 1 July 2017.

HHC was incorporated on 2 March 2016. The financial information of HHC for the periods ended 30 June 2017 and 30 June 2018 has been audited by Nexia Sydney Audit Pty Ltd and the audit opinions were unmodified. The financial information of HHC for the half year ended 31 December 2017 and 2018 was reviewed by Nexia Sydney Audit Pty Ltd and the review opinions were unmodified.

T12 was incorporated on 2 March 2016 with share capital of \$12. It commenced trading during the period ended 31 December 2018.

Explanation of certain non-IFRS financial measures

CGB uses certain measures to manage and report on its businesses that are not recognised under Australian Accounting Standards. These are known as "non-IFRS financial measures". Non-IFRS financial measures are intended to supplement the measures calculated in accordance with Australian Accounting Standards and not as a substitute for those measures. As these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way CGB calculates these measures may differ from similarly titled measures used by other companies.

In this document, CGB uses the following non-IFRS measures to assist prospective investors with understanding the trends in financial performance and profitability:

- EBITDA is earnings before interest, taxation, depreciation, amortisation, impairment charges and fair value adjustments;
- EBIT is earnings before interest and taxation;
- NLBT is net loss before tax; and
- NLAT is net loss after tax.

Although the Directors believe that these measures provide useful information about the financial performance and profitability of CGB, they should be considered as supplements to the income statement measures that have been presented in accordance with Australian Accounting Standards and not as a replacement for them. Investors should therefore not place undue reliance on these non-IFRS financial measures.

8.3 Pro Forma historical consolidated income statements

Set out below are the pro forma historical consolidated income statements for FY2017, FY2018, HY2018 and HY2019.

| \$000 | Note | FY2017 | FY2018 | HY2018 | HY2019 |
|---------------------------------------|------|----------------|----------------|----------------|----------------|
| Revenue | 1 | 3 | 3,743 | 17 | 474 |
| Cost of sales | 2 | - | (192) | - | (426) |
| Gross Profit | | 3 | 3,551 | 17 | 48 |
| Operating Expenses | | | | | |
| Administrative and corporate expenses | 3 | (557) | (1,452) | (688) | (1,199) |
| Advertising and marketing | 4 | - | (212) | (80) | (117) |
| Directors fees | | (884) | (714) | (417) | (417) |
| Exploration expenditure | 5 | 38 | (14) | - | - |
| Legal expenses | 6 | (114) | (172) | (56) | (506) |
| Rent | | (138) | (208) | (91) | (131) |
| Research costs | 7 | - | (500) | (122) | (402) |
| Travelling expenses | 8 | (223) | (326) | (178) | (147) |
| Other expenses | 9 | (42) | (63) | (51) | (21) |
| Share based payments expense | 10 | (234) | (282) | (282) | (258) |
| Total Operating expenses | | (2,153) | (3,944) | (1,964) | (3,197) |
| EBITDA | | (2,150) | (393) | (1,947) | (3,149) |

| | | | | | |
|--|----|----------------|----------------|----------------|----------------|
| Depreciation and amortisation | | (5) | (36) | (3) | (37) |
| Impairment of exploration assets | 11 | - | (1,679) | (1,679) | - |
| Impairment of other receivables | | (28) | - | - | (381) |
| EBIT | | (2,183) | (2,107) | (3,629) | (3,567) |
| Foreign currency exchange (gain)/loss realised | 12 | (22) | 104 | 115 | (25) |
| FVTPL adjustment | 13 | - | (674) | - | (944) |
| Loss on equity settled liabilities | 14 | (172) | (1,836) | - | - |
| Share of profit in associates | 15 | - | 5 | - | 7 |
| Interest income | 16 | 159 | (236) | (301) | 62 |
| Finance costs | 17 | - | - | - | (549) |
| NLBT | | (2,218) | (4,744) | (3,815) | (5,015) |
| Income tax | | - | (293) | - | - |
| NLAT | | (2,218) | (5,037) | (3,815) | (5,015) |

Notes:

- 1. Sales Revenue** – FY2017 revenue was derived from the sale of products in MCL. In addition, FY2018 license fee revenue relates to MCL granting AEB a worldwide license for access to MCL's existing and future cultivators for veterinary products, as explained in section 14.6, was recognised as revenue. Revenue for HY2019 was primarily derived by CGB and T12 for the sale of products.
- 2. Cost of sales** – primarily relates to hemp seeds that have been processed to hemp products.
- 3. Administrative and corporate expenses** – includes general administrative expense, audit fees, communication expenses, professional fees paid to consulting services, management and secretarial fees, and shareholder services; all of which are primarily associated with CGB and MCL.
- 4. Advertising and marketing** – relates mainly to the development of Vitahemp's website and other marketing related expenses.
- 5. Exploration expenditure** – relates to exploration expenses incurred on mining tenements held by CGB. In FY2017 and FY2018 exploration expenditure was capitalised on the balance sheet.
- 6. Legal expenses** – relates to legal due diligence regarding acquisitions, as well as the legal assistance with ASX announcements throughout FY2018. This expense was high in HY2019 due to costs incurred in the proposed acquisition of Medcan that did not proceed.
- 7. Research costs** – represents payments to iCAN Israel-Cannabis Ltd, in accordance with Research Agreement signed 4 August 2017; and payments to the Technion Research & Development Foundation Ltd, in accordance with the Research Agreement signed 16 February 2018.
- 8. Travelling expenses** – includes travel expenses incurred by Directors to source investment funding and visit research facilities.
- 9. Other expenses** – includes lab fees, motor vehicle expenses, repairs and maintenance, and storage.
- 10. Share based payments expense** – includes payments to investment consultants and selected employees of AGMPL.
- 11. Impairment of exploration assets** – relates to the write-off of exploration and evaluation assets in respect of EL 7301 as the mining tenement expired.
- 12. Foreign currency exchange (gain)/loss realised** – relates to movements in AUD against USD from the convertible notes held by Magna, as these are denominated in USD.
- 13. FVTPL adjustment** – relates to the movement in the fair value of shares held in AEB.
- 14. Loss on equity settled liabilities** – relates to the Magna convertible notes. As set out in Section **Error! Reference source not found.** below, Shares were issued at a 20% discount to market in settlement of the notes. The discount on the Shares issued was recognised as a loss on equity settled liabilities.

- 15. Share of profit in associates** – relates to a share of profits in Waltanna Hemp Group Pty Ltd an entity in which HHC holds a 50% interest and as the directors of HHC consider that HHC has a significant interest is equity accounted.
- 16. Interest income** – relates to interest income received from cash on deposit.
- 17. Finance costs** – relates to the finance costs from convertible securities and seed loans.

8.4 Pro forma adjustments to the statutory net loss after tax

Set out below is the reconciliation of CGB's statutory NLAT to the pro forma NLAT for FY2017, FY2018, HY2018 and HY2019.

| \$000 | FY2017 | FY2018 | HY2018 | HY2019 |
|--------------------------------|----------------|----------------|----------------|----------------|
| Statutory NLAT | (1,855) | (5,001) | (3,810) | (4,944) |
| Pre-acquisition trading losses | (363) | (35) | (5) | (70) |
| Pro forma NLAT | (2,218) | (5,037) | (3,815) | (5,015) |

Notes:

Pre-acquisition trading losses – relates to the losses incurred by MCL, HHC and T12 prior to their acquisition.

8.5 Pro forma historical consolidated statements of cash flow

Set out below are the pro forma historical consolidated statements of cash flows for FY2017, FY2018, HY2018 and HY2019.

| \$000 | Note | FY2017 | FY2018 | HY2018 | HY2019 |
|---|------|----------------|----------------|----------------|----------------|
| EBITDA | | (2,150) | (393) | (1,947) | (3,149) |
| Movement in working capital | 1 | 130 | (791) | (561) | 400 |
| Non-cash items in operating cash flow | 2 | 195 | (3,295) | 282 | 258 |
| Operating cash flow | | (1,825) | (4,479) | (2,226) | (2,492) |
| Capital expenditure | 3 | (393) | (842) | (459) | (231) |
| Net cash flows before corporate financing and taxation | | (2,218) | (5,320) | (2,684) | (2,723) |

Notes:

- 1. Movement in working capital:** comprised of changes in inventories, receivables, payables and employee entitlements.
- 2. Non-cash items in operating cash flows:** consists of share based payment expenses and revenue recognised in relation to the license agreement with AEB, as set out in Section 14.6, which settled through the receipt of shares in AEB.
- 3. Capital expenditure:** cash outflows related to the payment for plant and equipment, investment on the upgrade of the hulling and processing facility in Coolum Beach QLD, and geologists' fees capitalised to exploration and evaluation asset for EPM 18463, South Johnstone Bauxite Project in QLD.

8.6 Pro forma adjustments to the statutory historical cash flow statements

Set out below is the reconciliation of CGB's statutory cash flows before financing and taxation to the pro forma cash flows before financing and taxation for FY2017, FY2018, HY2018 and HY2019.

| \$000 | FY2017 | FY2018 | HY2018 | HY2019 |
|---|----------------|----------------|----------------|----------------|
| Statutory cash flows before financing and taxation | (2,218) | (4,945) | (2,561) | (2,732) |
| Pre-acquisition cash flows | (0) | (375) | (123) | 9 |
| Pro forma cash flows before financing and taxation | (2,218) | (5,320) | (2,684) | (2,723) |

Notes:

1. **Pre-acquisition trading losses** – relates to the cash outflows incurred by MCL, HHC and T12 prior to their acquisition.

8.7 Historical and pro-forma statements of financial position

The pro-forma statement of financial position set out below is derived from the historical consolidated financial position as at 31 December 2018 and is shown for illustrative purposes.

| \$000 | HY2019 Statutory (Note 1) | Subsequent events (Note 2) | Minimum subscription (Note 3) | Pro forma Minimum | Maximum Subscription (Note 4) | Pro forma Maximum |
|--------------------------------------|---------------------------------|----------------------------------|-------------------------------------|----------------------|-------------------------------------|----------------------|
| Current assets | | | | | | |
| Cash | 5,859 | 608 | 1,698 | 8,165 | 5,609 | 12,076 |
| Trade and other receivables | 883 | 251 | - | 1,134 | - | 1,134 |
| Inventory | 356 | 44 | - | 400 | - | 400 |
| Total current assets | 7,098 | 903 | 1,698 | 9,699 | 5,609 | 13,610 |
| Non-current assets | | | | | | |
| Plant and equipment | 106 | 369 | - | 476 | - | 476 |
| Investments | 1,959 | - | - | 1,959 | - | 1,959 |
| Intangible assets ⁵ | 1,922 | 2,380 | - | 4,302 | - | 4,302 |
| Exploration and evaluation assets | 2,047 | - | - | 2,047 | - | 2,047 |
| Equity-accounted investees | 278 | (265) | - | 12 | - | 12 |
| Total non-current assets | 6,312 | 2,484 | - | 8,796 | - | 8,796 |
| Total assets | 13,410 | 3,387 | 1,698 | 18,495 | 5,609 | 22,407 |
| Current liabilities | | | | | | |
| Trade and other payables | (1,242) | (80) | - | (1,321) | - | (1,321) |
| Other liabilities | (5,013) | (448) | - | (5,461) | - | (5,461) |
| Current tax liabilities | (293) | - | - | (293) | - | (293) |
| Total current liabilities | (6,548) | (527) | - | (7,075) | - | (7,075) |
| Total liabilities | (6,548) | (527) | - | (7,075) | - | (7,075) |
| Net assets | 6,863 | 2,860 | 1,698 | 11,420 | 5,609 | 15,332 |
| Equity | | | | | | |
| Share capital ⁶ | 29,601 | 47,494 | 1,707 | 78,802 | 5,253 | 82,348 |
| Reserves ⁷ | 4,939 | (45,078) | 242 | (39,897) | 565 | (39,574) |
| Non-controlling interest | (692) | 792 | - | 99 | - | 99 |

| | | | | | | |
|---------------------|--------------|--------------|--------------|---------------|--------------|---------------|
| Accumulated losses | (26,985) | (347) | (252) | (27,584) | (209) | (27,542) |
| Total equity | 6,863 | 2,860 | 1,698 | 11,420 | 5,609 | 15,332 |

Notes:

1. HY2019 is the reviewed statutory balance sheet as at 31 December 2018.
2. Subsequent events reflect the following:

Acquisition of the remaining 45% interest in MCL (MCL Acquisition)

As set out in Section 14.2, CGB entered into the MCL Agreement under which it will acquire the remaining 45% of the issued capital of MCL it does not already hold. Consideration for the MCL Acquisition will be satisfied through the issue of 1,277,142,857 Shares in CGB. Based on a Share price of \$0.035 per share, the fair value of the consideration of the MCL Offer is \$44.7 million.

Acquisition of a 55% interest in HHC (HHC Acquisition)

As set out in Section 14.3, CGB has entered into the HHC Agreement to acquire 55% of the issued capital of HHC in two stages.

Stage one: 25% was acquired for cash consideration of \$300k and the issue of a 5% shareholding in Vitahemp Pty Ltd, a subsidiary of MCL. In November 2017, \$145k of the cash consideration was paid to the shareholders of HHC. The remaining cash consideration was paid in January 2018. In February 2018, 5% of the issued capital in Vitahemp Pty Ltd was issued to Peter Edwards.

Stage two: the remaining 30% will be acquired through the issue of 40,540,541 CGB Shares at a fair value of \$0.035 per Share, a total consideration of \$1.41 million.

Inter-company loans of \$111,620 with MCL and \$9,168 with T12 are eliminated as part of the adjustment.

Acquisition of T12 Holdings Pty Ltd (T12 Acquisition)

As set out in Section 14.5, CGB entered into the T12 Agreement to acquire 100% of the issue capital of T12 for 21,621,621 Shares in CGB at a fair value of \$0.035 per Share, a total consideration of \$757k. In addition, 5,405,405 CGB Shares will be issued to Sebastian Edwards and Sam Edwards at a fair value of \$0.035 per Share. The Directors have determined that the T12 Acquisition represents an asset acquisition as T12 does not carry on a business as defined in AASB 3.

Issue of further convertible notes to L1 Capital Global Opportunities Master Fund

As set out in Section 14.9 on 27 February 2019, CGB received \$600,000 from L1 and in return issued L1 600,000 convertible notes with a redemption price of \$1.20 each and 52,747,253 options with an exercise price of \$0.035.

A further agreement was entered into on 27 February whereby all existing notes and options that CGB and MCL had issued to L1 were redeemed through the issue of new CGB convertible notes with a maturity of 15 November 2019 and a redemption price of \$1.20 and the issue of 31,140,000 options with a three year maturity and exercise price of \$0.05.

3. Under the agreement 10,000,000 shares were issued to L1. These shares are to be used to satisfy the conversion rights under the convertible note or otherwise sold by L1 with the proceeds to be paid to CGB. The **Minimum Subscription** represents the issue of 57,000,000 Shares at \$0.035 per Share and 28,500,000 options to raise \$1.995 million. Transaction costs of \$902,000 will be incurred, of which \$856,000 will be expensed and \$46,000 will be recognised against equity. Transaction costs include 20,000,000 options to be issued to Empire. The Directors determined the fair value of the options to be granted to Empire to be \$79,000.
4. The **Maximum Subscription** represents the issue of 170,000,000 Shares at \$0.035 per Share and 85,000,000 Options to raise \$5.950 million. Transaction costs of \$945,000 will be incurred, of which \$814,000 will be expensed and \$131,000 will be recognised against equity. Transaction costs include 20,000,000 options to be issued to Empire. The Directors determined the fair

value of the options to be granted to Empire to be \$79,000. In addition, if the maximum raise is achieved Empire will receive \$100,000 in shares.

5. **Intangible assets** - The pro forma adjustment to intangible assets reflects the difference between the fair value of the consideration for HHC and the assets of T12 and the net tangible assets acquired based on each entities reviewed financial statements at 31 December 2018. This is summarised below:

| \$000 | HHC | T12 | Total |
|--|--------------|------------|--------------|
| Consideration | | | |
| - fair value of shares issued (see note 6) | 1,419 | 757 | 2,176 |
| - investment prior to 31 December 2018 | 278 | - | 278 |
| - non controlling interest | 99 | | 99 |
| Total consideration | 1,796 | 757 | 2,553 |
| Net assets | 221 | (48) | 172 |
| Intangible asset | 1,575 | 805 | 2,380 |

6. **Share capital** – the pro forma adjustment to share capital reflects following share capital issues:

| | # of shares | FV | \$000 |
|---|----------------------|---------|---------------|
| Acquisition of: | | | |
| - 45% additional interest in MCL | 1,277,142,857 | \$0.035 | 44,700 |
| - HHC | 40,540,541 | \$0.035 | 1,419 |
| - T12 | 21,621,621 | \$0.035 | 757 |
| Management shares issued to T12 management | 5,405,405 | \$0.035 | 189 |
| Management shares issued to Medcan management | 2,250,000 | \$0.035 | 79 |
| Collateral shares issued to L1 Capital | 10,000,000 | \$0.035 | 350 |
| | 1,356,960,424 | | 47,494 |

7. The **decrease in reserves** primarily relates to the acquisition of a further 45% of MCL. MCL was already consolidated in CGB and therefore the acquisition of the additional 45% represents a change in the proportion of controlling and non-controlling interests. The pro forma adjustment reflects the difference between the consideration paid for the further 45% of \$44,700,000 and the non-controlling interest recognised at 31 December 2018 in relation to MCL of \$692,000.

8.8 Net debt

Set out below is CGB' indebtedness and pro forma cash position:

| \$000 | Statutory | HY2019 Pro forma | |
|-----------------------------|------------|----------------------|----------------------|
| | | Minimum Subscription | Maximum Subscription |
| Cash & cash equivalents | 5,859 | 8,165 | 12,076 |
| Other financial liabilities | (5,013) | (5,461) | (5,461) |
| | 846 | 2,704 | 6,615 |

8.9 Sources of liquidity

CGB's net cash position on completion of the Capital Raising Offer will be \$2.8 million under the minimum subscription, and \$6.6 million under the maximum subscription. Accordingly, the Directors consider that CGB will have sufficient working capital on completion of the Capital Raising Offer to carry out the entity's stated objectives.

8.10 Related Parties

The consolidated entity has related party relationships with its subsidiaries, key management personnel, and related companies due to common directorships, Pnina Feldman being a director of both CGB and the director related companies.

Related party transactions with Australian Gemstone Mining Pty Limited

The Company and Australian Gemstone Mining Pty Limited (AGMPL) are parties to a management services agreement (Management Services Agreement) dated 1 July 2007, for the provision by AGMPL of executive and corporate services, including geological and technical expertise, to the Company by the following executives:

- (a) Pnina Feldman – Executive Director, Business Development;
- (b) Dr Robert Coenraads – Principle Geologist, Exploration and Mining; and
- (c) Sholom Feldman – Managing Director and Company Secretary.

In respect of each of these executives, AGMPL was paid a retainer for the period ended 30 June 2017. The Company was also reimbursed for all reasonable expenses incurred by or on behalf of the above key persons.

AGMPL is a company owned and controlled by Pnina Feldman.

Pnina Feldman, Robert Coenraads and Sholom Feldman have each entered into an executive services agreement with AGMPL. Each of these executive services agreements contains standard provisions dealing with employment obligations and standard covenants dealing with general duties and the protection of AGMPL's interests. It mirrors the Management Services Agreement in respect of termination provisions. The executive directors do not receive separate directors' fees outside of the fees received by AGMPL for their services.

AGMPL also provide fully serviced offices to the Company, which includes the use of office space, the board room, kitchen, daily cleaning, and essential office infrastructure including telephones, fax, printer, broadband internet connections and suitable office furniture.

AGMPL also provided additional administrative services to the Company, such as secretarial, accounting and office management services. These services were provided to the Company by AGMPL on reasonable arm's length terms.

8.11 Commitments for expenditure

CGB has the following commitments:

| \$000 | Note | < 12 months | > 12 months but less than 5 years | Total |
|----------------------------|------|--------------|--------------------------------------|--------------|
| Exploration and evaluation | 1 | 272 | 282 | 554 |
| Research and development: | | | | |
| - CannTab Therapeutics Ltd | 2 | 0 | 1,429 | 1,429 |
| - TRDF Israel Research | 3 | 1,029 | 2,214 | 3,243 |
| Total commitments | | 1,301 | 3,925 | 5,226 |

Notes:

1. This relates to exploration and evaluation activity for mining tenement EPM18463.

2. As set out in Section 14.7, on 27 December 2017 CGB entered into a joint venture agreement with CannTab Therapeutics Ltd. Under the agreement, each party will contribute \$1.4 million (USD\$1 million).
3. As set out in Section 14.8, on 16 February 2018 Medical Cannabis Research Group Pty Ltd and The Technion Research & Development Foundation Ltd entered into a sponsored research agreement. Under the agreement, MCL is required to pay \$3.7 million (USD\$2.87 million) over a four-year period. Subsequent to 31 December 2018 an amount of USD\$600,000 has been paid.
4. In addition, CGB has a future commitment to Medcan in line with the agreement detailed in section [14.3]. Under this agreement, subject to CGB listing in line with the corporations act and listing rules, CGB must issue Medcan 2.25m shares every quarter for 24 months at the 5 day VWAP. If VWAP for 5 days immediately prior to the end of a quarter is less than 3.7cents, CGB have the option to pay \$83,230 or issue the equivalent number of shares. As this commitment is varying in value it has not been included in the table above.

8.12 Dividend policy

For the Company to progress its business plan, significant funding is likely to be required. Due to this, the Company currently has no plans to declare any dividends this year.

Any future determination as to payment of dividends by the Company will be at the discretion of the Board and will be dependent on the availability of distributable earnings, the operating results and financial condition of the Company. Other factors such as future capital requirements and general business will also be considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attached to dividends can be given by the Company.

8.13 Significant accounting policies

The following significant accounting policies have been consistently applied in the preparation of the Financial Information.

(a) Basis of consolidation

Business combinations

The Company applies the acquisition method in accounting for business combinations. The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets.

Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparation of the consolidated financial statements.

Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

- (b) Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

- (c) **Foreign currency**

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency exchange are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign-currency differences are generally recognised in profit or loss.

Foreign operations

The asset and liabilities of foreign operations, are translated in \$A at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into \$A at the exchange rates at the dates of the transactions.

- (d) **Financial instruments**

Non-derivative financial assets

The CGB Group initially recognizes loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the CGB Group becomes a party to the contractual provisions of the instrument.

The CGB Group derecognizes a financial asset when the contractual rights to the cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company Group is recognised as a separate asset or liability.

The CGB Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost, less any impairment losses.

Financial assets at FVTPL

A financial asset is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition to avoid an accounting mismatch. Directly attributed transaction costs are recognised in profit and loss as incurred. Financial assets at FVTPL are measured at fair value and changes therein, including any interest or dividend income are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the CGB Group in the management of its short-term commitments.

Non-derivative financial liabilities

The CGB Group initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the CGB Group becomes a party to the contractual provisions of the instrument.

The CGB Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The CGB Group classifies the non-derivative financial liabilities into trade and other payables and other financial liabilities categories. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost.

Other financial liabilities comprise trade and other payables and loans.

(e) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(f) **Property, plant and equipment**

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the CGB Group. Ongoing repairs and maintenance is expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit and loss over the estimated useful lives of each component. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Equipment: 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) **Exploration and evaluation expenditure**

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or

- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (j)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are finalised, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(h) **Goodwill**

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

(i) **Other intangible assets**

Acquired intangible assets

Seedbank and plant genetics acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight line basis over their estimated useful lives as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Amortisation of seedbank and plant genetics has not yet commenced as the asset was recently purchased.

The following useful lives are applied:

Seedbank and plant genetics: 20 years

(j) **Impairment**

Non-derivative financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor. The CGB Group considers evidence of impairment for financial assets at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit and loss and reflected in an allowance account against loans and receivables.

Non-financial assets

The carrying amounts of the CGB Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognised in the profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(k) **Inventory**

Inventory is stated at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle. In the case of manufactured inventories, cost includes an appropriate share production overhead based on normal operating capacity.

(l) **Revenue**

Revenue is recognised at the fair value of consideration received or receivable. Revenue is recognised at the point in time that sales or service performance has been completed.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

License fee revenue

License fee revenue is recognised when the right to receive payment is established.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(m) Research and development

Expenditure on research activities is recognised in profit and loss as incurred.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense and other costs of borrowings. All finance costs are recognised in profit or loss using the effective interest method.

(o) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

(p) Income tax

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the

extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Queensland Bauxite Limited.

(q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(r) Share-based payments

Equity-settled share-based payments are provided to certain vendors and suppliers in exchange for the acquisition of businesses or rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date of the businesses acquired or services received if reasonably measurable. Otherwise, fair value is measured at the quoted market price of the Company's ordinary shares on grant date, adjusted where applicable to take into account the terms and conditions upon which the shares were granted.

(s) Use of estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The only area involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, is in relation to share and option based payments and convertible securities.

7 June 2019

The Directors
Cann Global Limited
24 Birriga Road
Bellevue Hill NSW 2023

Dear Sirs/Madams

Investigating Accountant's Report and Financial Services Guide

We have been engaged by Cann Global Limited ("CGL") to prepare this report for inclusion in the replacement prospectus to be issued by the Company (the "Replacement Prospectus") in respect of the initial public offering of ordinary shares (the "Offer") and listing of the Company on the Australian Securities Exchange.

Expressions and terms defined in the Replacement Prospectus have the same meaning in this report.

Nexia Sydney Corporate Advisory Pty Ltd holds the appropriate Australian Financial Services License under the Corporations Act 2001 for the issue of this report.

Scope

Nexia Sydney Corporate Advisory Pty Ltd has been engaged to review the:

- pro forma historical income statements for FY2017, FY2018 and HY2019;
- pro forma historical statements of cash flows for FY2017, FY2018 and HY2019; and
- pro forma statement of financial position as at 31 December 2018.

(together the "Pro Forma Historical Financial Information")

The Pro Forma Historical Financial Information has been derived from the statutory historical financial information of the Company, after adjusting for the effects of pro forma adjustments described in section 8.2 of the Replacement Prospectus.

The statutory historical financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The statutory historical financial information has been extracted from the financial report of the Company for which was audited by Nexia Sydney Partnership for the FY2017 and FY2018 and reviewed by Nexia Sydney Partnership for HY2019. The audit opinions for FY2017 was qualified due to a lack of audit evidence in relation to right of tenure held by CGB in respect to tenements. During FY2018, the tenement expired and the balance was impaired. The audit opinion on the FY2018 financial statements and the review opinion on the HY2019 financial statements were unmodified.

The historical financial information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

The stated basis of preparation for the Pro Forma Historical Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the statutory historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 8.2 of the Prospectus, as if those events or transactions had occurred as at the date of the statutory historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial performance, cash flows or financial position.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information;

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion, based on our review, on the Pro Forma Historical Financial Information.

We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 8 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to section 8 of the Replacement Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Replacement Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Nexia Sydney Corporate Advisory Pty Ltd has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Declaration of Interest

Nexia Sydney Corporate Advisory does not have any interest in the outcome of this Offer other than the preparation of this report for which normal professional fees will be received.

Nexia Sydney Audit Pty Ltd a related entity to Nexia Sydney Corporate Advisory is the current auditor for the Company. This report has been prepared independently to any work carried out as auditor by Nexia Sydney Audit Pty Ltd.

Yours faithfully,

Nexia Sydney Corporate Advisory Pty Ltd



Brent Goldman

Director

(Authorised representative of Nexia Sydney Financial Solutions Pty Ltd, AFSL 247300)

FINANCIAL SERVICES GUIDE

Dated: 7 June 2019

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945 ("NSCA"), a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("AFSL").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial Services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NSCA's responsibility to you

NSCA has been engaged by the independent directors of Cann Global Limited (or the "Client") to provide general financial product advice in the form of an investigating accountant's report to be included in the Prospectus.

You have not engaged NSCA directly but have received a copy of the report because you have been provided with a copy of the Prospectus. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the report.

General Advice

As NSCA has been engaged by the Client, the report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the report having regard to your circumstances before you act on the general advice contained in the report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees NSCA may receive

NSCA charges fees for preparing reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSCA \$72,500 (excluding GST and out of pocket expenses) for preparing the report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Partnership. NSCA's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Partnership.

From time to time NSCA, the Nexia Sydney Partnership and related entities ("Nexia entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years approximately \$255,000 (excluding GST) in professional fees has been received from the Client in relation to audit and tax services.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 56 55 62
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215

Our Ref: AJ
Your Ref:



5 June 2019

By Email: DTydde@steinpag.com.au
Original forwarded by Post

Medical Cannabis Limited
C/- Steinepreis Paganin
GPO Box 2799
PERTH WA 6001

Dear Sir

Legal Opinion on Compliance with Regulatory Regime for Medicinal Cannabis and Indian Hemp

This opinion has been prepared for inclusion in a replacement prospectus ("**Replacement Prospectus**") to be issued by Cann Global Limited (ACN 124 873 507) ("**CGB**").

We are instructed that CGB proposes to acquire the remaining shares it does not already hold in Medical Cannabis Ltd (ACN 604 732 612) ("**MCL**") "**Acquisition**") which in turn has a wholly owned subsidiary Vita Seeds Pty Ltd ACN 623 892 142 ("**VSPL**"). We are also instructed that CGB, subject to shareholder approval, will change the nature and scale of its activities to that of an industrial hemp and medicinal cannabis company.

This opinion has been prepared on the assumption that following the Acquisition CGB will be the holding company of a corporate group of which MCL and VSPL are wholly owned subsidiaries (referred to herein as "**CGB Group**").

We are also instructed that CGB, has, [entered into an agreement ("**Facilitation Agreement**") with Medcan Australia Pty Ltd ACN 615 734 220 ("**Medcan**"). The Facilitation Agreement, amongst other things, provides that, in consideration for certain obligations of CGB set out in the Facilitation Agreement, the mutual release contained in that agreement and subject to ASX providing CGB with a letter of approval for CGB's shares to be re-instated to trading on ASX, on conditions acceptable to CGB ("**Condition Precedent**"), Medcan agrees to:

- (a) Facilitate the importing and/or exporting of cannabis End Products (defined as being any cannabis product that requires an ODC Licence for any of the businesses that CGB undertakes) and/or ingredients that CGB may require to enable CGB to meet its business objectives in manufacturing and/or distributing any products, including but not limited to the Canntab and Pharmocann products;
- (b) Facilitate the Manufacture of CGB's products into End Products, either at premises controlled by Medcan (the Facility) or at third party

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To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 2

manufacturers, including but not limited to third party TGA and GMP approved manufacturing facilities such as Biohealth Pharmaceuticals;

- (c) Store any genetics, cultivars or seedbank that CGB has access to or control (Genetics), including working to facilitate the formal acknowledgment by the ODC of any Genetics;
- (d) Assist in the development, research and growing of CGB's Genetics;
- (e) facilitate genetic research and development on behalf of CGB, within a Facility; and,
- (f) facilitate cannabis oil extraction on behalf of CGB within the Facility provided that Medcan has capacity and is not otherwise engaged in the extraction of cannabis oil from its own product.

("Facilitation Obligations").

In order to give effect to Medcan's obligations under the Facilitation Agreement, Medcan is required to use its best endeavours to maintain the Licences being any ODC or other Governmental Authority Licence required to perform the businesses of Medcan and CGB for the purposes of the Facilitation Agreement and including but not limited to the ODC Medical cannabis cultivation and production licence, Cannabis import licence, Cannabis export licence, Cannabis manufacture licence and any other licence or permit that Medcan may reasonably require to undertake its obligations under the Facilitation Agreement together with all other necessary permits, registrations, licences, or other regulatory approvals required for the services of under the Facilitation Agreement ("**Licensing Obligations**").

However it should be noted that none of the obligations imposed on Medcan under the above provisions require Medcan to enter into any agreements with any third parties on behalf of CGB or to incur any liabilities with third parties on behalf of CGB. For the avoidance of doubt, Medcan is not obliged by this clause or any other provision of the Facilitation Agreement to grow cannabis for CGB in commercial quantities and any arrangement between the parties pursuant to which Medcan agrees to do so will depend on Medcan's capacity at the time and will be the subject of a separate agreement between the parties. Notwithstanding the foregoing, where Medcan has capacity, or the ability to acquire capacity, it is the intention of the parties to enter into such an agreement in good faith on commercially acceptable terms.

Medcan holds:

- an ODC Production Licence issued under the ND Act that is valid until 30 June 2019 which will enable it to cultivate cannabis plants and produce cannabis or cannabis resin, subject to it obtaining a medicinal cannabis permit under that Act;
- an import licence and an export licence issued under the CPI Regs which will enable it to import and export various cannabis products subject to issue of a specific permit;
- in conjunction with the import licence referred to above, a permit to import cannabis seeds from Canada for sowing by multiple consignments any time between 25 July 2018 and 25 July 2019;

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 3

- an approval in Qld under HDPR to obtain, possess and use cannabis seeds comprising vials of 10,000 seeds

("Medcan's Current Licences").

However we also instructed that Medcan does not as yet hold a medicinal cannabis permit under the ND Act ("**ODC Permit**"). This permit would be required to be obtained by Medcan in addition to the ODC Production Licence to enable it to cultivate cannabis plants and produce cannabis or cannabis resin. Medcan will need to obtain this permit in order for it to carry out its obligations to CGB under the Facilitation Agreement. We are also instructed that it does not hold any of the State licences, permits or approvals referred to in clause 3 to 6 below "**MC State Licences**"). However pursuant to the Licensing Obligations, Medcan is required to obtain these.

You have asked for our opinion on the following questions:

Question 1

What is the status of the licences and approvals held by CGB Group?

Executive Summary

Following the Acquisition, CGB Group through VSPL will hold a licence under the HI Act and HI Regs that authorises VSPL to supply or cultivate low-THC hemp for commercial production and for use in manufacturing process. The licence is in force until 19 November 2023.

Question 2

Does CGB Group require any further licences to carry out the proposed activities of growing and cultivating hemp and medicinal cannabis products in Australia?

Executive Summary

Subject to Medcan carrying out the Facilitation Obligations and the Licensing Obligations, CGB Group will be able to undertake the proposed activities in relation to medicinal cannabis products.

However to the extent that CGB cannot make use of Medcan's Current Licences pursuant to the Facilitation Agreement to undertake the proposed activities in relation to medicinal cannabis products or to the extent that such licences are not sufficient for CGB Group to be carrying on the proposed activities (e.g. the lack of the ODC Permit and MC Licences) in relation to medicinal cannabis CGB Group will need to obtain:

- an ODC Production Licence; and
- an ODC Permit;
- an import licence to import cannabis to Australia such as cannabis seeds in order to cultivate the same pursuant to the above licence and permit.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 4

In addition to these licences and permits, to the extent that CGB Group is operating in any of the following States, it will also require:

- (a) in Qld, an approval to manufacture and wholesale medicinal cannabis under the PHMC Act and PHMC Regs;
- (b) in NSW, a licence or authority to manufacture a medicinal cannabis product under the PTG Regs;
- (c) in Victoria, a manufacturing and/or research licence under the AMC Act;
- (d) in Tasmania a licence to manufacture a cannabis product under the PA.

Even though under the FSANZ Code, the sale of food produced from low THC plants is permitted, nevertheless in order for CGB Group to comply with the legal and regulatory requirements in relation to growing and cultivating industrial hemp to the extent that it is operating in any of the following States, it will need to hold:

- (e) in Qld, a licence under Part 5B of the DM Act;
- (f) in NSW a licence under the HI Act and HI Regs (*);
- (g) in Victoria, an authority under the DP & CS Act;
- (h) in Tasmania, a licence under the IHA.

** As noted above CGB Group through VSPL already holds the required licence in NSW.*

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 5

Question 3

Based on the responses to Questions 1 and 2:

- (a) does CGB Group have the legal right to operate its intended business and expend its funds in accordance with the proposed use of funds as described in the Replacement Prospectus; and***
- (b) are there any legal impediments to CGB Group carrying out its proposed operations in Australia as described in the Replacement Prospectus.***

Executive Summary

Subject to Medcan complying with its Facilitation Obligations and the Licensing Obligations (which therefore necessarily requires Medcan to obtain an ODC Permit and the MC State Licences) and subject to the qualifications and assumptions as set out below, CGB Group will have the legal right to operate its intended business in Australia and there should be:

- (a) no regulatory impediments to CGB Group expending its funds in accordance with the proposed use of funds as described in the Replacement Prospectus; and
- (b) no legal impediments to CGB Group carrying out its proposed operations in Australia as described in the Replacement Prospectus.

However to the extent that CGB Group is unable to rely upon the Facilitation Agreement then, subject to CGB Group obtaining the additional required licences, permits and approvals as set out in this opinion, and subject to the qualifications and assumptions as set out below, CGB Group will have the legal right to operate its intended business in Australia and there should be:

- (a) no regulatory impediments to CGB Group expending its funds in accordance with the proposed use of funds as described in the Replacement Prospectus; and
- (b) no legal impediments to CGB Group carrying out its proposed operations in Australia as described in the Replacement Prospectus.

Detailed Advice

Government regulation of medicinal cannabis

There are a number of general prohibitions on the importing, growing and use of cannabis in Australia. However the Commonwealth of Australia and a number of States and Territories have relaxed these general prohibitions and have instituted various licensing regimes to enable this to occur.

In this advice we will only refer to the regulatory requirements of the Commonwealth of Australia and the States of Qld, NSW, Victoria and Tasmania because we are instructed that CGB will only be operating in those States for the foreseeable future.



To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 6

The regulation of the importing, growing and use of cannabis in Australia is governed by specific legislation of the Commonwealth of Australia and also each State and Territory of Australia.

In general terms, the Commonwealth Government has sole responsibility for regulating the cultivation and production aspects of cannabis for medicinal and related scientific purposes but the manufacture of, and patient access to, medicinal cannabis products is a joint responsibility of the Commonwealth Government and the State and Territory Governments.

This means that relevant licences or approvals are required under both Commonwealth and State and Territory legislation detailed below.

2. *Commonwealth of Australia*

2.1 *Narcotic Drugs Act 1967 ("ND Act")*

Part 2 of the ND Act provides for the issue of two (2) types of cannabis licence, a medicinal cannabis licence ("**ODC Production Licence**") and a cannabis research licence ("**ODC Research Licence**").

An ODC Production Licence may authorise:

- (a) the cultivation of cannabis plants for producing cannabis or cannabis resin for medicinal purposes and the obtaining of cannabis plants for that purpose; or
- (b) the production of cannabis or cannabis resin for medicinal purposes; or
- (c) all of the above;

and activities related to such cultivation, obtaining or production.

An ODC Research Licence may authorise:

- (d) the cultivation of cannabis plants for producing cannabis or cannabis resin for research relating to medicinal cannabis and the obtaining of cannabis plants for that purpose; or
- (e) the production of cannabis or cannabis resin for research relating to medicinal cannabis; or
- (f) all of the above;

and activities related to such cultivation, obtaining or production.

However before a licence holder can cultivate cannabis plants, or produce cannabis or cannabis resin, the licence holder must obtain a cannabis permit. The permit deals with matters such as the types of cannabis plants that can be cultivated and the quantities of cannabis and cannabis resin that can be produced. An application for this permit will need to be obtained before commencement of the cultivation of the cannabis plants.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 7

Certain conditions are imposed on all cannabis licences, and the Secretary may impose additional conditions. Cannabis licences and cannabis permits can be varied or revoked in certain circumstances. Division 3 of Part 2 of the ND Act sets out the conditions that apply to both forms of cannabis licences.

An application may also be made under Chapter 3 of the ND Act for a manufacture licence ("**ML**") which authorises the manufacture of a drug and activities related to such manufacture, including manufacture for the purposes of research relating to medicinal cannabis products. An application for an ML will only be required to be made prior to the commencement by CGB of the manufacture of medicinal cannabis products.

2.2 *Customs Act, 1901 and the Customs (Prohibited Imports Regulations) 1956 (Cth) ("**CPI Regs**")*

This legislation contains provisions dealing with the import and export of cannabis for medical and scientific purposes.

A person who wishes to import cannabis to Australia such as cannabis seeds in order to cultivate the same pursuant to a licence granted to that person under the ND Act will require an import licence to do so. Otherwise it would be an offence to do so.

The person may also need an export licence from the country of origin depending on the law of that place.

2.3 *Therapeutic Goods Act 1989 ("**TG Act**") and Therapeutic Goods Regulations 1990 ("**TG Regs**")*

The TG Act provides for a register to be maintained for the purpose of compiling information in relation to, and providing for evaluation of, therapeutic goods for use in humans called the Australian Register of Therapeutic Goods ("**ARTG**"). The ARTG is administered by the Department of Health Therapeutic Goods Administration ("**TGA**").

Medicinal cannabis products are regulated as medicines in Australia. Generally, medicines imported into, supplied in, and exported from Australia must be entered in the ARTG. However all medicinal cannabis products whether approved or not approved which are imported into, supplied in or manufactured in Australia must conform with *Therapeutic Goods Order No. 93 (Standard for Medicinal Cannabis)* ("**TGO 93**") which sets out certain standards that must be met.

Access to medicinal cannabis products, even if not on the ARTG, may also be obtained through the licensing system under the ND Act referred to above, which is designed to make available medicinal cannabis products which provisions work together with the therapeutic goods legislation and State and Territory legislation to make medicinal cannabis products available to certain patients.



To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 8

Part 6-3 of the TG Act provides the basis for a uniform system in Australia of access controls for goods containing scheduled substances. The scheduling of substances controls how medicines and poisons are made available to the public. It allows restrictions to be placed on their supply to the public in the interests of public health and safety. This is aimed at minimising the risks of poisoning from, and the misuse and abuse of, scheduled substances. Medicines and poisons are classified into Schedules according to the level of regulatory control over the availability of the medicine or poison, required to protect public health and safety. The Schedules are published in the Standard for the Uniform Scheduling of Medicines and Poisons ("**SUSMP**") and are given legal effect through State and Territory legislation. The SUSMP is legally referred to as the "*Poisons Standard*". This consists of decisions regarding the classification of medicines and poisons into Schedules for inclusion in the relevant legislation of the States and Territories. Subject to certain exceptions, cannabis that is:

- cultivated or produced, or in products manufactured, in accordance with the ND Act; and/or,
- for use in products manufactured in accordance with the ND Act; and/or,
- imported as therapeutic goods, or for use in therapeutic goods, for supply, in accordance with the TG Act; and/or,
- in therapeutic goods supplied in accordance with the TG Act,

is a controlled drug under this standard.

Therefore medicinal cannabis can be prescribed under these provisions provided that the particular State or Territory permits this to be done.

2.4 *Crimes (Traffic in Narcotic Drugs and Psychotropic Substances) Act, 1990* ("**CTND Act**")

Cannabis, Cannabis Oil and Cannabis Resin are narcotic drugs listed in Schedule 2 of the CTND Act. There are various offences in relation to dealing in such narcotic drugs and possessing equipment to produce the same.

However this Act is not intended to exclude or limit the operation of any other law of the Commonwealth or any law of a State or Territory. Therefore any action authorised under a licence granted to a person under the ND Act will not be an offence under the CTFN Act.

2.5 *Criminal Code Act, 1995* ("**CC Act**")

There are various offences in relation to the trafficking, importing, exporting, the manufacture, cultivation or possession of cannabis in any form.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 9

However a person is not criminally responsible for an offence if the conduct constituting the offence is justified or excused by or under a law. Therefore any act done pursuant to a licence granted to a person under the ND Act will not be an offence under the CC Act.

3. *Queensland*

3.1 *Public Health (Medicinal Cannabis) Act, 2016 (Qld) ("**PHMC Act**") and Public Health (Medicinal Cannabis) Regulation, 2017 ("**PHMC Regs**")*

The PHMC Act provides a regulatory framework to allow medicinal cannabis products to be prescribed and dispensed to patients in Queensland and prevent unauthorised use of these products. Any cannabis used outside of the regulatory framework is illegal.

This Act also provides that you may manufacture medicinal cannabis if you are, in accordance with an applicable law of the Commonwealth, authorised to manufacture medicinal cannabis (e.g. under a licence or permit issued under the ND Act). If you do so then you will not be committing an offence of performing, or attempting to perform, a regulated activity for medicinal cannabis or agreeing to perform, or otherwise offering to perform, a regulated activity for medicinal cannabis.

The PHMC Regs contain provisions to enable applications to be made for approval to manufacture and/or wholesale medicinal cannabis products ("**PHMC Approval**").

To the extent that there is any gap in what you are authorised to supply under the conditions of your licence or permit under the ND Act, you will need to get a wholesale approval under the PHMC Regs.

Interestingly the term "medicinal cannabis" where used in the PHMC Act does not include a cannabis product that is an "approved good" which is a registered good or listed good under the TG Act. Therefore once a product is a registered good or a listed good under the TG Act it will no longer be "medicinal cannabis" for the purposes of the PHMC Act.

3.2 *Health (Drugs and Poisons) Regulation, 1996 ("**HDPR**")*

Cannabis is a prohibited substance under HDPR. However the HDPR enables the Chief Executive of Queensland Health to approve the use of cannabis products for a clinical trial.

3.3 *Drugs Misuse Act, 1986 ("**DM Act**") and Drugs Misuse Regulation 1987 ("**DM Regs**")*

It is an offence to produce, possess and supply cannabis without authorisation, justification or lawful excuse. However holding an authority under the PHMC Act means that the holder will not be committing an offence.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 10

Part 5B of this Act also has provisions to facilitate the supply of industrial cannabis seed to people who hold cannabis research licences or medicinal cannabis licences under the ND Act to use as allowed under that Act so that it is not an offence to do so under the DM Act.

The DM Act provides for the issue of two types of research licences and a grower licence. The research licences will enable the holder to possess for research purposes certain types of cannabis plants and seed, to produce, for use in plant breeding programs for developing new commercial strains, supplying certain types of cannabis to certain researchers such as holders of a research licence under the ND Act etc. The grower licence will enable the grower to possess certain cannabis plants and seeds for certain purposes including the supply of certain cannabis seed to holders of a research licence under the ND Act etc.

4. NSW

4.1 *Poisons and Therapeutic Goods Act, 2008 ("PTG Act") and Poisons and Therapeutic Goods Regulations, 2008 ("PTG Regs")*

A person will be able to manufacture a medicinal cannabis product in NSW if it holds a licence or authority under Part 8 of the PTG Regs authorising the manufacture of that product.

Further a person will be able to supply a medicinal cannabis product in NSW if the product has been lawfully imported into or manufactured in Australia (i.e. under a Commonwealth licence or an approval, to which see the above requirements under the ND Act and CC Act) and either:

- the person to whom the product is supplied is a medical practitioner and the product is supplied for the treatment of patients of the medical practitioner (including patients in a clinical trial), or
- the person supplying the product is a medical practitioner and the product is supplied for the treatment of a patient of the practitioner (including a patient in a clinical trial), or
- the person to whom the product is supplied is a pharmacist and the product is supplied for the purposes of the pharmacist supplying the product on the prescription of a medical practitioner, or
- the person supplying the product is a pharmacist and the product is supplied on the prescription of a medical practitioner, or
- the product is supplied for the purposes of a clinical trial and the person responsible for the conduct of the trial holds a licence or authority under Part 8 of the Poisons Regs, or under the *Drug Misuse and Trafficking Act 1985*, authorising the use of the product in the trial, or

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 11

- the product is supplied for the treatment of a particular patient and the supply is authorised by a licence or authority under Part 8 of the Poisons Regs.

4.2 *Drugs Misuse and Trafficking Act, 1985 ("DMT Act")*

The offences under this Act are subject to a general qualification that nothing in the DMT Act affects any provision made by or under the PTG Act (see above) or renders unlawful anything done in accordance with such a provision.

There are also various offences where it is also made clear that nothing in the relevant section imposing the offence renders unlawful the doing of that thing under the PTG Act e.g. supply, possession, manufacture and production of cannabis and possession of a precursor or drug manufacture apparatus.

5. *Victoria*

5.1 *Access to Medicinal Cannabis Act, 2016 ("AMC Act")*

The AMC Act has a licensing system in conjunction with the licensing under the Commonwealth ND Act. There are two forms of licence, a manufacturing research licence and a general manufacturing licence. A requirement to be issued with these licences is that the person also be licensed under the Commonwealth ND Act.

5.2 *Drugs, Poisons and Controlled Substances Act, 1981 ("DP&CS Act")*

There are various offences in relation to the cultivation, possession and supply of cannabis. However it will not be an offence where this is authorised under the AMC Act.

6. *Tasmania*

6.1 *Poisons Act, 1971 ("PA")*

A person is permitted to make, refine or prepare a cannabis product if that person is acting as a servant or under orders of another person who is the holder of a licence to manufacture the substance under that Act or the ND Act and is also a holder of a licence under the ND Act.

6.2 *Poisons Regulations, 2008 ("PR")*

It is an offence for a medical practitioner to issue a prescription to supply cannabis without the authority of the Secretary. Thus medical cannabis can be supplied by a medical practitioner with authority of the Secretary.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 12

6.3 *Misuse of Drugs Act, 2001 ("MODA")*

There are various offences in relation to the cultivation, possession and supply of cannabis. However anything authorised under the *Industrial Hemp Act, 2015* ("IHA")(see below) or PA is not unlawful under this Act.

Medicinal Cannabis Licences and Permits held by CGB Group

CGB Group does not presently hold the required medicinal cannabis licences and permits to carry on a business of cultivation and supply of medicinal cannabis. Although CGB has, on our instructions, entered into a Facilitation Agreement with Medcan which will give CGB Group access to certain licences in order to carry on its business Mecan does not presently hold a medicinal cannabis permit under the ND Act

CGB Group will need to acquire these licences and permits if it is to carry on that business unless pursuant to the Facilitation Agreement it is able to do so.

Government regulation of industrial hemp industry

The laws in relation to industrial hemp are not as restrictive as medicinal cannabis because it is produced from cannabis plants with a low tetrahydrocannabinol ("**THC**") content being less than 1% THC in the leaves, flowers and stems. It therefore provides no psychotropic effect from its consumption. In fact industrial hemp has different properties to medicinal cannabis and is used in a wide variety of products such as carpeting, insulation, cement and paint.

In this advice we will only refer to the regulatory requirements of the Commonwealth of Australia and the States of Qld, NSW, Victoria and Tasmania because we are instructed that CGB will only be operating in those States for the foreseeable future.

Pursuant to Food Standards Australia and New Zealand Code ("**FSANZ Code**"), food produced from low THC is permitted to be sold in Australia and New Zealand.

The following substances may therefore be imported without permission under the CPI Regs: hulled hemp seeds, hemp seed meal, hemp fibre and hemp seed oil if the total cannabidiol content is 75mg/kg or less and the total THC content is 50mg/kg or less. The following products may also be imported without permission under the CPI Regs: products that contain hulled hemp seeds, derived from hems and/or hemp seed oil provided that they do not contain another drug, the do not contain any part (or extracts) of the cannabis/hemp plant (excluding extracts made from hemp seeds), the total cannabidiol content is 75mg/kg or less and the total THC content is 50mg/kg or less.

However the States and Territories still regulate the growing of the industrial hemp from which this food is produced.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 13

1. Qld

1.1 DM Act and DM Regs

Under the DM Act and DM Regs industrial hemp plants must not have THC levels exceeding 0.1% and must be grown from seed certified to produce plants with no more than 0.5% THC. They may also not be grown without a licence.

There is a system of licensing under Part 5B of the DM Act which also applies to industrial cannabis to which see the discussion in paragraph 3.2 above relating to medical cannabis. The object of this Part 5B is stated as being to facilitate:

- the processing and marketing of, and trade in, industrial cannabis fibre and fibre products; and,
- the processing and marketing of, and trade in, industrial cannabis seed and seed products for purposes that do not do not include, directly or indirectly, producing anything for administration to, or consumption or smoking by, a person.

These provisions mean that the production, possession and supply of industrial cannabis plants and seed pursuant to these authorisations will not be an offence.

2. NSW

2.1 *Hemp Industry Act, 2008 ("HI Act") and Hemp Industry Regulations, 2016 ("HI Regs")*

This Act together with the regulations provides for a licensing system for cultivation and supply of low-THC hemp which is any plant of the genus cannabis, by whatever name that plant may be called, that has a concentration of THC in its leaves and flowering heads of no more than 1%, and includes the seed of any such plant and any product (such as oil or fibre) derived from any such plant. The licence may be granted for any one or more of the following purposes:

- commercial production,
- use in any manufacturing process,
- scientific research, instruction, analysis or study,
- any other purpose prescribed by the regulations.



To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 14

2.2 *DMT Act*

The offences under this Act are subject to a general qualification that nothing in the DMT Act affects any provision made by or under the HI Act (see above) or renders unlawful anything done in accordance with such a provision. Therefore a person will not be committing an offence if authorised to do so under the HI Act.

3. *Victoria*

3.1 *DP&CS Act*

This Act does not apply to:

- a processed fibre product made from cannabis if the product does not contain more than 0.1 % of THC, does not contain whole cannabis seeds and is in a form not suitable for ingestion, smoking or inhaling purposes; or
- a processed product made from cannabis seeds if the product does not contain more than 0.001% of THC and does not contain whole cannabis seeds.

Therefore the offences that relate to the cultivation, possession and supply of cannabis under this Act do not apply to the above.

In addition an authority may be obtained under this Act to enable a person for commercial or research purposes relating to non-therapeutic use:

- to possess, process, sell or supply cannabis seed which has been harvested from low-THC cannabis; or
- to cultivate and possess cannabis from seed which has been harvested from low-THC cannabis; or
- to possess, process, sell or supply cannabis which is substantially free of leaves and flowering heads and does not contain THC in excess of 0.1%.

Low-THC is cannabis, the leaves and flowering heads of which do not contain more than 0.35% of THC.

The holding of such an authority means that anything done under that authority will not constitute an offence.

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 15

4. *Tasmania*

4.1 *IHA*

This Act provides for a system of licensing with respect to industrial hemp. There are two types of licence. Firstly an industrial hemp licence may be obtained which may authorise a person to possess, cultivate or supply industrial hemp for any one or more of the following purposes specified in the licence:

- commercial production;
- use in any manufacturing process;
- food production;
- scientific research, instruction, analysis or study;
- any other purpose approved by the Secretary.

Secondly a special licence may be obtained which may authorise a person to possess, cultivate or supply hemp, that is not industrial hemp, for the purpose of scientific research, instruction, analysis or study.

Industrial Hemp Licences and Permits held by CGB Group

CGB Group through VSPL holds a licence under the HI Act and HI Regs that authorises VSPL to supply or cultivate low-THC hemp for commercial production and for use in manufacturing process. This licence is in force until 19 November 2023.

We have not been provided with any further information concerning any other licences issued to any member of CGB Group in relation to the growing and cultivation of industrial hemp in the other States of Territories.

Therefore in order for CGB Group to comply with the legal and regulatory requirements in relation to growing and cultivating industrial hemp other than in NSW it will require:

- (a) in Qld, a licence under Part 5B of the DM Act;
- (b) in Victoria, an authority under the DP & CS Act;
- (c) in Tasmania, a licence under the IHA.

This is the case even though under the FSANZ Code, the sale of food produced from low THC plants is permitted.

Assumptions and Qualifications

This opinion is given subject to the following assumptions and qualifications:



To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 16

1. CGB Group will only be operating in Australia in the States of Queensland, NSW, Victoria and Tasmania;
2. We have relied on statements from the employees, officers, directors and agents of CGB and each member of CGB Group in relation to all factual matters material to the opinions, statements and assumptions expressed in this opinion;
3. All information provided by employees, officers, directors and agents of CGB and each member of CGB Group have been true and accurate in all material respects and have contained no material omissions;
4. The employees, officers, directors and agents of CGB and each member of CGB Group have disclosed all material information about the operations of each member of CGB Group;
5. All statements made regarding the operations of CGB and each member of CGB Group in the Replacement Prospectus are true and correct;
6. All factual matters (as distinct from matters of Australian law) stated in any document or response provided to us, or reviewed by us, are true and correct;
7. This opinion relates to the laws of the Commonwealth of Australia and the States of NSW, Queensland, Victoria and Tasmania in force at the date of this opinion; .
8. We do not express or imply any opinion as to the laws of any other jurisdiction, nor have we investigated the laws of any other jurisdiction;
9. This opinion is given as of the date of the opinion, and we express no opinion as to the effect of any change in the facts or law or policy (or interpretations of such laws or policy) on which such opinions are based subsequent to the date of this opinion. We disclaim any obligation to update this opinion for any change in the facts or law occurring after the date of this opinion, which might affect this opinion;
10. The management of CGB and each member of CGB Group has reviewed this opinion and confirmed its factual accuracy;
11. We have not conducted any searches in any official registry or with any public authorities in relation to any matter, including without limitation, any legal, governmental or regulatory proceedings pending in relation to CGB or any member of CGB Group and any licences, consents, approvals and permits issued to CGB or any member of CGB Group;
12. Any statement made in this opinion that is based on a statement made in the Replacement Prospectus is not a confirmation of the truth or accuracy of that statement;
13. We have not acted for CGB or any member of CGB Group in relation to the Replacement Prospectus other than in the provision of this opinion;

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 17

14. This opinion does not express an opinion on any matter requiring skill or expertise of a non-legal nature, including business, operational, commercial, financial, market-related, statistical or accounting matters;
15. The authenticity of all original and copy signatures and seals and of any original or copy duty stamp or marking on any original or copy document we sighted;
16. Due authorisation by all parties of the signing or execution and delivery of all original or copy documents we sighted and that all such documents are within the capacity of, and are binding on, all parties to them;
17. Copies of documents we sighted are in conformity with the originals of which they purport to be copies;
18. Copies of documents we sighted are a complete statement of the agreement, arrangement or other matters they purport to represent and there are no supplementary documents or agreements or arrangements (written, oral, express or implied) that were not disclosed to us;
19. There were no material documents other than those which were disclosed to us and which we examined;
20. Insofar as any obligation under any document examined by us is to be performed or any conduct is to occur in any jurisdiction outside Australia, its performance or occurrence will not be illegal or ineffective by virtue of the law of that jurisdiction;
21. The statements made and opinions in this letter are given only to the extent that a law firm, having the role described above, could reasonably be expected to have become aware of relevant facts and to have identified the implications of those facts.

Conclusion

Subject to Medcan complying with its Facilitation Obligations and the Licensing Obligations (which therefore necessarily requires Medcan to obtain an ODC Permit and the MC State Licences) and subject to the qualifications and assumptions as set out below, CGB Group will have the legal right to operate its intended business in Australia and there should be:

- (a) no regulatory impediments to CGB Group expending its funds in accordance with the proposed use of funds as described in the Replacement Prospectus; and
- (b) no legal impediments to CGB Group carrying out its proposed operations in Australia as described in the Replacement Prospectus.

However to the extent that CGB Group is unable to rely upon the Facilitation Agreement then, subject to CGB Group obtaining the additional required licences, permits and approvals as set out in this opinion, and subject to the qualifications and assumptions as set out below, CGB Group will have the legal right to operate its intended business in Australia and there should be:

To: Cann Global Limited
Date: 5 June 2019
Our Ref: AJ
Page: 18

- (a) no regulatory impediments to CGB Group expending its funds in accordance with the proposed use of funds as described in the Replacement Prospectus; and
- (b) no legal impediments to CGB Group carrying out its proposed operations in Australia as described in the Replacement Prospectus.

Yours faithfully
Piper Alderman

Per:


Alan Jessup
Partner

11. RISK FACTORS

The business, assets and operations of the Company, including after completion of the Transactions, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Shareholders should be aware that when the Transactions are completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from the Transactions parties contracted or associated with the Transactions and other agreements, including, but not limited to, those summarised in Section 14 of this Prospectus.

The risks and uncertainties described below are not intended to be exhaustive. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, MCL, T12, HHC and Medcan, and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to undertake the Transactions is as follows.

11.1 Risks relating to the Change in Nature and Scale of Activities

(a) Completion Risk

The Company has agreed to acquire 100% of MCL, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the MCL Acquisition cannot be fulfilled and, in turn, that completion of the MCL Acquisition does not occur.

If the MCL Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) Re-quotation of shares on ASX

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company's securities have been suspended from 1 August 2018 until completion of the Transactions, the Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain

suspended from official quotation. The Company however, following the recent detailed discussions with the ASX surrounding the Transactions and CGB's re-compliance obligations, at the moment sees no reason why the Company should not be able to re-comply according with these conditions.

(c) **Dilution Risk**

The Company currently has 1,612,435,425 Shares on issue. The Company proposes to issue a maximum of 1,529,817,566 Shares, including 2,225,000 Shares to Medcan in consideration for the services to be provided under the Medcan Agreement and 1,277,142,857 Shares to MCL Shareholders in consideration for the MCL Acquisition.

The Company is also proposing to issue 40,540,541 Shares to the HHC Shareholders, 21,621,621 Shares to the T12 Shareholders, 5,405,405 Shares to T12 Management, up to 170,000,000 Shares to participants under the Capital Raising Offer, 25,000,000 to related parties who will participate in the Capital Raising and \$130,000 worth of Shares to the Lead Manager and 10,000,000 Collateral Shares to L1 (assuming a maximum subscription raising).

With the Company expected to have approximately 3,142,252,991 (not including the corporate advisory fee payable to the Lead Manager) Shares on issue at the time of its reinstatement to trading (based on a maximum subscription being achieved under the Capital Raising Offer), existing Shareholders are expected to be diluted by approximately 51.31% on completion of the Transactions and the Company's reinstatement to trading.

(d) **ASX Suspension**

The Company's Securities have been suspended from the Official List of ASX since 1 August 2018. As such, there is no market for Shares and the Shares offered pursuant to this Prospectus are highly illiquid.

(e) **Liquidity**

On completion of the Transactions, the Company proposes to issue up to 1,529,817,566 Shares. The Company understands that ASX may treat some of these Shares as restricted securities in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a portion of issued Shares may not be able to be traded freely for a period of time.

(f) **Future Capital Requirements**

The Company is likely to require additional funding in the future (whether by way of debt or equity or a combination of both). The ability of the Company to meet this future requirement will be dependent on the Company's continued access to credit markets, funding sources and financing facilities. Access to credit markets on less than favourable terms may impact the Company's access to financing facilities should the need arise and may have a material adverse effect on the Company's future financial performance and position.

Furthermore, any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.

(g) **Uncertainty of Future Profitability**

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects that it may continue to make losses in the immediate future. Factors that will determine the Company's future profitability are its ability to manage its costs and its development and growth strategies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.

(h) **Integration Risk**

Given that on completion of the Transactions, two independent businesses will be brought together to be members of the Company Group as well as the strategic alliances, a process will be implemented to align, expand and improve the financial reporting system for the Company Group. While this process takes place, historical deficiencies may be discovered which may have a material impact on the financial position of the Company.

11.2 Specific Risks to Medcan and MCL businesses

(a) **Obtaining and retaining licences, permits and approvals**

The Company's business model is reliant on obtaining any necessary additional licences, permits and approvals as outlined in the legal opinion on MCL's business operations in Section 10 of this Prospectus and retaining (and in the future applying for renewal of) the necessary licences, permits and approvals issued by the ODC and other regulatory bodies to conduct its cannabis business operations (see Section 7.5).

The Company Group may apply for any additional licences, permits and approvals as may be required, and undertake the necessary requirements for approval, however, there is no assurance that any such licences, permits or approvals will be granted to the Company Group, or on terms anticipated by the Company Group. A failure to obtain any such licences, permits or approvals may result in the Company Group being unable to continue to establish and/or further its cannabis related business operations.

The Company Group will also endeavour to comply with any approvals or conditions attaching to the relevant licences, permits and approvals, and undertake continued maintenance of such licences and permits. However, there is no guarantee that any licences, permits or approvals granted by the ODC or other regulatory bodies will not be revoked during their term, or that they will be renewed for a further period of time or

renewed on terms anticipated by the Company Group. Should any of these circumstances eventuate, it is likely to have a material adverse effect on the Company's proposed activities and operations, as well as its financial performance and prospects.

(b) Reliance on Medcan Licence

As set out in the Legal Opinion, Medcan currently holds an ODC Production Licence from the ODC valid until 20 June 2019, Cannabis Import and Export Licences and an approval in Qld to obtain, possess and use cannabis seeds.

The Company will rely on Medcan to comply with the relevant law and regulations to maintain their licences to manage the implementation of the CGB business plan. Failure of Medcan to maintain these licences will mean that the Company will need to seek alternate arrangements to be able to import, export and manufacture the intended cannabis products. For further information please see the Legal Opinion.

(c) Establishment and implementation of new legislative regime

The Company operates (or intends to operate) in an industry which has recently experienced key regulatory and legislative changes.

The legislative amendments to key Australian legislation only came into effect fairly recently (for example, the legislative amendments to the ND Act only came into effect in Australia in October 2016).

The ODC has published regulations and a series of guidelines which explain how the reforms are to operate, and the application processes for licences and permits. Although this guidance is quite prescriptive, as with any new legislative regime, there remains some uncertainty as to the interpretation of the new laws and regulations and the review methodology that the ODC will adopt.

(d) Change to laws or regulations

The operations and proposed operations of the Company Group and Medcan are subject to a variety of laws, regulations and guidelines. The industrial hemp and medicinal cannabis industries are evolving globally, including in Australia. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks and operations of companies involved in the hemp and medicinal cannabis sectors. In particular, the regulation of hemp and medicinal cannabis is a partisan and divisive issue and, as a result, a change in government or increase in political lobbying may result in a change in government policy and an amendment of legislation and/or regulation.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the licensing, operations or contractual obligations of the Company Group and Medcan, could impact adversely on the assets, operations and financial performance of CGB and the hemp and medicinal cannabis industry in general.

(e) Agricultural Factors

The business of MCL and Medcan are reliant on agricultural products. As such, the business of MCL is subject to the risks inherent in the agricultural industry. These risks include insects, plant diseases, storm, fire, frost, flood, water availability, water salinity, pests, bird damage and force majeure events.

While the indoor production facility proposed by Medcan will seek to limit outside influences, there can be no assurance that natural elements will not have a material adverse effect on Medcan's growing operations and, consequently, result in delays to or adversely effect production. There are a number of risks which may still be associated with the construction and use of indoor areas to grow and cultivate cannabis, including the sourcing of suitable cannabis varieties either domestically or overseas, plant diseases, underestimating the costs and time for cultivation, underestimating the lighting and heating requirements and cost of installation, human error in the execution of engineering and construction, equipment failure, supplier delays and underestimating breakages and consumables. Each of these risks may be mitigated to some degree by proper management and external professional advice, however they may still impact grow time, the number of harvests or the oil yield generated from each harvest.

Any adverse outcomes in respect of these matters will or may adversely affect the Company's activities and operations, financial performance and prospects.

(f) Production risk

The ability of the Company to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of the Company Group.

In particular, given the nature of the raw materials used by MCL and Medcan, supply may be limited to a single or limited number of suppliers, with access to these raw materials more competitive than conventional ingredients. As a result, there is an enhanced risk of difficulties in securing the required supplies, or to do so on the appropriate terms.

(g) Product approval risk

There is a risk that the products produced and supplied by the Company Group are not approved for supply. This risk is particularly relevant for the Company Group and Medcan, as it intends to operate in the highly regulated medicinal cannabis industry.

Medicinal cannabis products are regulated as medicines in Australia. Generally, medicines imported, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods. However, there are mechanisms such as the Special Access Scheme and Authorised Prescriber Schemes which provide alternative pathways while evidence to support registration through clinical trials is obtained.

The Company and Medcan intends to provide access to its products under the Authorised Prescriber Schemes. The Company cannot guarantee that any or all its medicinal cannabis products will be

approved for supply to patients through Authorised Prescriber Schemes (or an alternative pathway). Additionally, there is no guarantee that medical practitioners will be authorised under the Authorised Prescriber Scheme, or that they will elect to prescribe the Company's products.

(h) **Risk of adverse events, product liability or other safety issues**

As with all medical or nutraceutical products, there is a risk that the products sold by the Company Group cause serious or unexpected side effects, including risk or injury to consumers. Should any of the Company Group's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could occur, including:

- (i) regulatory authorities may revoke any approvals that have been granted, impose more onerous facility standards or product labelling requirements or force the Company to conduct a product recall;
- (ii) the Company could be subject to regulatory action or be sued and held liable for any harm caused to customers; or
- (iii) the Company Group's brand and reputation could be damaged.

Additionally, material risks to the health and safety of customers may force the Company to voluntarily suspend or terminate sales and/or operations. The Company will endeavour to secure appropriate insurance coverage to mitigate these risks to the greatest extent possible. Additionally, the Company Group intends to maintain rigorous standards in respect of product safety. However, there is still the potential for the products to contain defects, which may result in systems failures. These defects or problems could result in the loss or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, and damage to the Company's reputation or increased insurance costs.

The Company cannot guarantee that all such risks will be adequately managed through imposing standard or its insurance policies and may have an adverse impact on the Company's financial performance and prospects.

(i) **Competition Risk**

The industry in which the Company Group is involved is subject to domestic and international competition. While the Company Group will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

There are many new entrants and players in the hemp and medicinal cannabis sector, including other growers and multi-national pharmaceutical companies. Some of these parties may have greater financial, technological, managerial and research and development resources and experience than the Company, which may lead to reduced margins and loss of revenue or loss of market share. Further,

revenues in the future may be reduced as the industry consolidates and seeks revenue accretion at the expense of profit margin. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenues and earnings.

(j) **Strategic Relationship Risk**

The medicinal cannabis and hemp food industry are undergoing rapid growth and change, which has resulted in increasing consolidation and formation of strategic relationships. It is expected that this consolidation and strategic partnering will continue as the industries continue to grow. Acquisitions or other consolidating transactions could harm the Company Group in a number of ways. The Company Group may lose strategic relationships if third parties with whom the Company Group has arrangements such as Medcan and Bio Health are acquired by or enter into relationships with a competitor (which could cause the company to lose access to necessary resources). The Company Group's current competitors could become stronger, or new competitors could form from consolidations. This could cause the Company Group to lose access to markets or expend greater resources in order to stay competitive.

Separately, the relationship between the Company Group and third parties may deteriorate organically, which may have an adverse impact on the Company's business.

(k) **Key Supplier Risk**

MCL and Medcan have arrangements with a number of key suppliers. To the extent that the Company Group cannot secure and retain key suppliers, its respective abilities to maintain consistent production levels may be compromised, which in turn may have a material adverse impact on the financial performance and position of the Company Group.

(l) **Reputational Risk**

There is a risk that incidents beyond the control of the Company Group could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence, or preferences for cannabis or medicinal cannabis products generally. This reputational risk could result from incidents involving members of the Company Group or other non-related industry participants.

This risk is particularly relevant given the Company Group will be operating in the regulated food industry where incidents could have impact consumer sales, or the medicinal industry where incidents could impact prescriptions by authorised medical professionals.

(m) **Key Management Risk**

The Company is highly dependent on its management and key personnel, who are responsible for its day-to-day operations and strategic management. If one or more of these personnel cease his/her involvement with the Company, it could have a materially detrimental impact on its future financial performance. The ability to attract and retain highly qualified staff is crucial to the future success of the Company. There can be no assurance that the Company will be able to so attract and retain such staff.

(n) **Mainstream Acceptance of Cannabis**

The success of the Australian cannabis industry will depend on the extent of political support for cannabis production as a medical remedy. Support from politicians and the Australian population has been positive over the last few years and while the company expects this momentum to continue, should sentiment turn the Company's operating environment could be at risk.

(o) **Protection of Intellectual Property**

The Company Group's success will depend on, in part, its ability to protect its intellectual property, including its trade marks, copyright, trade secrets and know-how. To the extent the Company fails to protect its intellectual property or infringes a third party's intellectual property, the Company may face increased competition from similar products, have to cease using certain intellectual property or be liable for damages. In the event that this occurs, there is a risk that it has a materially adverse impact on the Company Group's operations, financial performance and future prospects.

11.2.2 Specific Risks to Bauxite Projects

(a) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

(b) **Resource estimates**

The Company currently has a JORC Indicated Resource at the South Johnstone Project. An indicated resource is an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to

change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(e) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(f) **Reliance on Key Personnel**

The Company is substantially reliant on the expertise and abilities of its key personnel in overseeing the day-to-day operations of its projects. There can be no assurance given that there will be no detrimental impact on

the Company if one or more of these employees or contractors cease their relationship with the Company.

(g) **Environmental Health and Safety matters**

The Company's proposed mining operations will be subject to extensive Australian health and safety and environmental laws and regulations which could impose significant costs and burdens on the Company (the extent of which cannot be predicted). These laws and regulations provide for penalties and other liabilities for violation of such standards and if established, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety and environmental laws and regulations and even permanently in the case of extreme breaches.

(h) **Contractual / off-take**

The success of the commercialisation of the Company's Bauxite Project depends in part on the ability of the Company to secure the necessary contractual commitments in relation to off take and related matters. Though the Company has been engaging in discussions with third parties in this regard, there remains a risk that the Company may not be able to secure such contractual arrangements on favourable terms or at all.

(i) **Commodity price volatility and exchange rate**

If the Company successfully defines a resource or reserve and subsequently achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

11.2.3 General Risks

(a) **Regulatory**

The Company is based in Australia and is subject to Australian laws and regulations. For example, the Company is required to comply with the Corporations Act. Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the countries in which the Company operates, and may operate, may adversely affect the financial performance of the Company.

(b) **Government Licences and Approvals**

Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(c) **General Economic and Political Risks**

Changes may occur in the general economic and political climate in the jurisdictions in which the Company operates and on a global basis that could have an impact on economic growth, interest rates, the rate of inflation, taxation, tariff laws and domestic security which may affect the value and viability of any activity that may be conducted by the Company.

(d) **Additional Requirements for Capital:** The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial business objectives upon settlement of the proposed transactions. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings.

The Company's capital requirements depend on numerous factors. The Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(e) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(f) **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and energy stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Share Market Risk**

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors including:

- (i) the Company's operating performance and the performance of competitors and other similar companies;
- (ii) the public's reaction to the Company's press releases;
- (iii) other public announcements and the Company's filings with securities regulatory authorities;
- (iv) changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the sector;
- (v) changes in general economic conditions;
- (vi) the number of the Company's Shares publicly traded and the arrival or departure of key personnel; and
- (vii) acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Company's Shares is affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all shares in the Company's market sector, the breadth of the public market for the Company's Shares, and the attractiveness of alternative investments.

(h) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects and additional assets. Any such acquisitions will be accompanied by risks commonly encountered and listed in this section.

(i) **Claims, Liability and Litigation**

The risk of litigation is a general risk of the Company's business. There is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

(j) **Force Majeure**

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions

(k) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(l) **Joint venture, acquisitions or other strategic investments**

The Company may make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company or its subsidiaries.

(m) **Litigation Risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(n) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Offer. The capacity of the Company's management to properly implement and manage the strategic direction of the Group may affect the Company's financial performance.

Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's Securities.

12. BOARD OF CGB

12.1 Directors and key management personnel of the Company

As at the date of this Prospectus, the Board is comprised of:

- (a) Pnina Feldman (*Executive Chairperson*);
- (b) Sholom Feldman (*Managing Director*);
- (c) Meyer Gutnick (*Non- Executive Director*); and
- (d) David Austin (*Alternate Director for Sholom Feldman*).

It is intended that upon the completion of the Transactions, Meyer Gutnick will resign and David Austin, John Easterling and Jonathan Cohen will join the board as Independent Non-Executive Directors and Alex Neuling will be appointed as Company Secretary of the Company.

Further details of the Directors and key management personnel of the Company are provided in Section 12.2 below.

The Company is aware of the need to have sufficient management to properly manage the business of CGB and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

12.2 Directors of the Company

The profiles of each of the Directors who are intended to be on the Board of the Company post completion are set out below:

(a) **Pnina Feldman (Executive Chair)**

Executive chairperson and CEO of ASX listed companies over the last 20 years. Pnina Feldman was the first woman in Australia to publicly list a mining company, be the chairperson, CEO and the largest shareholder. She has been instrumental in establishing, financing and developing numerous publicly listed, publicly unlisted and private companies. Pnina was the first to receive the Wentworth Community Award from the Federal Member for Wentworth The Hon Malcolm Turnbull MP (previously the Prime Minister) for Outstanding Community Service.

(b) **Sholom Feldman (Managing Director)**

Experience as a managing director and company secretary for a number of publicly listed companies and private companies since 1999. Responsible for financing and managing multiple mining projects across various commodities. Sholom studied at the International MBA programme at Bar Ilan University Israel and is Managing Director.

(c) **David Austin (Independent Non-Executive Director)**

David Austin is a solicitor practising in Sydney. He has spent many years in the corporate world in the computer, aerospace and heavy engineering industries, and worked for the Northern Territory Government in the 1980s when he was responsible for petroleum, energy, and pipeline policy.

During a secondment, he reviewed the Northern Territory Mineral Royalty Act and devised a new mineral royalty regime which encouraged the development of a number of major mining projects.

The Board considers Mr Austin to be an independent director.

(d) **John Easterling (Independent Non-Executive Director)**

John Easterling has experience in developing therapeutic products from plants, including many years of experience in cannabis cultivation and products. He founded the Amazon Herb Company in 1990 with his product formulations generating over \$100m in revenue worldwide. John has bred a dozen new genetics from the cannabis plant and his focus is on formulating a broad range of cannabinoid and terpene profiles for therapeutic benefits. He married Olivia Newton-John in 2008 and shares her passion in supporting the continuing growth of the Olivia Newton-John Cancer Wellness and Research Centre in Melbourne. John is an advocate for legislation reform in Australia to allow for wider access for medical cannabis.

The Board considers Mr Easterling to be an independent director.

(e) **Jonathan Cohen (Independent Non-Executive Director)**

Jonathan Cohen is admitted to practise as a barrister in the State of New South Wales. He completed his Diploma of Law at Sydney University, Legal Practitioners Admission Board in 1998 and was admitted as a lawyer in the Supreme Court of New South Wales in 1999. He was admitted to the Bar in New South Wales in 2007 and has practiced continuously as a barrister in the State of New South Wales. He has also worked in the ACT, Queensland, South Australia and Victoria. He has a broad practice and works amongst other things in the areas of criminal law and commercial law.

The Board considers Mr Cohen to be an independent director.

12.3 Directors of MCL

MCL's board has experience in the cannabis sector and has over 40 years combined ASX board experience. The board of MCL after completion of the Transactions will be as follows:

(a) **Pnina Feldman (Executive Chairperson)**

Ms Feldman's biography is outlined in Section 12.2.

(b) **Sholom D Feldman (Managing Director)**

Mr Feldman's biography is outlined in Section 12.2.

(c) **Andrew Kavasilas (Executive Founding Director)**

Andrew is the founder and a director of Medical Cannabis Ltd and its subsidiary VitaHemp Pty Ltd. He is also secretary of the Australian HEMP Party. Andrew has had a long and in-depth association with hemp growing and the research of the therapeutic properties of cannabis.

In 2001/02, Andrew was the only grower in Australia/NSW permitted to cultivate high THC cannabis for trials. The trials led Andrew to publish his research in 2004, Medical Uses of Cannabis - Information for Medical Practitioners. This research project also allowed Andrew to become familiar with Australian TGA requirements, as well as International Drug Conventions in respect of medical use of cannabis and opium. He is a regular participant at numerous Parliamentary Inquiries on medical and other cannabis related law reform issues. He has been and remains an avid medical cannabis lobbyist during which time he has met and communicates with various Members of Parliaments, senior Ministerial staff and bureaucrats, many leading scientific researchers and medical practitioners.

12.4 Personal Interests of Directors

Directors are not required under CGB's Constitution to hold any Shares to be eligible to act as a Director.

Details of the Directors' remuneration are set out in the table below:

| Director | Remuneration for year ended 30 June 2016 ¹ | Remuneration for year ended 30 June 2017 ¹ | Proposed remuneration for current financial year ¹ |
|----------------------------|---|---|---|
| Pnina Feldman ² | \$156,000 | \$234,000 | \$312,000 |
| Sholom Feldman | \$156,000 | \$234,000 | \$312,000 |
| Meyer Gutnick | \$70,000 | \$70,000 | \$70,000 |
| David Austin | \$20,000 | \$20,000 | \$20,000 |
| John Easterling | N/A | N/A | N/A |
| Jonathan Cohen | N/A | N/A | N/A |

Notes:

1. Inclusive of superannuation.
2. Pnina Feldman also has an interest in Australian Gemstone Mining Pty Ltd (**AGMPL**), being an entity controlled by Ms Feldman. AGMPL provides corporate and other services to the Company and MCL, in respect of which it receives fees. Refer to Section 12.7 for further information. The director fees payable to Pnina and Sholom Feldman are included in the fees payable to AGMPL and are not in addition to the fees paid to AGMPL.

CGB's existing Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by Shareholders at general meeting. The Shareholders have approved the payment of fees to the Non-Executive Directors which cannot exceed \$70,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

Details of the Directors' relevant interest in the Securities of the Company upon completion of the Offers is set out in the table below:

| Director | Shares and % voting power | Options | Performance Shares |
|--------------------------------|---------------------------|---------|--------------------|
| Pnina Feldman ^{1, 2} | 193,597,812 (12.01%) | Nil | Nil |
| Sholom Feldman ^{1, 2} | 193,597,812 (12.01%) | Nil | Nil |
| Meyer Gutnick | 5,000,000 (0.31%) | Nil | Nil |
| David Austin | Nil | Nil | Nil |
| Jonathan Cohen | Nil | Nil | Nil |
| John Easterling | Nil | Nil | Nil |

Notes:

1. Held through entities controlled by Pnina and Sholom Feldman including L'Hayyim Pty Ltd and Volcan Australia Corporation Pty Ltd.
2. As noted in Section 12.6 below, Pnina and Sholom Feldman both intend, at the date of this Prospectus, to participate in the Capital Raising Offer by each subscribing for up to 12,500,000 Shares and 6,250,000 free-attaching Options.

12.5 Management of companies in administration, and current litigation

Pnina Feldman (Executive Chair of CGB) and Sholom Feldman (Executive Director of CGB), are currently directors (and company secretary, in the case of Sholom Feldman) of L'Hayyim Pty Ltd (**L'Hayyim**), an entity which is currently under external administration. L'Hayyim was placed into liquidation in November 2013 when a circa \$3,000,000 loan was not able to be repaid on time following the market crash. L'Hayyim subsequently entered into a deed of company arrangement with the approval of its creditors that has been successfully completed and is in the process of applying to the Court with the approval of the liquidator to have L'Hayyim returned to its directors. On completion of the deed of company arrangement, L'Hayyim creditors received 10 cents in the dollar in settlement of the debts owing to them.

Sholom Feldman is also a director and company secretary of Australian Gemstone Resources Pty Ltd (**AGRPL**), an entity which was also briefly under external administration. AGRPL was placed into liquidation in May 2018 without the knowledge of the directors due to a creditor demand being filed in Court but not brought to the attention of the directors until after a liquidator was appointed. The liquidation of AGRPL was accordingly stayed by the Court, and the Court agreed to dismiss the liquidation at a hearing on 27 September 2018 and returned the company to the control of its directors.

Sholom Feldman has also been an officer of New England Sapphire Corporation Pty Ltd which was placed into liquidation on 8 February 2013 when the mine it was operating, due to the prevailing market conditions at the time, did not generate sufficient returns to pay for the ongoing costs of operating the mine. New England Sapphire Corporation Pty Ltd has been subsequently deregistered.

Pnina Feldman and Sholom Feldman are also directors of Queensland Phosphate Pty Ltd (QPPL), a company that loaned \$400,000 on the back of a secured convertible bond agreement to Legend International Holdings Inc (Legend) and Paradise Phosphate Limited (PPL), and became directors of Legend and PPL at that time. Legend shortly thereafter lost a court battle against IFFCO and judgment was entered for a liability by Legend to IFFCO of over \$20M. Legend was placed into liquidation and the liquidator sued QPPL to invalidate the security claiming that it was an insolvent and uncommercial transaction. The court earlier this year agreed with the liquidator and invalidated the security. QPPL is appealing the judgment, and the appeal is expected to be heard in late July.

12.6 Director participation in the Capital Raising Offer

It is currently intended that each of Pnina Feldman and Sholom Feldman will participate in the Capital Raising Offer by each subscribing for up to 12,500,000 Shares and 6,250,000 free-attaching Options. Shareholder approval for Pnina Feldman and Sholom Feldman to participate in the Capital Raising Offer will be sought at the Company's General Meeting.

12.7 Agreements with Directors

Agreement with Australian Gemstone Mining Pty Ltd

The Company entered into a management services agreement with Australian Gemstone Mining Pty Ltd (**AGMPL**) on 1 July 2007 (as varied by deed dated 2 July 2017) pursuant to which AGMPL agreed to provide management services to the Company. AGMPL is a company controlled by Executive Chairperson, Pnina Feldman.

Services provided under the agreement include provision of office space and procurement of executive, geological, management, administrative, corporate compliance, accounting and secretarial services, including the provision of key persons, Pnina Feldman, Sholom Feldman and Robert Coenraads.

The fee payable by the Company for the provision of:

- (a) executive services is \$312,000 annually for each of Sholom Feldman and Pnina Feldman, (inclusive of director fees, not in addition to directors fees) and \$360,000 for Robert Coenraads per annum payable in monthly instalments;
- (b) corporate, administrative, accounting and secretarial services or personnel is payable at market rates chargeable in Sydney (as required by the Company) and is currently being charged at \$15,000 per month;
- (c) fully serviced offices at 24 Birriga Rd, Bellevue Hill NSW 2023, is \$14,000 per month;
- (d) office administrative services is payable at market rates chargeable in Sydney (as required by the Company) and is currently being charged at \$3,200 per month; and
- (e) the leasing of any vehicles is charged at \$200 per month.

The above fees are adjusted annually as at 1 July of each calendar year based on the increase in the CPI for the preceding calendar year.

The provision of services under the agreement commenced on 1 July 2007 and continues in effect until terminated in accordance with the agreement.

The agreement may be terminated immediately by the Company giving written notice if AGMPL (or any of its officers or servants) is guilty of gross misconduct in relation to the services provided to the Company, AGMPL suffers an insolvency event, any key person engages in wilful or gross conduct which is likely in the reasonable opinion of the Company to be detrimental to the Company or AGMPL is guilty of gross default or non-performance of any terms of the agreement.

AGMPL may terminate the agreement if the Company fails to pay the fee for the services and the failure continues for 7 business days following delivery of a written notice by AGMPL to the Company requesting payment, the Company suffers an insolvency event, or the Company is guilty of gross default or non-performance of any terms of the agreement.

Either party may also terminate on the giving of 6 months' written notice to the other party.

Other agreements with Directors

Other than as set out above, the Company does not have any agreements in place with its Directors.

The Company has not currently entered into any agreements with its existing Directors in respect of their appointment as Directors. It is intended that such agreements will be entered into following the Company's reinstatement to trading on ASX.

13. CORPORATE GOVERNANCE

13.1 ASX Corporate Governance

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, CGB has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on CGB's corporate governance procedures, policies and practices can be obtained from the Company website at www.canngloballimited.com.

13.2 Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

13.3 Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

The Company has not adopted a Nominations Committee or a Remuneration Committee, but has formally adopted a policy and procedure for the selection and reappointment of Directors. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a nomination or remuneration committee. The responsibilities of a nomination and remuneration committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

13.4 Identification and management of risk

The Board does not have a risk management committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a risk management committee.

13.5 Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

13.6 Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

13.7 Trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Directors and senior managers. The policy generally provides that key management personnel are required to refrain from trading in the Company's Securities during a 'closed period' except for trading during exceptional circumstances.

13.8 External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

13.9 Audit committee

The Company does not have an audit committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of an audit committee.

13.10 Departures from Recommendations

Following re-admission to the Official List of ASX, CGB will be required to report any departures from the Recommendations in its annual financial report.

14. MATERIAL CONTRACTS

14.1 Empire Mandate

The Company has entered into a mandate pursuant to which it has engaged Empire to act as Lead Manager to the Capital Raising Offer and the Company's corporate advisor (**Empire Mandate**).

The Empire Mandate is conditional upon:

- (a) a satisfactory outcome of the due diligence process undertaken in respect of the Company;
- (b) the Company preparing a prospectus that fully complies with the Corporations Act (including ASIC policy), the ASX Listing Rules and the Constitution, the terms and contents of which are satisfactory to Empire; and
- (c) the Company conducting a series of presentations to Empire advisors and/or certain key investors (as requested by Empire).

In its role as Lead Manager, Empire will provide the Company with all necessary assistance with managing and arranging the Capital Raising Offer, including the provision of issue management and marketing services.

In its role as corporate advisor, Empire has agreed to (among other things) assist the Company with broker presentations, marketing and non-deal road shows, the review of material announcements to be released to ASX and provide general advice in respect of potential offers, Transactions, disposals, capital raisings and corporate and other matters.

For its services as Lead Manager, Empire will be:

- (a) paid a cash fee equivalent to 1% of the total amount raised by the Company under the Capital Raising Offer (being between a minimum of \$19,950 and a maximum of \$59,500);
- (b) issued 20,000,000 Options on the same terms as those being offered under the Capital Raising Offer in consideration for providing CGB with an analyst research note with a purchase recommendation; and
- (c) paid a success fee of \$100,000 if the Capital Raising Offer is fully subscribed. The success fee will be payable in Shares to be issued on the same terms and conditions as those offered under the Capital Raising Offer.

Under the terms of the mandate, the Company provides a comprehensive indemnity to Empire (together with its associates and related companies, and its directors, agents and staff) in respect of loss and damage which may be incurred by an indemnified party, directly or indirectly, in respect of (among other things) the mandate, the Capital Raising Offer, any material non-compliance with applicable law in relation to the Capital Raising Offer, any breach or failure by the Company to observe the terms of the mandate, and any advertising, publicity, statements or reports in relation to the proposed Offers made by or with the agreement of the Company.

The Company also provides standard representations and warranties to Empire which are standard for a mandate of this nature.

Empire may terminate the mandate at any time upon giving 2 business days' notice of its intention to do so, or if any one or more of the following events occurs (among other things) in its sole and absolute opinion:

- (a) there is a material adverse effect to the assets, liabilities, financial position or prospects of the Company;
- (b) there is a false or misleading statement in (or omission from) the material or information provided to Empire or included in presentation materials;
- (c) there is a default by the Company of the terms of the mandate;
- (d) the All Ordinaries Index as published by ASX is at any time 10% or more below its level as at the close of business on the business day prior to the date of the mandate;
- (e) any representations and warranties given by the Company are or become materially untrue; or
- (f) a government agency commences public action or investigation against the Company or any of its directors.

The Company may terminate the mandate at any time if Empire fails to rectify a material breach of the terms of the mandate having been given 10 business days' notice in writing by the Company of such breach having occurred, or for convenience on the Company giving 10 business days' notice in writing to Empire.

14.2 MCL Agreement

The Company has entered into a binding heads of agreement pursuant to which it has agreed to acquire the remaining 45% of the MCL Shares it does not already hold from the MCL Shareholders.

The MCL Acquisition is subject to the following material terms and conditions:

- (a) **Exclusivity:** The major MCL Shareholders have covenanted in favour of CGB that during the period from the date of the MCL Agreement until the earlier of the date which is 6 months after the date of the MCL Agreement or the date that it is terminated in accordance with its terms, each of them shall not solicit, accept an approach in connection with or negotiate with any other party in relation to, any proposal to acquire their MCL Shares or provide information or co-operate in any way in connection with a third party.
- (b) **Conditions:** The MCL Acquisition is subject to and conditional upon satisfaction of the following conditions:
 - (i) the Company receiving acceptances under the offer to acquire the MCL Shares that give it a relevant interest in at least 90% of all the MCL Shares on issue on a fully diluted basis to enable it to achieve 100% by compulsory acquisition;
 - (ii) the Company obtaining all necessary shareholder, regulatory and third-party approvals pursuant to the ASX Listing Rules and

the Corporations Act to allow the Company to lawfully complete the MCL Acquisition;

- (iii) the Company entering into the Medcan Agreement; and
- (iv) ASX providing a letter of approval for Shares to be re-instated to trading on ASX, on conditions acceptable to the Company.

If the conditions are not satisfied or waived within 6 months of the MCL Agreement being executed, the parties may terminate the MCL Agreement by written notice to each other.

- (c) **Consideration:** The consideration payable to the MCL Shareholders for their MCL Shares is a total of 1,216,664,121 Shares. The value of the consideration payable has been determined by the parties with reference to the value attributed to MCL through the Company's trading price.
- (d) **Acceptance of offer:** The major shareholders of MCL, who together hold 38% of the total MCL Shares on issue (besides the 55% shareholding currently held by CGB), have covenanted in favour of the Company that they will accept the offer made by the Company to acquire their MCL Shares and sign all documentation, including restriction agreements as required by ASX, to complete the MCL Acquisition.

Shares issued to the MCL Shareholders will be subject to restrictions pursuant to the requirements of the ASX Listing Rules.

14.3 Medcan Agreement

The Medcan Agreement supersedes any other previous agreement between the parties. The Medcan Agreement contains the following key terms and conditions:

- (a) Medcan will:
 - (i) facilitate the import and export of cannabis products and/or ingredients that CGB may require to enable CGB to meet its business objectives in manufacturing and/or distributing any products, including but not limited to CannTab Therapeutics Ltd (**CannTab**) and Pharmocann Ltd (**Pharmocann**) lines of products;
 - (ii) facilitate the manufacture of CGB's products (using either its own facility or the facility of third parties, that are TGA and GMP approved manufacturing facilities, such as Bio Health Pharmaceuticals Pty Ltd); and
 - (iii) store any genetics, cultivars or seedbank that CGB has access to or control of (**Genetics**), including working to facilitate the formal acknowledgment by the ODC of the Genetics;
 - (iv) assist in the research, development and growth of CGB's Genetics;
 - (v) facilitate genetic research and development on behalf of CGB, within a facility; and

- (vi) facilitate cannabis oil extraction on behalf of CGB within the facility provided that Medcan has capacity and is not otherwise engaged in the extraction of cannabis oil from its own product.
- (b) Medcan is not obliged under the Medcan Agreement to grow cannabis for CGB in commercial quantities and such an arrangement between the parties pursuant to which Medcan agrees to do so will depend on Medcan's capacity at the time and will be the subject of a separate agreement between the parties.
- (c) **(Joint Business Opportunities):** Further, subject to the ASX approving reinstatement of CGB's shares to trading and Medcan maintaining its licences and obtaining any other required permits, licences, registrations or approvals, Medcan and CGB will enter into further negotiations with respect to a joint venture agreement to further develop and/or fund joint business opportunities, including to develop or acquire production and/or manufacturing capacity for the furtherance of CGB's current and future businesses.
- (d) **(Mutual Release):** Medcan and CGB acknowledge that the Medcan Agreement contains the only obligations as between them, and that all past obligations and agreements between them are terminated with effect from execution, with each Party acknowledging that it has no claim against the other for any matter arising between them that arose prior to execution of the Medcan Agreement.
- (e) **(Obligations of CGB):** CGB agrees to pay all of Medcan's out of pocket expenditure and to assist in the provision of funding required to construct or purchase machinery, premises etc. CGB is also obliged to work in good faith to facilitate an agreement allowing Medcan access to CGB's genetics.
- (f) **(Facilitation Shares):** CGB must issue Medcan 2.25 million shares every quarter for a period of 24 months from commencement of the Medcan Agreement, being the date that ASX approves reinstatement of CGB's shares to trading **(Facilitation Shares)**. However, if the VWAP for the last 5 trading days prior to the end of the relevant quarter **(Relevant Price)** is less than 3.7 cents per share, CGB will have the option to either pay Medcan \$83,250 or issue the equivalent number of shares based on the Relevant Price.

If CGB is suspended from trading on the ASX at any time and it is unable to discharge its obligations to issue the Facilitation Shares, it will be required to pay Medcan, \$83,250 or if notwithstanding the suspension, CGB is able to issue the Facilitation Shares, then Medcan may, at its election, during the suspension period, choose to either still receive the Facilitation Shares or the sum of \$83,250.

- (g) **(Joint Venture Agreement):** if the parties agree that a joint venture agreement or a separate manufacturing, supply, storage or other form of agreement is required, the parties agree to negotiate in good faith with a view to agreeing the terms and entering into those agreements to more fully document the terms of this arrangement.
- (h) **(Termination):** Upon failure of either party to remedy a material breach of any of the obligations or provisions of the Medcan Agreement within thirty (30) days following receipt of written notice of the material breach, the aggrieved party shall have the right to terminate the Medcan Agreement

immediately by written notice to the other party. Either party at its sole option may immediately terminate the Medcan Agreement upon written notice, to the other party in the event that a party party is declared insolvent or bankrupt; a voluntary petition of bankruptcy is filed in any court of competent jurisdiction by such other party; the other party ceases or threatens to cease to carry on business or the Medcan Agreement is assigned by such other party for the benefit of creditors.

The Medcan Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature.

14.4 HHC Agreement

MCL, Hemp Hulling Co (Qld) Pty Ltd (HHC) and HHC's major shareholder, Peter Edwards, entered into a heads of agreement, pursuant to which MCL agreed to acquire a 55% shareholding in HHC in two stages.

HHC is a hemp hulling and processing company that has a 50% interest in Waltanna Hemp Group Pty Ltd (WHG or Waltanna Hemp Group), an entity which has the authority to prioritise Waltanna Farms hemp processing capacity for MCL. By entry into the HHC Agreement, the parties were looking to forming a strategic relationship and partnership.

In consideration for MCL's acquisition of the initial 25% interest in HHC was satisfied in 31 January 2018, when MCL was required to provide a \$300,000 cash payment to HHC to enable an expansion of HHC's processing capacity to at least 40Mt per month, as well as issue a 5% shareholding interest in MCL's subsidiary, VitaHemp Pty Ltd, to HHC's nominee.

Subject to the successful relisting of CGB, MCL will acquire the additional 30% interest in HHC through the issue of 40,540,541 CGB Shares with a deemed value of \$1.5 million (based on a Share price of \$0.037).

Pursuant to the terms of the agreement, HHC has undertaken:

- (a) to prioritise any processing of hemp required by MCL through HHC at agreed rates;
- (b) to prioritise any processing hemp through Waltanna Farms processing facilities via HHC's controlling partnership with Waltanna Farms in the Waltanna Hemp Group at agreed rates;
- (c) to enable MCL to utilise all the processing products within the capacity of HHC or WHG, such as by-products, of the shell (positive waste), and uniquely WHG developed products such as nectars and flax blends;
- (d) to otherwise do whatever reasonable to prioritise MCL's business needs and products over any other company being serviced by HHC or WHG;
- (e) that all decisions that would reasonably be expected to be major business decisions or changes to the status quo of the ongoing business of HHC or WHG will be agreed with MCL (including any change in the shareholdings or legal or beneficial interests of HHC or WHG; and
- (f) that prior to the distribution of any profits from HHC to its shareholders, the \$300,000 investment will be returned to MCL from the first profits of HHC.

In addition, Peter Edwards, as HHCs major shareholder, has agreed to do whatever reasonably within his power to assist in the business development of MCL and the Vitahemp brand. He has also agreed to contract with MCL through his consultancy company, Hemp Foods Consultancy Pty Ltd at a rate of \$10,000 per month, which fees are to be payable by MCL upon the successful relisting of CGB.

MCL has undertaken that, following the acquisition of its 55% shareholding interest in HHC, it will not utilise its majority shareholding to change the management or conditions of employment of HHC without the approval of Peter Edwards or other nominated representative, as representative of the non-MCL shareholders of HHC.

14.5 T12 Agreement

The Company has entered into a binding heads of agreement pursuant to which it has agreed to acquire 100% of the legal and beneficial interest in the issued capital of T12 held by T12's sole shareholder, Mr Sebastian William Edwards as trustee for the B&E Family Trust (**T12 Shareholder**).

The T12 Agreement is subject to the following material terms and conditions:

- (a) **Conditions:** The T12 Acquisition is subject to and conditional upon the following conditions precedent:
 - (i) the Company obtaining all necessary Shareholder, regulatory and third-party approvals pursuant to the ASX Listing Rules and the Corporations Act to allow the Company to lawfully complete the T12 Acquisition; and
 - (ii) ASX providing a letter of approval for Shares to be re-instated to trading on ASX on conditions acceptable to the Company.

If the conditions are not satisfied or waived within 3 months of the date of the T12 Agreement, the parties may terminate the T12 Agreement by written notice to each other.

- (b) **Consideration:** The consideration payable to the T12 Shareholder for the T12 Shares Units will be satisfied through the issue of 21,621,621 Shares at a deemed issue price of \$0.037 per Share.
- (c) **Warranties:** T12, Sebastian William Edwards and Samuel Edwards warrant and represent to CGB that T12 has no assets or liabilities (and will not have any other assets or liabilities at settlement) other than the ownership of Organic Markets Direct, and the brands EM Super Foods, Australian Grown Naturals and Black Bag.
- (d) **Settlement:** Settlement of the T12 Acquisition will be completed within 5 business days after the satisfaction or waiver of the above conditions precedent.

The Company confirms that Sebastian William Edwards and Samuel Edwards will:

- (a) continue being employed in their current role for T12 in the development of the business of T12 for a monthly wage to be drawn from T12 of \$7,500 each (comprising an annual salary of \$90,000), and each will receive a one-off immediate management payment at completion of the T12 Acquisition of 2,702,702 Shares (being 5,405,405 Shares in aggregate), until given notice by CGB; and

- (b) be employed in a full time capacity for the CGB Group (including Medical Cannabis Limited, Hemp Hulling (Qld) Company Pty Ltd, T12 or any other associated entity that may be formed as part of the CGB Group) until given notice by CGB and will not be engaged in any capacity on any outside or competing business during the period they are working for the group or while they remain shareholders in the CGB Group, and for a period of 6 months after they cease to be employed or are shareholders in the CGB Group.

As at the date of this Prospectus the Company has not entered into management agreements with Sebastian William Edwards and Samuel Edwards. It is currently intended that these management agreements will be entered into upon settlement of the T12 Acquisition.

14.6 Affinity Energy Agreement

The Company, MCL and Affinity Energy and Health Limited (**AEB**) entered into a licensing heads of agreement in or around December 2017 pursuant to which AEB has been granted a worldwide, exclusive and perpetual licence in respect of certain MCL cultivars (and all future cultivators) for use in veterinary-based applications.

AEB has provided MCL with an option to acquire up to a 19.9% shareholding interest in AEB in the following stages:

- (a) **Stage 1:** AEB paid a non-refundable deposit to MCL, through the issue of 50,000,000 shares in the capital of AEB (**AEB Shares**) upon execution of the AEB Agreement;
- (b) **Stage 2:** AEB issued a further 134,890,940 AEB Shares to MCL to increase MCL's shareholding in AEB to 15% on 6 April 2018, together with 1 non-transferable option to acquire an AEB Share for every 5 AEB Shares issued under Stages 1 and 2 with an exercise price of \$0.075 each and maturing on 31 December 2020 (**AEB Options**); and
- (c) **Stage 3:** AEB is required to issue that number of AEB Shares so as to increase MCL's shareholding in AEB to 19.9%, together with 1 AEB Option for every 5 AEB Shares issued under Stage 3.

As at the date of this Prospectus, Stages 1 and 2 have been completed, with MCL's current shareholding interest in AEB being 15% of AEB's issued capital at present. Stage 3 has not yet occurred at present. All AEB Shares issued pursuant to Stages 1 to 3 are (or, in the case of Stage 3 if exercised, will be) subject to voluntary escrow for a period of 12 months from the date of issue.

Pursuant to the terms of the AEB Agreement, MCL will be entitled to receive a 5% net royalty which will be payable to MCL on any human applications coming from AEB's development of animal products. MCL will also be entitled to appoint a representative to the board of AEB (to be approved by the board of AEB, such approval not to be unreasonably withheld).

14.7 CannTab Agreement

On 27 December 2017 the Company and its subsidiary, VitaCann Pty Ltd, entered into a joint venture agreement with CannTab Therapeutics Ltd (**CannTab**).

Pursuant to the terms of the CannTab Agreement, the parties have formed an unincorporated joint venture (**JV**) to manufacture, distribute and sell tablets

containing CannTab's proprietary technology and formulation (**Products**) and to obtain approval for such activities in Australia and any country in Asia to which the joint venture becomes applicable (**Territory**).

The JV operates under the name "CannTab Therapeutics Australia" and VitaCann Pty Ltd currently has a 50% interest in the joint venture, with CannTab holding the remaining 50% interest. Each party is entitled to one half of any profits generated by the JV.

CannTab has granted to the JV, the exclusive right to utilize the patents and know-how to market, sell and distribute the Products within the Territory.

VitaCann Pty Ltd has agreed to contribute the initial capital required by the joint venture, being US\$1,000,000 and use its best endeavours to:

- (a) obtain all regulatory approvals in Australia for the importation of all the equipment and supplies required by the JV, including product samples and raw materials;
- (b) obtaining all immigration approvals to allow CannTab personnel to work for the JV in Australia and travel to Australia for the purposes of the JV;
- (c) providing a premises for the JV to work from; and
- (d) providing contacts with all regulatory agencies in Australia to obtain the necessary approvals for the Products in the Territory.

Any expenditure in excess of the initial \$1,000,000 contribution must be approved by both parties to the JV, which is to be contributed equally by CannTab and VitaCann Pty Ltd.

If at any time during the Term, CannTab elects to distribute or license the CannTab product in any country in Asia, CannTab shall provide the JV with a first right of refusal to match the terms which CannTab is prepared to accept from a third party.

The CannTab Agreement is for an initial term of five (5) years, commencing on the date of execution of the agreement. Following the expiry of the initial term, the agreement will be automatically renewed for additional terms of 1 year each, unless either party terminates the agreement in accordance with its terms.

Either party is entitled to terminate the CannTab Agreement upon delivering written notice of termination to the other party upon the happening of any of the following events:

- (a) if the other party is adjudged bankrupt or insolvent, makes a receiving order in bankruptcy, has a petition in bankruptcy made against it, has a receiver appointed for it or substantially all of its assets; or
- (b) if the other party has committed a material default of its obligations and such default is not cured within ninety days of receipt of notice of default.

Under the terms of the agreement, CGB and VitaCann Pty Ltd agree to indemnify CannTab, its directors, officers, employees and agents, from and against any liability, claims or demands by a third party to the extent arising from or in connection with the negligence of wilful misconduct on the part of CGB or VitaCann Pty Ltd in performing any activity contemplated by the agreement, a breach by CGB or VitaCann Pty Ltd of their representations, warranties and

covenants under the agreement and/or product liability to the extent caused by or arising from an act or omission by CGB and VitaCann Pty Ltd.

CannTab provides a mutual indemnity in favour of CGB, VitaCann Pty Ltd, their affiliates, and their respective directors, officers, employees and agents.

CGB has agreed that it will not sell, market or distribute any products directly competitive with the Products in the Territory that are in pharmaceutical quality oral tablet form (excluding all other products including capsules). CGB also agrees to guarantee each and every obligation of VitaCann Pty Ltd pursuant to the CannTab Agreement.

14.8 TRDF Agreement

On 16 February 2018 Medical Cannabis Research Group Pty Ltd (**MCRG**), a subsidiary of MCL, entered into a sponsored research agreement with The Technion Research & Development Foundation Ltd (**TRDF**) in relation to the performance of research relating to cannabis as a potential therapy for multiple sclerosis (**MS**) (**Research**) by Professor David (Dedi) Meiri from the Faculty of Biology at the Technion Israel Institute of Technology.

TRDF has undertaken to undertake the Research in accordance with common scientific standards and on a best efforts basis. A final report will be submitted to MCRG upon completion of the Research.

The performance of the Research commenced on 1 February 2018 and must be complete by 1 February 2022.

In consideration for the performance of the Research MCRG will pay TRDF a total of US\$2,870,000 over a four-year period commencing on the date the agreement was signed and upon certain milestones occurring, which includes TRDF overheads.

Unless otherwise agreed in writing, all intellectual property rights in and to the Research results and any know-how, information, data, material connected thereto vests solely with TRDF. All right title and interest in and to any existing intellectual property rights remains solely and exclusively with the respective party.

TRDF has granted MCRG the first option for an exclusive royalty-bearing licence to the Research results. The option may be exercised at any time throughout the Research period and over a period of 3 months commencing on completion of the Research by providing written notice to TRDF. Upon exercise of the option, the parties agree to enter into a formal licence agreement based on the following commercial terms:

- (a) a running royalty of 4% of the net sales revenue generated from any products which contains and/or uses cannabinoids for the therapy of MS;
- (b) sub-licence fees of 20% on non-royalty-based income;
- (c) minimum royalties of US\$25,000 from February 2024 for a period of 3 years and US\$50,000 each year thereafter;
- (d) Exit fee of 3% from any exit events.

If the licence agreement is not finalised and signed by MCRG in accordance with the terms of the agreement, TRDF will be free to grant a licence to any third party

and/or commercialise the Research results and will be released from any obligation to MCRG in respect of the option.

14.9 L1 Agreement

MCL entered into a convertible securities agreement with L1 Capital Global Opportunities Master Fund (**L1**) in or around November 2017 (as varied) (**L1 Agreement**), pursuant to which L1 was issued 300,000 tranche 1 and 300,000 tranche 2 convertible notes in MCL. The convertible notes each have a face value of \$1.05 each (with an aggregate face value of \$630,000).

MCL also agreed to issue 5,850,000 MCL options to L1, with the number of options determined by dividing 65% of the purchase price of the tranche 2 convertible notes (being \$315,000) by the lowest price at which Shares are offered under this Prospectus (being \$0.035), rounded up to the nearest whole number.

The Company agreed to guarantee the obligations of MCL under the L1 Agreement and entered into a deed of guarantee and indemnity with L1 to formalise these arrangements at or around the time the L1 Agreement was executed.

The L1 Agreement was executed at the time when the Company was expecting to float MCL (rather than merge MCL into the Company as a wholly owned subsidiary). It was therefore agreed that it would be an event of default under the L1 Agreement if an initial public offering (**IPO**) of MCL shares had not occurred by 31 May 2018.

The IPO of MCL shares did not occur by 31 May 2018 (or at all) and as such the parties to the L1 Agreement (and CGB as guarantor) agreed to vary the terms of the L1 Agreement, and on 22 August 2018 entered into a variation under which (**L1 Convertible Securities Agreement**):

- (a) an additional 500,000 tranche 1 convertible notes in MCL were issued to L1 with a face value of \$1 each (being \$500,000 in aggregate);
- (b) an additional 4,642,858 options in MCL were issued to L1, with the number of additional options determined by dividing 32.5% of the purchase price of the additional tranche 1 convertible notes (being \$500,000) by the lowest price at which Shares are offered under this Prospectus (being \$0.035), rounded up to the nearest whole number; and
- (c) subject to and conditional upon CGB acquiring all necessary Shareholder approval for all relevant purposes:
 - (i) CGB agreed to redeem all outstanding convertible notes by issuing a total of 1,100,000 Convertible Notes, comprising:
 - (A) 600,000 Convertible Notes (each with a face value of \$1.05 and an aggregate face value of \$630,000) (**Tranche 1 Convertible Note**); and
 - (B) 500,000 Convertible Notes (each with a face value of \$1.00 and an aggregate value of \$500,000) (**Tranche 2 Convertible Note**),
 - (ii) with L1 able to convert any of the Convertible Notes into Shares at any time; and

- (iii) the parties also agreed that the MCL options granted to L1 would be cancelled in consideration for CGB granting to L1 the equivalent number of CGB Options (being 10,492,858 Options in total) under the L1 Offer.

On 27 February 2019, the parties entered into a further agreement whereby it was agreed that:

- (a) L1 would acquire 600,000 additional Convertible Securities from CGB with a Face Value of A\$1.20;
- (b) CGB would issue additional Options to L1, with the number of additional Options being determined by dividing 32.5% of the additional purchase price by the options exercise price;
- (c) L1 and CGB would enter into a new form Convertible Securities Agreement, under which, subject to and conditional upon CGB acquiring all necessary shareholder approvals for all relevant purposes:
 - (i) CGB will redeem all outstanding Convertible Securities by issuing new CGB convertible securities to L1; and
 - (ii) the MCL options granted to L1 will be cancelled in consideration of CGB granting to the Investor options to acquire shares in CGB.
- (d) The issue of Convertible Securities will be subject to the:
 - (i) issue of 10,000,000 collateral shares (Collateral Shares) and the Options (described in subparagraph (b) above); and
 - (ii) the Company obtaining shareholder approval to the issue of the Convertible Securities.
- (e) The total Sharers into which the Convertible Securities will convert will be determined by dividing the amount outstanding on the Conversion Securities by the variable conversion price. The variable conversion price for the Convertible Securities will be 85% of the average of the daily VWAPs during the 5 Actual Trading Days prior to the Conversion Notice Date, rounded down to the nearest A\$0.001; and
- (f) The maturity date for each Convertible Note is 15 November 2019.

14.10 Bio Health Agreement

CGB has entered into a strategic alliance agreement with Bio Health to manufacture a number of cannabis products (**Bio Health Agreement on 29 March 2019**).

A summary of the material terms of the Bio Health Agreement is set out below:

- (a) **Obligations of Bio Health:** Bio Health agrees to manufacture, test and package cannabis products for CGB. Together with CGB, Bio Health agrees to secure any required machinery and consider jointly listing certain products with the TGA. Bio Health agrees to obtain and maintain the necessary permits, registrations, licences, or other regulatory approvals required for the testing, manufacture and

storage of the products and will work towards a co-branding partnership with CGB.

- (b) **Obligations of CGB:** CGB agrees to provide materials; assist with any applications for listing the end products with any relevant government authority; obtain or make available any licences to allow Bio Health to conduct its obligations; provide machinery and product ingredient specifications and all other information required for testing; arrange for any third-party authorisations, consents and intellectual property licensing and specialised personnel (if required).

CGB must at its own expense obtain and maintain the necessary permits, registrations, licences, or other regulatory approvals required for the import, export, marketing, sale, distribution or use of the end products. CGB must make payment of amounts due and owing to Bio Health on the due date and must arrange regular meetings with Bio Health.

- (c) **Joint Venture Agreement:** If Bio Health and CGB agree that a joint venture agreement or another form of agreement is required for the co-branding or distribution of the end product, both parties agree to negotiate in good faith to create such an agreement on mutually acceptable terms.
- (d) **Term:** The Bio Health Agreement became immediately effective upon execution and will continue for an initial period of 24 months and will be automatically renewed for further periods of 24 months unless earlier terminated by Bio Health or CGB.
- (e) **Termination:** Upon failure of either party to remedy its material breach of any of the obligations or provisions of the Bio Health Agreement within thirty (30) days following receipt of written notice of said material breach, the aggrieved party shall have the right to terminate the Bio Health Agreement immediately by written notice to the other party.

Either party may terminate the Bio Health Agreement immediately with written notice to the other party, should the other party be declared insolvent or bankrupt, cease or threaten to cease to carry on business, or if the Bio Health Agreement is assigned for the benefit of creditors. Any termination or expiration of the Bio Health Agreement shall not affect any outstanding obligations or payments due hereunder prior to such termination or expiration, nor shall it prejudice any other remedies that the parties may have under the Bio Health Agreement.

The Bio Health Agreement otherwise contains terms and conditions which are considered standard for an agreement of its nature.

15. ADDITIONAL INFORMATION

15.1 Litigation

Neither the Company nor any of its respective subsidiaries (including MCL or its subsidiaries) are involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, MCL or any of their respective subsidiaries.

15.2 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which

shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) **Winding-up**

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

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of

that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

15.3 Options

The terms and conditions of the free-attaching Options under the Capital Raising Offer and Lead Manager Offer are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on 30 April 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

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

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the

Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under clause (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

15.4 L1 Options

The terms and conditions of the free-attaching L1 Options under the L1 Offer are as follows:

(a) **Entitlement**

Each L1 Option entitles the holder to subscribe for one Share upon exercise of the L1 Option.

(b) **Exercise Price**

The amount payable upon exercise of each L1 Option will be \$0.05 (**Exercise Price**).

(c) **Expiry Date**

Each L1 Option will expire at 5:00 pm (EST) on the date which is three years after their date of issue (**Expiry Date**). An L1 Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The L1 Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The L1 Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the L1 Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each L1 Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each L1 Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of L1 Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the L1 Options.

If a notice delivered under clause (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the L1 Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an L1 Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the L1 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the L1 Options without exercising the L1 Options.

(k) **Change in exercise price**

An L1 Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the L1 Option can be exercised.

(l) **Transferability**

The L1 Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

15.5 Performance Shares

The terms and conditions of the Performance Shares are as follows:

- (a) **(Performance Shares)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on the holder **(Holder)** the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of Shares in the capital of the Company **(Shareholders)**. Holders have the right to attend general meetings of Shareholders.

- (c) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Share does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Shares will not be quoted on ASX. However, if the Company is listed on ASX at the time of conversion of the Performance Shares into fully paid ordinary shares (**Shares**), the Company must within 10 Business Days apply for the official quotation of the Shares arising from the conversion on ASX.
- (j) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder (in their capacity as a holder of a Performance Share) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Share gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (l) **(Conversion on achievement of milestone)** Subject to paragraph (n), a Performance Share in the relevant class will convert into one Share upon achievement of the Australian Government granting a permit to MCL to grow cannabis varieties for medical cannabis research for the purposes of product development between the date of issue of the Performance Shares and 5 years after that date (**Milestone**).
- (m) **(Conversion on change of control)** Subject to paragraph (n) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
 - (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (n) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Share under paragraph (l) or (m) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Share would result in a contravention of the General Prohibition:
 - (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (n)(i) within seven days if the Company considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
- (o) **(Redemption if Milestone not achieved)** If the relevant Milestone is not achieved by the required date, then each Performance Share in that class will be automatically redeemed by the Company for the sum of \$0.00001 within 10 Business Days of non-satisfaction of the Milestone.
- (p) **(Conversion procedure)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Share within 10 Business Days following the conversion.
- (q) **(Ranking upon conversion)** The Share into which a Performance Share may convert will rank pari passu in all respects with existing Shares.

15.6 Interests of Directors

Other than as set out in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

15.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(a) the formation or promotion of the Company; or

(b) the Offer.

Empire Capital Partners has acted as Lead Manager for the Company in relation to the Offer. The Company estimates it will pay Empire those fees as set out in Section 14.1. During the 24 months preceding lodgement of this Prospectus with ASIC, Empire has not been paid any fees by the Company for their services.

Nexia Sydney Corporate Advisory Pty Ltd has acted as Investigating Accountant for the Company and has prepared the Investigating Accountant's Report which is included in Section 9 of this Prospectus. The Company estimates it will pay Nexia Sydney Corporate Advisory Pty Ltd up to \$72,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC,

Nexia Sydney Partnership has received approximately \$32,500 (excluding GST) from the Company for their services.

Nexia Sydney Partnership has acted as auditor of the Company. During the 24 months preceding lodgement of this Prospectus with ASIC, Nexia Sydney Partnership has received approximately \$256,676 (excluding GST) from the Company for their audit services.

Piper Alderman has prepared a legal opinion in relation to the businesses operated by MCL which is included in Section 8 of this Prospectus. The Company estimates it will pay Piper Alderman a total of \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Piper Alderman has not received any fees from the Company for their services.

Steinepreis Paganin has acted as the solicitors to Company in relation to the Offer. The Company estimates that it will pay Steinepreis Paganin approximately \$350,000 (excluding GST) for these services related to the Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, Steinepreis Paganin has received approximately \$500,643 (excluding GST and disbursements) from the Company for their services.

15.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 15.8:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Empire has given its written consent to being named as the Lead Manager to the Capital Raising Offer in this Prospectus. Empire has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Nexia Sydney Corporate Advisory Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 9 of this Prospectus in the form and context in which the information and report is included. Nexia Sydney Corporate Advisory Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Nexia Sydney Partnership has given its written consent to being named as auditor of the Company in this Prospectus. Nexia Sydney Partnership has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Piper Alderman has given its written consent to the inclusion of its legal opinion in relation to the businesses operated by MCL in Section 10 of this Prospectus in the form and context in which the information and report is included. Piper Alderman has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Ltd has given its written consent to being named as share registry of the Company in this Prospectus. Computershare Investor Services Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

15.9 Expenses of the Offers

The total expenses of the Offers (excluding GST) are estimated to be between approximately \$436,711 (minimum subscription) and \$476,261 (maximum subscription) and are expected to be applied towards the items set out in the table below:

| Item of Expenditure | Amount \$ | |
|--|----------------------|----------------------|
| | Minimum subscription | Maximum subscription |
| ASIC fees | 9,606 | 9,606 |
| ASX fees | 159,694 | 159,694 |
| Share registry fees | 110,000 | 110,000 |
| Legal fees | 350,000 | 350,000 |
| Legal opinion fees | 15,000 | 15,000 |
| Investigating Accountant's fees | 72,500 | 72,500 |
| Lead Manager fees ¹ | 19,950 | 59,500 |
| Printing, Distribution and Miscellaneous | 84,000 | 84,000 |
| TOTAL | 820,750 | 860,300 |

Notes

1. Being 1% of the amount raised under the Capital Raising Offer.

15.10 Continuous disclosure obligations

As the Company is admitted to ASX's Official List, the Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

15.11 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form and have fully read those documents. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.canngloballimited.com.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, the Application Form was not provided together with the electronic Prospectus or Replacement Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

15.12 Governing law

The Offers and the contracts formed on return of an Application Form are governed by the laws applicable in New South Wales, Australia. Each person who applies for Shares pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia, and the relevant appellate courts.

16. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Sholom Feldman
Executive Director For and on behalf of
Cann Global Limited

17. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Additional MCL Shares means the increased number of Shares to be issued to MCL, being a total of 1,277,147,857 Shares.

Affinity Energy or **AEB** means Affinity Energy and Health Limited (ACN 124 544 190) (ASX:AEB).

Affinity Energy Agreement means the agreement between the Company, MCL and Affinity Energy as summarised in Section 14.6.

AGMPL means Australian Gemstone Mining Pty Ltd (ACN 073 120 591).

AGRPL means Australian Gemstone Resources Pty Ltd (ACN 121 034 811) (under external administration).

Applicant means a party that completes an Application Form and submits it to the Company in accordance with this Prospectus relating to an Offer.

Application Form means an application form attached to or accompanying this Prospectus relating to an Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Bauxite Projects means the Company's existing bauxite projects, being the South Johnstone Project located in Queensland and the New England Bauxite Project located in the New South Wales.

Bio Health means Bio Health Pharmaceuticals Pty Ltd.

Bio Health Transaction means the Facilitation Agreement between Bio Health and CGB as announced on 8 February 2019.

Board means the board of Directors as constituted from time to time.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CannTab means Canadian based CannTab Therapeutics Ltd (CNSX: PILL).

CannTab Agreement means the joint venture agreement between CGB, MCL and CannTab dated 27 December 2017.

CannTab XR pill means the oral sustained release tablet formulations of cannabinoids developed by CannTab.

Capital Raising means the Capital Raising Offer under this Prospectus.

Capital Raising Offer means the offer of Shares pursuant to this Prospectus, as set out in Section 6.1.

CBD means cannabidiol.

CHESS means the Clearing House Electronic Sub-register System.

Closing Date means the closing date of the Capital Raising Offer as set out in the indicative timetable in Section 3.1 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Capital Raising Offer early).

Company or **CGB** means Cann Global Limited (ACN 124 873 507).

Company Group or **CGB Group** means CGB and/or its subsidiaries, as the context requires.

Condition means a condition to the Offers, as set out in Section 4.7.

Conditional Approval means a letter to be issued by the ASX to the Company stating the conditions that are required to be met by the Company in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules for re-quotation of its Shares on the Official List.

Constitution means the constitution of the Company.

Convertible Notes means a convertible note in the capital of CGB.

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

CPI means consumer price index.

DA means development approved.

Directors means the current directors of the Company at the date of this Prospectus.

DSO means direct shipping ore.

Empire means Empire Capital Partners Pty Ltd (ABN 16 159 992 328).

Empire Mandate means the lead manager mandate between the Company and Empire, as summarised in Section 14.1.

EST means Eastern Standard Time.

General Meeting means the general meeting of Shareholders to be held on 2 July 2019.

GMP means good manufacturing practice.

HHC or **Hemp Hulling Co** means MCL's 55% owned subsidiary Hemp Hulling Co (Qld) Pty Ltd (ACN 611 071 213).

HHC Acquisition means the proposed acquisition by MCL of an additional 30% interest in HHC pursuant to the terms of the HHC Agreement.

HHC Agreement means the heads of agreement dated in or around November 2017 between (among others) HHC and MCL, as summarised in Section 14.2.

HHC Offer means the offer of 40,540,541 Shares to the HHC Shareholders under this Prospectus.

HHC Shareholders means the shareholders of HHC (other than MCL).

Investigating Accountant's Report means the report attached in Section 9.

JV means the joint venture between VitaCann and CannTab, as summarised in Section 14.7.

L1 means L1 Capital Global Opportunities Master Fund.

L1 Agreement means the convertible securities agreement between L1 and MCL dated in or around November 2017 (as varied).

L1 Offer means to the offer of the L1 Shares and L1 Options to L1 under this Prospectus.

L1 Options means the 31,140,000 Options to be granted to L1 under the L1 Offer.

L1 Shares means the 10,000,000 Shares to be granted to L1 under the L1 Offer.

L'Hayyim means L'Hayyim Pty Ltd (ACN 089 489 636) under external administration.

Lead Manager means the lead manager to the Capital Raising Offer, being Empire.

Management Services Agreement means the management services agreement dated 1 July 2007 between the Company and AGMPL, as summarised in Section 12.7.

MCL means Medical Cannabis Ltd (ACN 604 732 612).

MCL Acquisition means acquisition by the Company of all MCL Shares CGB does not currently hold from the other MCL Shareholders pursuant to the MCL Agreement.

MCL Agreement means the legally binding terms sheet between CGB, MCL and the MCL Shareholders, as summarised in Section 14.2.

MCL Offer means the offer of 1,212,857,143 Shares to the MCL Shareholders under this Prospectus.

MCL Shareholders means the holders of the MCL Shares.

MCL Shares means 45% of the issued share capital of MCL to be acquired by the Company.

MDL means mineral development licence.

Medcan means Medcan Australia Pty Ltd (ACN 615 734 220).

Medcan Agreement means the Agreement between the Company and Medcan entered on 31 March 2019.

Medcan Management means Mr Craig Cochran and Mr Gareth Ball.

Medcan Offer means the offer of 2,250,000 Shares to Medcan under this Prospectus.

Medical Cannabis Research Group Pty Ltd or **MCRG** means MCL's subsidiary, Medical Cannabis Research Group Pty Ltd (ACN 624 220 873).

Milestone means a milestone applying to a Performance Share.

ODC means the Office of Drug Control.

Offers means the offers of Securities pursuant to this Prospectus, including the Capital Raising Offer and the Other Offers, and a reference to **Offer** means any one of them, as the context requires.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Original Prospectus means the prospectus lodged by the Company on 27 September 2018.

Other Offers means the Offers specified in Section 6.2.

Performance Share means a performance share in the capital of the Company.

Production Licence means the Medical Cannabis Production Licences (Australian Cultivation and Production Licences) granted to Medcan by the ODC in November 2017.

Prospectus or Replacement Prospectus means this prospectus prepared by the Company in accordance with Chapter 6D of the Corporations Act as the context requires.

Section means a section of this Prospectus.

Security has the meaning set out in the ASX Listing Rules.

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

Shareholder or **CGB Shareholder** means a registered holder of a Share.

Shareholder Approvals means the approvals to be sought by the Company at the General Meeting as out in Section 7.13.

South Johnstone Bauxite Pty Ltd means CGB's subsidiary, South Johnstone Bauxite Pty Ltd (ACN 146 227 072).

Supplementary Prospectus means the initial supplementary prospectus dated 17 October 2018, the second supplementary prospectus dated 31 October 2018, the third supplementary prospectus dated 7 November 2018, the fourth supplementary prospectus dated 14 November 2018, the fifth supplementary prospectus dated 28 November 2018, the sixth supplementary prospectus dated

7 December 2018, the seventh supplementary prospectus dated 14 December 2018, the eighth supplementary prospectus dated 21 December 2018 (the initial prospectus, the ninth supplementary prospectus dated 24 December 2019, the tenth supplementary prospectus dated 25 January 2019, the eleventh supplementary prospectus dated 8 February 2019, the twelfth supplementary prospectus dated 21 February 2019, the thirteenth supplementary prospectus dated 22 March 2019, the fourteenth supplementary prospectus dated 18 April 2019 and the fifteenth supplementary prospectus dated 24 May 2019.

T12 means T12 Holdings Pty Ltd (ACN 611 071 455).

T12 Acquisition means the proposed acquisition by MCL of a 100% interest in T12 pursuant to the terms of the T12 Agreement.

T12 Agreement means the heads of agreement between (among others) T12 and MCL dated on or around August 2018.

T12 Offer means the offer of 21,621,621 Shares to the T12 Shareholders under this Prospectus.

T12 Management Offer means the offer 5,405,405 Shares to T12 Management under this Prospectus.

T12 Management means Sebastian Edwards and Sam Edwards.

T12 Shareholder means the holder of the fully issued capital of T12.

Tenements means the tenements currently owned by the Company, as outlined in Section 7.6.

TGA means Therapeutic Goods Administration.

THC means tetrahydrocannabinol.

Transactions means the MCL Acquisition (which includes the HHC Acquisition), the Medcan Transaction, the Bio Health Transaction and the T12 Acquisition.

Transaction Agreements means the agreements governing the Transactions.

TRDF means The Technion Research & Development Foundation Ltd.

Volcan Queensland Bauxite Pty Ltd means CGB's subsidiary, Volcan Queensland Bauxite Pty Ltd (ACN 146 227 090).

VitaCann Pty Ltd or **VitaCann** means MCL's subsidiary VitaCann Pty Ltd (ACN 622 490 733).

VitaHemp Pty Ltd or **VitaHemp** means MCL's subsidiary VitaHemp Pty Ltd (ACN 624 284 840).

VitaSeeds Pty Ltd or **VitaSeeds** means MCL's subsidiary VitaSeeds Pty Ltd (ACN 623 892 142).

VWAP means the volume weighted average price of Shares.