

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Cann Global Limited

ABN

18 124 873 507

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | 1) Convertible Notes
2) Collateral Shares
3) Contractor & Consultant Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1) 2,600,000
2) 25,000,000
3) 13,580,295 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1) Refer Annexure 2
2) Fully paid ordinary shares
3) Fully paid ordinary shares (of which 3,300,000 are subject to ASX-imposed escrow restriction until 24 months after the date the Company's securities were reinstated to trading (being until 23 August 2021)). |

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4	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>1) No, however each share issued upon conversion will rank equally with existing fully paid ordinary shares on issue.</p> <p>2) Yes</p> <p>3) Yes</p>
5	Issue price or consideration	<p>1) \$2,221,200</p> <p>2) Nil – collateral shares</p> <p>3) Being in settlement of goods and services provided by contractors and consultants as calculated at a deemed issue price of \$0.025.</p>
6	<p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	Refer Annexure 2.
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	<p>1) 2,600,000</p> <p>2) 25,000,000</p> <p>3) 13,580,295</p>

⁺ See chapter 19 for defined terms.

6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	Nil				
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil				
6f	Number of ⁺ securities issued under an exception in rule 7.2	Nil				
6g	If ⁺ securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺ issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If ⁺ securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	229,424,718 (7.1 only, upon issue of the convertible notes and Collateral Shares set out in Item 1)				
7	<p>⁺Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p>1) 04 November 2019</p> <p>2) 04 November 2019</p> <p>3) 08 November 2019</p>				
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>1,967,194,715</td><td>Fully Paid Ordinary Shares</td></tr></table>	Number	⁺ Class	1,967,194,715	Fully Paid Ordinary Shares
Number	⁺ Class					
1,967,194,715	Fully Paid Ordinary Shares					

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9 Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
	527,520,808	Fully Paid Ordinary Shares subject to ASX-imposed escrow restrictions until 24 months after the date the Company's securities were reinstated to trading (being until 23 August 2021).
	705,804,687	Fully Paid Ordinary Shares subject to ASX-imposed escrow restrictions until 12 months after their issue date.
	85,000,260	Unlisted Options exercisable at \$0.10 per Share and expiring 30 April 2020
	31,140,000	Unlisted \$0.05 Options expiring 3 years from issue date subject to ASX-imposed escrow restrictions until 12 months after their issue date.
	50,000,000	Unlisted Performance Shares converting into fully paid ordinary shares upon achievement of the Australian Government granting a permit to Medical Cannabis Limited 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.

⁺ See chapter 19 for defined terms.

	480,000	Convertible notes with a face value of \$1.20 and maturity date of 15 November 2019. The total Shares 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.
	2,600,000	Convertible notes expiring 90 days from issue, as more fully described in Annexure 2.

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Pro rata issue

- 11 Is security holder approval required?

N/A

- 12 Is the issue renounceable or non-renounceable?

N/A

- 13 Ratio in which the ⁺securities will be offered

N/A

- 14 ⁺Class of ⁺securities to which the offer relates

N/A

- 15 ⁺Record date to determine entitlements

N/A

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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with.</small> <small>Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ☒ ⁺Securities described in Part 1
- (b) ☐ All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A				
39	+Class of +securities for which quotation is sought	N/A				
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A				
41	<p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A				
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="padding: 5px; text-align: center;">N/A</td> <td style="padding: 5px; text-align: center;">N/A</td> </tr> </table>	Number	+Class	N/A	N/A
Number	+Class					
N/A	N/A					

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Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may
quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
- The issue of the +securities to be quoted complies with the law and is not
for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will
not require disclosure under section 707(3) or section 1012C(6) of the
Corporations Act.
- Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give
this warranty
- Section 724 or section 1016E of the Corporations Act does not apply to any
applications received by us in relation to any +securities to be quoted and
that no-one has any right to return any +securities to be quoted under
sections 737, 738 or 1016F of the Corporations Act at the time that we
request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the
+securities to be quoted under section 1019B of the Corporations Act at the
time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any
claim, action or expense arising from or connected with any breach of the
warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any
information or document is not available now, we will give it to ASX before
+quotation of the +securities begins. We acknowledge that ASX is relying on the
information and documents. We warrant that they are (will be) true and complete.

Sign here: *Alex Neul*
(Company secretary)

Date: 5 November 2019

Print name: Alexander Neuling

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=====	=====	=====	=====	=====

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,608,185,425
Add the following: <ul style="list-style-type: none"> Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	1,553,754,490
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-
“A”	3,161,939,915

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	474,290,987
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Up to 244,866,009 (shares) 260 (options)
“C”	Up to 244,866,296
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	474,290,987
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	244,866,269
Total [“A” x 0.15] – “C”	229,424,718 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	
“E”	

⁺ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.

Annexure 2 – Details of Convertible Note Terms

Background

As advised in the Company's announcement dated 5 November 2019 the Company has agreed to issue 2,600,000 secured convertible notes (**Notes**) to Li Capital Global Opportunities Master Fund (**Investor**).

Proceeds from the issue of the convertible notes are expected to be applied towards further build up of inventory and production, to meet the growing demand on the existing inventory, the evaluation and advancement of growth initiatives (including the recently announced expansion of activities in Asia) and for general working capital..

The Notes have an initial term of 120 days, with a resolution to be put to CGB Shareholders to approve the issue of longer-term replacement convertible notes (**Replacement Notes**) at a General Meeting of Shareholders to be held prior to the maturity date of the Notes.

After the first 90 days of issue, the Investor may opt for redemption of up to \$400,000 of Notes in a calendar month, whereupon the Company may elect for the redemption to be effected in either Shares at a 10% discount to the previous 5-day VWAP (subject to certain equity conditions being satisfied), or in cash (at a 5% premium). Subject to certain restrictions, and not during the first 90 days of issue, the Notes may be converted into fully paid ordinary shares (Shares) by the Investor at any period prior to maturity at a fixed price of \$0.04 per Share if the Investor has not already been repaid.

further material details on the terms and conditions of the Notes and Replacement Notes are as set out below:

Interest: 0% p.a. (except on Event of Default 10%)

Face Value: \$1 per Note

Purchase Price: \$0.90 per Note

Drawdown Fee: 3% of Face Value

Maturity

Notes	90 days from issue
Replacement Notes (subject to Shareholder Approval)	12 months from issue date of initial Notes

Conversion and Repayment

	Value	Restrictions
Conversion at Investors election	Conversion at fixed price of \$0.04 (or, where a Share placement at a lower price (Placement Price) has been agreed or conducted by the Company, the Investor may at its discretion elect to convert Notes at the Placement Price within 2 business days).	Other than by mutual consent, the Investor may not give notice of redemption or conversion within 90 days of the first issue of the Notes.

Annexure 2 – Details of Convertible Note Terms

	Value	Restrictions
Redemption for cash	105% of the Face Value of the relevant notes	Other than by mutual consent, the Investor may not give notice of redemption or conversion within 90 days of the first issue of the Notes, nor must the Investor give redemption notices for an amount exceeding \$400,000 in aggregate in any calendar month.
Redemption for Shares	105% of the Face Value of the relevant notes converted at 90% of the average of the 5 daily VWAPs for the days prior to the redemption notice date, rounded down to the nearest A\$0.001	Other than by mutual consent, the Investor may not give notice of redemption or conversion within 90 days of the first issue of the Notes, nor must the Investor give redemption notices for an amount exceeding \$400,000 in aggregate in any calendar month.
Redemption at Maturity	115% of Face Value	

Maximum Share Number

The number of CGB shares which may be issued upon conversion of the Notes is subject to a maximum of 200,000,000. This restriction will not apply to the Replacement Notes (subject to Shareholder Approval)

Collateral Shares

The Company must issue to the Investor or its nominee 25,000,000 Collateral Shares, on the basis that the value of the Collateral Shares will be set off against the Company's obligations with respect to the Convertible Securities in accordance with the agreement between the parties.