

2021 PRELIMINARY FINANCIAL RESULTS

Cann Global (ASX: CGB) (“company” or “Group”), a medicinal cannabis and natural food and beauty products business operating within the health and wellness industry, is pleased to announce its results for the 12 months ended 30 June 2021 (FY21). Accompanying this release is the Appendix 4E and Preliminary Financial Report for FY21.

- Revenue for FY21 was \$1.48 million, a 16% decrease on the prior year (FY20: \$1.78 million). The decrease was due to a fall in export sales to Vietnam and reduction in revenue from Cann Global Thailand (CGT).
- The food division remains the primary driver of revenue generation, delivering \$1.42 million for the year, compared to \$1.63 million for the prior year, due largely to the fall in export sales.
- The Group reported a total loss of \$4.77 million which is a significant improvement on the prior year at a \$8.05 million loss. The loss was reduced by 41% over the period.
- Research investment expenses during FY21 were significantly reduced compared to last year but are expected to increase in FY22 as a clinical trial commences to test the efficacy of a strain of cannabis on Multiple Sclerosis.
- Total current liabilities have been reduced by 64% to \$2.39 million (FY20: \$6.73 million). This is primarily as a result of converting LI’s and Obsidian’s convertible notes to shares, a strong vote of confidence in the company, and repayments of other loans.
- As at 30 June 2021, the Company had a healthy \$10.5 million in cash reserves which is an increase of 43% on last year due to the successful completion of an equity rights issue and placement during the year raising almost \$8 million of capital.
- The Company’s first order of Canntab’s cannabinoid hard pill formulations was received post balance date and sales can now commence via the Special Access Scheme B and the Authorised Prescriber Schemes.
- Product development continued during the year on our premium plant-based skincare products and a soft launch is scheduled in France in October and in Australia in November.
- Post balance sheet the company announced the appointment of Mr David Austin as Independent Non-Executive Chair, and the retirement of Mrs Pnina Feldman as Executive Chair after more than 13 years of service.

During the course of FY21 there has been significant regulatory progress for the cannabis industry both within Australia and globally which continues to enhance revenue prospects for Cann Global’s existing business activities and paves the way for additional commercial opportunities.

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EXECUTIVE SUMMARY

Commenting on the FY21 results, CEO Sholom Feldman said: "As a result of the challenges presented by the current uncertain environment and the evolving industry landscape, Cann Global is reviewing its strategy to drive revenue growth.

"Revenue growth has been impacted this year by pandemic-related issues including lower export revenue earned through EpcO, our distribution partner in Vietnam. EpcO is experiencing operational difficulties, however we are ready to provide them with support when they return to normal operations.

"Cann Global is focused on growing revenue through its direct-to-consumer channels in Australia and other international markets. With this focus in mind, we have proactively undertaken a product portfolio review in the final quarter of FY21. The rationalised product and brand portfolio to be rolled out in Q3 FY22 will result in higher margin products being sold through higher margin channels, but will likely result in lower revenue growth from the food division in the short term as some lines are discontinued.

"This past year the Company is excited to have progressed the new skincare range, developed in joint venture with Pharmocann, and is preparing to undertake a soft launch of these premium hemp-based cosmetic products in Q2 FY22, with commercial scale production to commence shortly thereafter.

"After some unexpected delays, we are also very pleased to have received the first batch of Canntab tablets and are anticipating bringing more products to distribute to the Australian market later this calendar year.

"With these new product launches and increased business activity, we are continuing to grow the Cann Global team and will look to add people to the team who have appropriate skills and expertise to drive business success.

"Clinical trials of Cannabis formulations to treat MS and other autoimmune diseases are a step closer with the draft protocol written for the study. The draft will be progressed and submitted to the Human Research Ethics Committee for approval.

"I would also like to take the opportunity to once again thank Mrs Pnina Feldman for her significant contribution to the company over many years and welcome Mr David Austin as Cann Global's new Independent Non-Executive Chair," said CEO Mr Sholom Feldman. Mrs Feldman retires after 13 years with the company, having founded the business in 2007.

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SIGNIFICANTLY INCREASED CASH RESERVES SUPPORTS WORKING CAPITAL

Sales revenue for the year was \$1.49 million, down 16% over the prior year (FY20 \$1.78 million). The food division was the primary driver of revenue generation and sales were predominantly domestic.

The downturn in revenue this year can be attributed to lower export sales to Vietnam in the second half of the year, and a lower revenue contribution from Cann Global Thailand Pty Ltd (CGT) (55% owned).

As a consequence of lower overall sales, cost of goods sold has decreased 11% to \$1.16 million (FY20: \$1.31 million). The Group delivered a Gross Profit of \$0.33 million down 31% on the prior year (FY20: \$0.47 million).

Total expenses for the year were \$5.76 million ex finance costs, less than the last financial year (FY20: \$6.66 million) when significant research investment costs were incurred.

Research investment expenses during FY21 were significantly lower than the prior year but are expected to increase in FY22 when the clinical trial commences which will test the efficacy of a strain of cannabis on Multiple Sclerosis. Also as previously advised the Company is required to account for the research and expenses related to the Canntab and Pharmocann joint ventures in the share of loss in equity accounted investees.

Administrative and corporate expenses were higher than the prior year, with the increase largely due to an increase in the group's activities including the addition of new staff and the need for consultants to support a number of projects launching at the same time. Advertising and marketing expenses also increased alongside the focus on driving domestic sales over the period and are expected to remain the same for FY22

There were a number of impairments which needed to be taken this financial year.

The Group continues to hold bauxite assets in South Johnstone, Queensland. As outlined in the HY21 results \$0.3 million has been written off as the exploration area has been reduced as per the Department of Natural Resources' requirement to relinquish some sub-blocks prior to renewing the exploration permit. The area containing the resource has been retained and the mining tenement has been renewed until 25 May 2022.

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Given the ongoing global challenges presented by the pandemic, Cann Global's joint venture with South African company Koegas Medicinal Herb (Pty) Ltd will be dissolved. The investment of \$0.20 million has therefore been impaired in the accounts.

Finance costs have decreased to \$0.10 million (FY20: \$2.01 million) This is primarily as a result of having converted LI Capital and Obsidian convertible notes to shares, and repayment of other loans. Cann Global is committed to maintaining little or no debt on balance sheet.

This also resulted in other financial liabilities reducing by [98%] to \$78k (FY20: \$4.29 million). In electing to convert outstanding notes into equity, these investors showed a strong vote of confidence for the company's long-term prospects.

Net loss for the year is (\$4.77 million), an improvement of 41% over the previous period (FY20: \$8.05 million).

The balance sheet remains strong with cash reserves of \$10.57 million up 43% on the prior year (FY20: \$7.42 million) and total current assets of \$11.37 million The company's cash reserves have increased due to the rights issue that took place in July 2020 raising \$4.2 million and a further placement in December 2020 which raised \$3.75 million. These funds will be used as and when required to support new business initiatives.

Related party transactions amounted to \$0.66 million, which is a 49% reduction on the prior year (FY20: \$1.3 million). The reduction on the prior year represents an unwinding of the Australian Gemstone Mining Pty Ltd (AGMPL) structure for payment of staff salaries, a reduction in geologists fees and marketing services which were charged via AGMPL. Geologist services provided during the year were terminated as announced in the HY21 results and the geologist now works as a salaried employee of Cann Global.

Post balance date the contract with AGMPL has been terminated and Sholom Feldman's Director's fees are now paid directly by the Company. The Company's contractual obligations to AGMPL are to be met by issuance of 70m shares to Mrs Pnina Feldman instead of cash, pending shareholder approval at the AGM in November. The contract with AGMPL will not be replaced as Cann Global now employs its entire workforce in-house and there will be no further payments to AGMPL.

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PROGRESSING BUSINESS AND PRODUCT INITIATIVES WITH A FOCUS ON PROFITABILITY

1. FOOD

During the course of the year Cann Global has developed and launched new products. The company received its first order from Costco for the newly launched Chia soft gel capsules with what we believe to be the highest Omega 3 content of any plant-based product on the market. The capsules are also sold as a white label product to a distributor. A chia and hemp-based equine food product was also developed and sold as a white label product. To further meet consumer demand product development has commenced on new products which are expected to be launched in Q3 FY23. A pipeline of products under development has also identified further products for longer term release.

As previously noted, our Vietnamese distribution partner Epco has been significantly impacted by COVID-19 with many employees affected by restrictions and some employees in quarantine. This has had an impact on our export sales. However, Cann Global is continuing to foster the relationship, and is ready to provide Epco with additional marketing support and initiatives to grow demand for the existing range and extend the geographical market for product sales, as well as increase the product range for distribution when Epco returns to normal operations. Cann Global is concurrently pursuing other opportunities to expand its reach in Asia and as previously advised has engaged the services of a marketing agency specialised in distribution and sales across South East Asia.

In the final quarter of FY21 the food division carried out a review of the product portfolio to streamline the product range and identify higher margin sales channels and products. The outcomes enable the Company to optimise channel marketing spend and focus on higher margin products. A competitive analysis was also carried out and recommended retail pricing adjusted to position for relevance and competitive viability. The process has resulted in a rationalised product and brand portfolio which will be rolled out during the current financial year.

The food division is focussed on reducing its operating expenses and improving its competitive viability in order to drive not only revenue but a higher level of profitability in the year ahead. As noted in our quarterly update to shareholders, as these changes are implemented, we expect more limited revenue growth from food sales in the short term until the launch of our new branded health-food products.

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The strength of the sales and marketing team was enhanced during the last quarter with the addition of three new executives with solid supply chain, and sales and marketing experience. The new Sales Manager was employed to focus on driving sales for all of Cann Global's products but also to support the Company's strategy of increasing sales direct to retailers where higher margins can be achieved.

On another note, work on the plant-breeding program using the seed bank acquired from Medical Cannabis Limited has been put on hold to focus on the more cost-effective model of contracting farmers to grow hemp seeds. Further investment in hemp seed cultivation in Australia has therefore been suspended. Should demand for hemp seed increase significantly in the future, more research and development could be expended to develop a successful hemp seed farming model in Australia using the seed bank.

2. HEMP CULTIVATION AND PROCESSING

Cann Global Thailand (CGT) a 55% owned subsidiary provides a full service offering to Thai clients in the business of hemp cultivation and extraction. In January 2021 the Government of Thailand released a regulatory framework allowing Thai companies to secure commercial licenses for the cultivation, processing and distribution of CBD hemp products. Prior to the release of the regulatory framework hemp licenses were only issued to those undertaking research programs.

CGT has expanded its business operations to take full advantage of the regulatory change and has been assisting AA Bio Co Ltd and Green Pharma Botanical with their applications for a license and will operate the commercial operations under these licenses. License issuance commenced last month, and Green Pharma Botanical have pleasingly now received their license. Cann Global Thailand will operate the commercial license on behalf of Green Pharma Botanical.

During the year CGT also introduced a plant-funding business where investors provide guaranteed funding on a per plant basis with a fixed fee per plant returned to the investor after successful cultivation and extraction by CGT. The plant funding model is capital light and highly scalable. At this stage 24 seed varieties have been tested for optimal growth and this testing has now narrowed to six varieties which will be tested further when COVID-19 restrictions in Thailand permit.

Post balance date, CGT is pleased to have received a first tranche of payment from a UK investor under its plant-funding program. CGT expects to receive further payments under this program before the end of the calendar year.

Cann Global Asia (55% owned) will no longer pursue production of hemp seeds in Laos, and instead the Company will focus on its Thailand operations. Any disputes or claims against Cann Global Asia have been dismissed.

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3. SKIN-CARE

Cann Global has a 50/50 partnership agreement with one of Israel's leading Cannabis companies Pharmocann, to produce and sell advanced cannabis-based treatment formulations, dermatological and cosmetic beauty products.

Research and testing were completed during the year on the three premium skincare products from the cosmetic range that the Company will launch in Q2 FY22. The products: an oil, serum and a cream product all contain hemp seed oil as the primary active ingredient and they also contain Australian native ingredients thereby offering consumers a unique innovative product.

A successful pilot production run was undertaken during the year and the process for certifying the products as organic has commenced. A series of other products under this new organic hemp-based brand are already being developed to expand the current range.

Go-to-market strategies for Australian sales have been identified and mass production is on track for Q3 FY22. A soft launch is scheduled for November 2021 at the Hemp, Health and Innovation Expo in Canberra (subject to COVID-19 restrictions) and the products will be available for direct purchase via a newly established website for the skincare products.

In addition to the soft launch in Australia scheduled in November 2021, Cann Global will also launch its premium hemp-based cosmetic range in Europe as it will be showcasing its new products at the CBD Expo taking place in Paris on 16, 17 and 18 October 2021. This is a B2B trade show which will give the range exceptional exposure.

A specialist distribution consultancy was engaged to advance export marketing strategies with South Korea, Japan and Thailand being the initial focus of marketing efforts in Asia.

4. MEDICINE

Cann Global entered into a 50/50 Joint Venture with Canntab Therapeutics in January 2018 to bring their suite of hard pill cannabinoid formulations to Australia and Asia. These tablets have a distinct advantage over competitors' products as they represent a uniform dosage tablet produced to pharmaceutical grade standards and are already being distributed in Canada with success.

The Company after some unexpected delays received a shipment of two Canntab CBD products, 12.5mg and 25mg. Mandatory Australian Laboratory testing has completed and these products are now available through the Special Access Scheme B and Authorised Prescriber Schemes. Our distribution partner Medcan will also make the products available through their prescribing division 'Cann I help' and link can be found on our website <https://www.canngloballimited.com/medical-cannabis/>.

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More Canntab products are expected to arrive in Australia in Q2 FY22 with new import permits for those products having already been issued by the Office of Drug Control. Authorised Prescribers are already showing strong interest in the Canntab tablets due to their regulated dosage form.

A new Australian website for Canntab will launch in the coming weeks along with other go to market activities to help support the sales of these innovative medical cannabis products.

As part of Cann Global's effort to support the education of health care practitioners in the safe use of medical cannabis products, the company has agreed to sponsor the International College of Cannabinoid Medicine (ICCM). Canntab's products are featured in this online course designed for Health Care Providers. As part of this sponsorship Cann Global will also participate in a podcast series the ICCM will launch in Q2 FY22. This will help raise more awareness around medical Cannabis and help doctors familiarise themselves with Canntab's innovative delivery system. (www.iccm.co)

Cann Global has access to an existing network of approved freight partners allowing Australia wide logistics, access to various networks of prescribing doctors and pharmacies and an online purchasing portal allowing seamless transactions for pharmacies to order the Canntab products on receipt of a customer prescription.

A draft protocol has been written by the NICM Health Research Institute for human clinical trials on the Cannabis strain, identified in the research undertaken by Dr Dedi Meiri at the Technion in Israel, that was proven to assist, in vitro and in vivo, in the recovery of, and in stopping the progression of the auto immune disease Multiple Sclerosis. The commercial rights to the strain being researched is owned by the joint venture with Pharmocann.

Once the draft protocol is approved by the Company work will commence on developing the protocol further to a point where it can be submitted to the Human Research Ethics Committee for approval. The finalised Protocol will include details such as budget, timeline, number and location of trial sites and resources required.

Cann Global has continued to work towards bringing Olivia's Choice formula to the Australian market. As part of this work the company has found that it is unable to import some of the raw materials required for the production of Olivia's Choice formula under current legislation. The Company will not be able to bring the product to the Australian market in the near future but will keep monitoring changes in regulation.

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5. MINING DIVISION

The mining tenement for the South Johnston Project, Queensland (EPM 18463) has been renewed until 25 May 2022.

OUTLOOK

The COVID-19 pandemic continues to impact the lives and businesses of many, both within Australia and globally. Cann Global has not been immune to the impacts of the ongoing challenges with revenue from international food sales having more recently been impacted.

That aside, Cann Global continues its efforts on expanding sales and distribution of existing products with a renewed focus on product sales in Australia with higher profit margins and is working on developing a new range of health food products that will be more suitable for international markets. The Company is also increasing effort on improving the profitability of the existing food division product lines and reducing its operating costs.

Cann Global is also pleased to now have two of its Canntab products available to consumers through the Special Access Scheme B and Authorised Prescriber Scheme and are excited to be launching its skincare range before the end of the calendar year.

Cann Global has been for some time preparing to expand its international reach to Europe with the launch of its premium hemp-based skincare products range in France at the CBD Expo in Paris and the development of a CBD-based range extension. The CBD and Hemp market in France and in Europe are booming and Cann Global already has a team of professionals in place to take advantage of this rapidly growing market. Forecasts indicate that CBD & hemp business will reach €1.5 billion by 2023 in Europe (source: Brightfield Europe CBD report). These products will be sold in Europe and other international markets where CBD is a legal ingredient as over the counter beauty products.

The company is also in the process of refreshing its board, with the appointment of David Austin as independent Non-Executive Chair, and the Board together with the company's largest shareholders are also in discussions with two new Non-Executive Director candidates who would bring diversified experience adding to the board's skills matrix.

Cann Global continues to have a strong balance sheet, and significant cash reserves which supports current business activities and upcoming projects

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ABOUT CANN GLOBAL

Cann Global Limited (ASX:CGB) is a driving force in the hemp and medical Cannabis industries. Our strength comes from our team's core competencies and expertise, and our solid and strategic partnerships with experts in Australia, USA, Israel, Asia and Canada. We are working under the relevant legislation to ensure that the future in Medical Cannabis and Natural Foods will allow medical practitioners, patients, and consumers to gain access to the right information, as well as the safest, most effective and sustainable products.

AUTHORITY AND CONTACT DETAILS

This announcement has been authorised for release by Sholom Feldman, Managing Director. For further information please contact Investor Relations on +61 (0)2 8379 1832, or via email at investorrelations@cannglobal.com.au

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ASX ANNOUNCEMENT APPENDIX 4E & UNAUDITED PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021



Release date: 31 August 2021

In accordance with the ASX Listing Rules, Cann Global Limited (ASX: CGB) encloses for release to the market:

- Appendix 4E, and
- Unaudited Preliminary 2021 Financial Report.

For further information, contact:

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This announcement was authorised for release by the Board of Directors of Cann Global Limited.

CANN GLOBAL LIMITED | ABN 18 124 873 507

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APPENDIX 4E

1. Company details

Name of entity: Cann Global Limited

ABN: 18 124 873 507

Reporting period: For the year ended 30 June 2021 Previous period: For the year ended 30 June 2020.

2. Results for announcement to the market

	2021	2020		Change	Change
	\$'000	\$'000		\$	%
Revenues from ordinary activities	1,488	1,782	down	(294)	(16%)
Loss from ordinary activities after tax attributable to the members of Cann Global Limited	(4,621)	(8,012)	up	3,391	42%
Net loss for the year attributable to the members of Cann Global Limited	(4,621)	(8,012)	up	3,391	42%

Dividends

No dividends have been paid or proposed in respect of the 2021 financial year (2020: nil).

3. Consolidated statement of profit or loss and other comprehensive income with accompanying notes to the statement

The Appendix 4E should be read in conjunction with the unaudited Preliminary Financial Report for the year ended 30 June 2021, specifically:

- Consolidated Statement of Profit or Loss and other Comprehensive Income
- Notes to the financial statements

4. Consolidated statement of financial position with accompanying notes to the statement

The Appendix 4E should be read in conjunction with the attached unaudited Preliminary Financial Report as at 30 June 2021, specifically:

- Consolidated Statement of Financial Position
- Notes to the financial statements

5. Consolidated statement of cash flows with accompanying notes to the statement

The Appendix 4E should be read in conjunction with the attached unaudited Preliminary Financial Report for the year ended 30 June 2021, specifically:

- Consolidated Statement of Cash Flows
- Notes to the financial statements

APPENDIX 4E (continued)

6. Consolidated statement of changes in equity

The Appendix 4E should be read in conjunction with the attached Preliminary Financial Report for the year ended 30 June 2021, specifically:

- Consolidated statement of Changes in Equity
- Notes to the financial statements

7. Net tangible assets

	Reporting Period Cents	Previous Period Cents
Net tangible assets per ordinary share	0.169	0.35

8. Entities over which control has been gained during the period

During the year ended 30 June 2021, Cann Global Limited gained control over the following entities:

Not applicable.

Detail of joint ventures	Reporting entity's percentage holding		Contribution to profit after tax	
	30 June 2021 %	30 June 2020 %	30 June 2021 \$'000	30 June 2020 \$'000
Canntab Therapeutics Australia	50%	50%	(36)	-
Pharmacann Global Pty Ltd	50%	-	(134)	-

9. Independent auditor's review

The financial statements are in the process of being audited. An unmodified opinion is expected to be issued.

10. Attachments

Additional Appendix 4E requirements can be found in the attached Preliminary Financial Report.



2021 FINANCIAL REPORT

- 01** CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 02** CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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- 05** NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

Consolidated	Note	2021 \$	2020 \$
Revenue from sales	8	1,488,031	1,781,723
Operating Revenue		1,488,031	1,781,723
Cost of goods sold	9	(1,162,283)	(1,311,860)
Gross Profit		325,748	469,863
R&D Refund	8	-	23,281
Foreign currency exchange gain realised	8	595,750	7,313
Total Other Income		595,750	30,594
Administrative and corporate expenses	10	(2,568,026)	(1,673,403)
Advertising and marketing		(442,185)	(207,319)
Depreciation and amortisation	10	(155,018)	(79,138)
Loss on equity settled liabilities		-	(399,345)
Legal expenses		(88,253)	(171,085)
Directors fees CGB		(699,662)	(684,000)
Directors fees MCL		-	(120,000)
Occupancy expenses	10	(54,748)	(112,905)
Exploration written off		(308,604)	-
Impairment of receivables		(242,719)	79,258
Impairment of investment	24	(200,000)	-
Impairment of intangible asset	23	(138,000)	-
Research costs		(101,041)	(2,130,349)
Share of loss in equity-accounted investees – net of tax		(170,332)	-
Travelling expenses		(134,732)	(209,122)
Other expenses		(250,021)	(186,057)
Share based payments expense		(202,750)	(773,946)
Total expenses		(5,756,091)	(6,667,411)
Finance income	11	163,630	124,725
Finance costs	11	(99,520)	(2,008,579)
Net finance costs		64,110	(1,883,854)
Loss before income tax		(4,770,484)	(8,050,808)
Income tax expense		-	-
Loss after tax from continuing operations		(4,770,484)	(8,050,808)
Other comprehensive income, net of tax		-	-
Total comprehensive loss		(4,770,484)	(8,050,808)
Loss attributable to members of Cann Global Limited		(4,621,367)	(8,012,138)
Total comprehensive income attributable to members of Cann Global Limited		(4,621,367)	(8,012,138)
Loss attributable to non-controlling interest		(149,116)	(38,670)
Total comprehensive income attributable to non-controlling interest		(149,116)	(38,670)
Basic (loss) per share (cents per share)	12	(0.10)	(0.25)
Diluted (loss) per share (cents per share)	12	(0.10)	(0.25)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

Consolidated	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	17	10,573,053	7,417,095
Prepayments		63,012	154,591
Trade and other receivables	18	259,895	709,632
Inventories	19	474,018	489,475
Total current assets		11,369,978	8,770,793
Non-current assets			
Exploration and evaluation	20	2,278,448	2,451,028
Plant and equipment	21	449,057	486,458
Right-of-use assets	22	60,273	138,416
Intangible assets	23	4,368,797	4,501,160
Investments	24	-	200,000
Equity-accounted investees	25	209,779	2
Total non-current assets		7,366,355	7,777,064
Total assets		18,736,333	16,547,857
Liabilities			
Current liabilities			
Trade and other payables	29	(1,960,964)	(2,067,980)
Current tax liability		(292,666)	(292,666)
Lease liability		(61,229)	(77,184)
Other financial liabilities	28	(77,515)	(4,290,747)
Total current liabilities		(2,392,375)	(6,728,577)
Non-current liabilities			
Lease liability		-	(61,232)
Total non-current liabilities		-	(61,232)
Total liabilities		(2,392,375)	(6,789,809)
Net assets		16,343,959	9,758,048
Equity			
Share capital	26	94,834,844	84,159,575
Option Reserve	27(ii)	477,925	-
Share based payments reserve	27(i)	6,230,068	6,027,318
Acquisition of NCI reserve	27(iii)	(42,498,259)	(42,498,259)
Accumulated losses	34	(42,491,911)	(37,870,544)
Total		16,552,667	9,818,090
Non-controlling interest	31	(208,708)	(60,042)
Total equity		16,343,959	9,758,048

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

Consolidated	Note	Issued Capital \$	Accumulated Losses \$	Share Based Payments Reserve \$	Acquisition of non-controlling interest Reserve \$	Option Reserve \$	Non- controlling interests \$	Total Equity \$
Balance at 1 July 2019		29,600,842	(29,858,406)	5,253,372	-	-	(2,108,811)	2,886,997
(Loss) for the year		-	(8,012,138)	-	-	-	(38,670)	(8,050,808)
Share-based payments	13	-	-	773,946	-	-	-	773,946
Acquisition of additional 45% interest in MCL		40,410,820	-	-	(42,498,259)	-	2,087,439	-
Shares issued during the year		14,147,913	-	-	-	-	-	14,147,913
Balance at 30 June 2020		84,159,575	(37,870,544)	6,027,318	(42,498,259)	-	(60,042)	9,758,048

Consolidated	Note	Issued Capital \$	Loss for the Year & Accumulated Losses \$	Share Based Payments Reserve \$	Acquisition of non-controlling interest Reserve \$	Option Reserve \$	Non- controlling interests \$	Total Equity \$
Balance at 1 July 2020		84,159,575	(37,870,544)	6,027,318	(42,498,259)	-	(60,042)	9,758,048
(Loss) for the year		-	(4,621,367)	-	-	-	(149,116)	(4,770,484)
Share-based payments	13	-	-	202,750	-	477,925	-	680,675
Non-controlling interest in share capital raising Cann Global Thailand Pty Ltd		-	-	-	-	-	450	450
Shares issued during the year		10,675,269	-	-	-	-	-	10,675,269
Balance at 30 June 2021		94,834,844	(42,491,911)	6,230,068	(42,498,259)	477,925	(208,708)	16,343,959

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

Consolidated	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,796,330	1,803,296
Payments to suppliers and employees		(4,697,776)	(6,727,564)
Interest received		163,630	124,725
R&D Refund		-	23,281
Interest paid		(5,182)	-
Net cash used in operating activities	33	(2,742,998)	(4,776,262)
Cash flows from investing activities			
Investment in equity-accounted entity		(390,618)	-
Payments for plant and equipment		(7,206)	(16,834)
Loan repaid by Volcan Australia Corporation Pty Ltd		-	79,258
Payment for intangibles		(37,905)	(14,750)
Payment for exploration asset		(136,024)	(213,009)
Net cash used in investing activities		(571,754)	(165,335)
Cash flows from financing activities			
Loan provided by other entity		3,468	-
Loan provided by/(to) related entity – Australian Gemstone Mining Pty Ltd		938	39,641
Loan repaid to related party – MCL Director		(111,113)	(482,908)
Loan provided (to)/by related party – CGB Director		-	(115,037)
Proceeds from convertible securities		-	2,833,200
Proceeds from share capital		6,654,603	6,618,560
Loans repaid to seed capital providers		-	(1,758,000)
Repayments of lease liability		(77,187)	-
Net cash from financing activities		6,470,710	7,693,760
Net increase in cash held		3,155,958	2,193,859
Cash at beginning of financial year		7,417,095	5,183,769
Cash acquired from HHC and T12 acquisition		-	39,467
Cash at end of financial year	17	10,573,053	7,417,095

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 1. Reporting Entity

Cann Global Limited (the 'Company') is a company domiciled in Australia. The address of the company's registered office is level 21, 133 Castlereagh Street, Sydney, NSW 2000. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The Group is a for-profit entity and is primarily involved in the legal growing and cultivation of hemp and medicinal cannabis products and the exploration for mineral deposits in Australia.

Note 2. Basis of preparation

a. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

i Investments

The methods used to measure fair values are discussed further in note 5.

ii Other non-derivative financial liabilities

The methods used to measure fair values are discussed further in note 5.

b. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

c. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

d. Key estimates and judgements

IMPAIRMENT

The Group assesses impairment at the end of each reporting year by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the higher of fair value less costs to sell and value-in-use calculations, which incorporate various key assumptions.

BUSINESS COMBINATIONS

Management uses valuation techniques in determining the fair values of the various elements of a business combination.

GOODWILL

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 4g. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 23 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

CORONAVIRUS (COVID-19) PANDEMIC

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

CONVERTIBLE SECURITIES

Management uses valuation techniques in determining the fair value of convertible securities (both host contract and conversion features). Refer to Note 5 for the description of the fair value measurement of convertible securities.

SHARE-BASED PAYMENT TRANSACTIONS

The consolidated entity measures the cost of equity-settled transactions with consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 13 for further information.

Note 3: New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

a. Basis of consolidation

i Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group 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 Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises as 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.

ii Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has a right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

iii Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

iv 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.

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.

v Transactions eliminated on consolidation

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

b. Foreign currency

i 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.

ii 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.

c. Financial instruments

i Non-derivative financial assets

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

ii Non-derivative financial liabilities

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

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

The Group classifies the non-derivative financial liabilities into trade and other payables and other financial liabilities categories. Such financial liabilities are recognized 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, loans and convertible securities.

d. Share capital

ORDINARY SHARES

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

e. Property, plant and equipment

i 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.

ii Subsequent costs

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

iii 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:

- Mining equipment 10 years
- Plant and equipment 10 years

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

f. 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. 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.

g. 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. Refer note 4a for information on how goodwill is initially determined. Refer to Note 4i for a description of impairment assessment procedures.

h. 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 and the intellectual property (website) is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in the profit and loss.

The following useful lives are applied:

- Seedbank and plant genetics 10 years
- Intellectual property – website 2 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

i. Impairment

i Non-derivative financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

ii Non-financial assets

The carrying amounts of the 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 RECOGNIZED IN 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.

j. Inventories

Inventories are measured 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.

k. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

l. Lease liabilities

A lease liability is recognised at the commencement date of a lease.

The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

m. Revenue

The consolidated entity recognises revenue as follows:

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

SALE OF GOODS

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

RENDERING OF SERVICES

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

INTEREST REVENUE

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

n. Research and development

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

o. 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.

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 recognised 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 recognised 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 utilised. 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 Cann Global 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

s. Going concern basis of accounting

Notwithstanding the loss for the year of \$4,770,484, negative cash flows from operations of \$2,742,998 and historical financial performance, the financial report has been prepared on a going concern basis. This assessment is based on a cash at bank balance at balance date of \$10,573,053, and the directors' understanding of expected net cash out-flows in the coming financial year.

Note 5. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

INVESTMENTS

Investments are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the market value of the ASX publicly listed share price.

OTHER NON-DERIVATIVE FINANCIAL LIABILITIES

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of convertible notes, the market rate of interest is determined with reference to similar liabilities that do not have a conversion option.

Note 6. Financial risk management

a. Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- liquidity risk
- market risk
- interest rate risk
- foreign currency risk
- credit risk; and
- price risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

b. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables and other financial liabilities.

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency fluctuation risk and liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

INTEREST RATE RISK

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates, arises mainly from bank deposits accounts.

FOREIGN CURRENCY RISK

The Group was marginally exposed to fluctuations in foreign currencies during the reporting period.

CREDIT RISK

Neither the Group or the Company have any material credit or other risk exposure to any single receivable or group of receivables or payables under financial instruments entered into by the Group.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves or unutilised borrowings are maintained.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments:

30 June 2021 – Contractual cash flows

30 June 2021 – Contractual Cash Flows	Carrying amount \$	Total \$	Less than 12 months \$	1-2 Years \$	2-5 years \$	More than 5 years \$
Non derivative financial liabilities						
Loan – other	77,515	77,515	77,515	-	-	-
Trade and other payables	1,960,964	1,960,964	1,960,964	-	-	-

30 June 2020 – Contractual cash flows

30 June 2020 – Contractual Cash Flows	Carrying amount \$	Total \$	Less than 12 months \$	1-2 Years \$	2-5 years \$	More than 5 years \$
Non derivative financial liabilities						
Obsidian	3,903,889	4,203,889	4,203,889	-	-	-
LI Capital Global	85,200	85,200	85,200	-	-	-
Loan – A Kavasilas	211,113	211,113	211,113	-	-	-
Loan – other	90,545	90,545	90,545	-	-	-
Trade and other payables	2,067,980	2,067,980	2,067,980	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

PRICE RISK

The Group's anticipated value of the South Johnstone Bauxite project is affected by the price of bauxite and shipping. Any rise or fall of the price of bauxite or shipping costs may affect the project's value accordingly. Similarly for the various market prices of cannabis products produced by the Company.

MARKET RISK

Market risk is the risk that changes in market prices will affect the Group, for example changes in interest rates, and changes in share price for investments at FVTPL.

c. Financial Instrument interest rate risk

The tables below disclose the contractual interest rates applicable for financial statements and a sensitivity analysis of movements in variable interest rates.

Consolidated Entity										
	Weighted average effective interest rate		Interest bearing fixed		Interest bearing - floating		Non-interest bearing		Total	
	2021 %	2020 %	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Financial Assets:										
Cash and cash equivalents		1.98%	-	-	10,572,953	7,416,995	100	100	10,573,053	7,417,095
Trade and other receivables	-	-	-	-	-	-	259,895	709,632	259,895	709,632
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	1,960,964	2,067,980	1,960,964	2,067,980
Current tax liability	-	-	-	-	-	-	292,666	292,666	292,666	292,666
Other financial liabilities		38.10%	-	-	-	-	77,515	4,290,747	77,515	4,290,747

INTEREST RATE SENSITIVITY ANALYSIS

At 30 June 2021, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2021 \$	2020 \$
Increase in interest rate by 1%	105,730	74,170
Decrease in interest rate by 1%	(105,730)	(74,170)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

d. Fair values vs carrying amounts

The fair values of financial assets and liabilities, together with carrying amounts shown on the statement of financial position, are as follows:

	Total carrying amount	Fair value	Total carrying amount	Fair value
	2021	2021	2020	2020
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	10,573,053	10,573,053	7,417,095	7,417,095
Trade and other receivables	259,895	259,895	709,632	709,632
Financial Liabilities				
Trade and other payables	1,960,964	1,960,964	2,067,980	2,067,980
Current tax liability	292,666	292,666	292,666	292,666
Other financial liabilities	77,515	77,515	4,290,747	4,290,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 7. Operating segments

a. Basis for segmentation

The Group has three reportable segments; hemp and medical cannabis products, mining exploration and evaluation and corporate. The corporate segment includes all of our initiatives in corporate growth activities and provides administrative, technical and financial support.

b. Information about reportable segments

Information related to each reportable segment is set out below.

Consolidated 30 June 2021	Cannabis	Mining Exploration and Evaluation	Corporate	Total
Segment revenues	1,488,031	-	-	1,488,031
Revenues	1,488,031	-	-	1,488,031
Interest Income	-	-	163,630	163,630
Depreciation	(41,932)	(2,674)	-	(44,606)
Amortisation	(110,412)	-	-	(110,412)
Impairment of intangible assets	(138,000)	-	-	(138,000)
Impairment of receivables	-	-	(242,719)	(242,719)
Exploration expenditure written off	-	(308,604)	-	(308,604)
Finance costs	-	-	(99,520)	(99,520)
Other costs	(1,840,242)	-	(3,638,042)	(5,478,284)
Loss before tax	(642,555)	(311,278)	(3,816,651)	(4,770,484)
Income tax expense	-	-	-	-
Loss after tax	(642,555)	(311,278)	(3,816,651)	(4,770,484)
Capital expenditures	45,111	-	-	45,111
Total assets	5,799,969	2,288,948	10,647,416	18,736,333
Total liabilities	435,110	-	1,957,265	2,392,375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 7. Operating segments (continued)

Consolidated – 2020	Cannabis	Mining Exploration and Evaluation	Corporate	Total
Revenue				
Segment revenues	1,805,004	-	-	1,805,004
Less: Intersegment revenues	-	-	-	-
Total revenue	1,805,004	-	-	1,805,004
Interest income	-	-	124,725	124,725
Depreciation	(40,961)	(4,603)	-	(45,564)
Amortisation	(33,574)	-	-	(33,574)
Impairment of receivables	-	-	79,258	79,258
Finance costs	-	-	(2,008,579)	(2,008,579)
Other costs	(3,798,649)	-	(4,173,429)	(7,972,078)
Loss before income tax expense	(2,068,180)	(4,603)	(5,978,025)	(8,050,808)
Income tax expense	-	-	-	-
Loss after income tax expense	(2,068,180)	(4,603)	(5,978,025)	(8,050,808)
Capital Expenditures	16,834	214,727	-	231,561
Total assets	6,497,774	2,471,882	7,578,201	16,547,857
Total liabilities	797,740	-	5,992,069	6,789,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 7. Operating segments (continued)

c. Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Major product lines	Hemp food products 2021 \$	Chia food products 2021 \$	Other revenue 2021 \$	hemp food products 2020 \$	Chia food products 2020 \$
Seed	305,815	381,550	-	1,594,394	-
Oil	291,758	23,721	-	26,187	-
Bi-Products	57,157	-	-	1,746	-
Protein	129,439	-	-	58,194	-
Flour	10,922	15,668	-	23,278	-
Capsules	133,221	6,104	-	10,475	-
Smoothies Blends	1,658	-	-	7,856	-
Other	-	-	131,019	59,593	-
Total	929,969	427,043	131,019	1,781,723	-
Geographical regions					
Australia	849,787	156,365	117,190	1,050,192	-
Rest of the World	80,182	270,678	13,829	731,531	-
Total	929,969	427,043	131,019	1,781,723	-
Timing of revenue recognition					
Goods transferred at a point in time	929,969	427,043	65,843	1,630,532	-
Services transferred at a point in time	-	-	65,176	151,191	-
Total	929,969	427,043	131,019	1,781,723	-

Note 8. Revenue and other income

Consolidated	2021 \$	2020 \$
Revenue from sale of goods	1,422,855	1,630,532
Revenue from services	15,163	151,191
Management fees recharges	50,013	-
Other income		
Foreign currency exchange gain realised	595,750	7,313
Research & Development Grant for Fy18	-	23,281
Total	2,083,781	1,812,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 9. Cost of goods sold

Consolidated	2021 \$	2020 \$
Seed and other related product cost	817,701	871,677
Product packaging	33,843	71,236
Shipping & Freight Outward	120,370	155,765
Other cost of goods sold	26,300	96,315
Salaries and consulting fees	164,068	116,867
Total	1,162,283	1,311,860

Note 10. Expenses

Consolidated	2021 \$	2020 \$
Administrative & Corporate expenses		
Salaries and consulting fees corporate	(1,043,279)	(576,390)
Salaries and consulting fees Food Division	(452,453)	(577,398)
Salaries and consulting fees Cultivation Division	(60,000)	-
Salaries and consulting fees Medical Cannabis Division	(198,867)	-
Audit fees	(137,604)	(95,906)
Accountancy fees	(217,593)	(248,743)
Shareholders' services	(342,870)	(141,296)
Other administrative expenses	(115,359)	(36,670)
Total	(2,568,026)	(1,673,403)
Occupancy expenses		
Warehouse Food Division ¹	(31,177)	(107,202)
Headquarter offices corporate	(23,751)	(5,703)
Total	(54,748)	(112,905)
Depreciation and amortization		
Depreciation of property, plant and equipment	(44,607)	(45,564)
Depreciation of right-of-use asset	(78,143)	-
Amortisation of Intangible assets	(32,268)	(33,574)
Total	(155,018)	(79,138)

¹ The company adopted AASB 16: Leases as at July 2019, which changed the accounting treatment of occupancy expenses where qualifying lease agreements are entered into. The occupancy expenses of the warehouse in the prior year were not incurred under a qualifying lease agreement and so continued to be classified as occupancy expense. At 30 June 2020 a new warehouse lease agreement was executed, whereby the lease payments are allocated between lease liability principal and interest expense. Only lease outgoings continue to be classified as occupancy expense. As a result the occupancy expense appears lower than the prior year even though the total payments remain similar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 11. Net Finance Costs

Consolidated	2021 \$	2020 \$
Interest income on cash at bank	163,630	124,725
Finance Income	163,630	124,725
Financial liabilities measured at amortised cost – interest expense	(99,520)	(2,008,579)
Finance Costs	(99,520)	(2,008,579)
Net Finance Costs	64,110	(1,883,854)

Note 12. Earnings per share

Consolidated	2021 \$	2020 \$
Basic Earnings per Share		
a. Basic loss per share (cents)	(0.10)	(0.25)
Loss attributable to ordinary shareholders	(4,770,484)	(8,012,138)
Earnings used to calculate basic EPS (\$)	-	-
b. Issued ordinary shares at 1 July	3,339,989,043	1,612,435,425
Effect of shares issued during the year	5,657,766,970	1,530,967,451
Weighted average number of ordinary shares at 30 June	4,909,331,066	3,143,402,876
Diluted Earnings per Share		
a. Diluted loss per share (cents)	(0.10)	(0.25)
Loss attributable to ordinary shareholders (\$)	(4,770,484)	(8,012,138)
Earnings used to calculate diluted EPS (\$)	(4,770,484)	(8,012,138)
b. Weighted average number of ordinary shares (basic)	4,909,331,066	3,143,402,876
Weighted average number of ordinary shares (diluted) at 30 June	4,909,331,066	3,143,402,876

As at 30 June 2021, 807,321,241 options (2020: 56,140,000) and 50,000,000 performance shares (2020: 50,000,000) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 13. Share based payment arrangement

Description of the share based payment arrangements.

The following share based payment arrangements exist as at 30 June 2021.

ORDINARY SHARES GRANTED

On 6 August 2020, the Company issued 8,887,086 shares to Medcan Australia as consideration for facilitation services. The number of shares allotted was determined using a VWAP calculation of \$ 0.005992 per share, resulting in consideration for facilitation services of \$53,250.

On 15 October 2020, the Company issued 18,591,013 shares to Medcan Australia as consideration for facilitation services. The number of shares allotted was determined using a VWAP calculation of \$ 0.004478 per share, resulting in consideration for facilitation services of \$83,250.

On 15 December 2020, the Company issued 8,000,000 shares to contractors as consideration for consulting fees. The share price at the grant date was \$0.005 per share, resulting in consideration for consulting services of \$40,000.

On 2 February 2021, the Company issued 2,916,667 shares to Franc Zvonar as consideration for consulting fees. The share price at the grant date was \$0.009 per share, resulting in consideration for consulting services of \$26,250.

OPTIONS GRANTED

On 15 March 2021, 15,000,000 options were granted as consideration for brokerage fee. Options were valued at \$0.0089, resulting in consideration for broker services of \$13,350.

The following share based payment arrangements exist as at 30 June 2020.

ORDINARY SHARES GRANTED

On 19 July 2019 the Company issued 5,405,405 shares to Sebastian and Samuel Edwards as consideration for T12 management fees. The share price at the grant date was \$0.035 per share, resulting in consideration for consulting services of \$189,189.

On 19 July 2019, the Company issued 2,250,000 shares to Medcan Australia as consideration for facilitation services. The share price at grant date was \$0.035 per share, resulting in consideration for facilitation services of \$78,750.

On 15 November 2019, the Company issued 10,250,295 shares to consultants as consideration for consulting services. The share price grant date was \$0.025, resulting in consideration for consulting services of \$256,257.

On 26 November 2019, the Company issued 3,330,000 shares to Medcan Australia as consideration for facilitation services. The share price at the grant date was \$0.025 per share, resulting in consideration for facilitation services of \$83,250.

On 5 February 2020, the Company issued 1,956,054 shares to Neil Sweeny as consideration for consulting fees. The share price at the grant date was \$0.015 per share, resulting in consideration for consulting services of \$30,000.

On 8 April 2020, the Company issued 13,512,779 shares to Medcan Australia as consideration for facilitation services. The share price at the grant date was \$0.01 per share, resulting in consideration for facilitation services of \$136,500.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 13. Share based payment arrangement (continued)

Expenses recognised in Profit & Loss

Consolidated Entity	2021 \$	2020 \$
Equity settled share based payment transactions		
Consulting fees – ordinary shares granted	202,750	773,946
	202,750	773,946

Reconciliation of outstanding share options

	2021	2021	2020	2020
	Number of options	Weighted Average Exercise price	Number of options	Weighted Average Exercise price
Outstanding at the beginning of the year	56,140,000	0.039	31,140,000	0.05
Granted	751,249,241	0.012	25,000,000	0.025
Forfeited	-	-	-	-
Exercised	(60,000)	0.012	-	-
Expired	-	-	-	-
Outstanding at year-end	807,329,241	0.01	56,140,000	0.039
Exercisable at year-end	807,329,241	0.014	56,140,000	0.039

There were 60,000 options exercised during the year ended 30 June 2021 (2020: Nil) in respect of share-based payment arrangements.

Note 14. Key Management Personnel Disclosure

a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Pnina Feldman	Executive Chairperson
Sholom Feldman	Executive Director
John Easterling	Non-Executive Director
David Austin	Non-Executive Director
Jonathan Cohen	Non-Executive Director
Marion Lesaffre	Chief Operating Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 14. Key Management Personnel Disclosure (continued)

b. The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

Consolidated	2021 \$	2020 \$
Short-term employee benefits	920,239	878,735
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	50,000	-
	970,239	878,735

SHORT TERM EMPLOYEE BENEFITS

These amounts include fees and benefits paid to non-executive directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to the executive Chairperson, executive directors and other KMP.

POST-EMPLOYMENT BENEFITS

These amounts are the current-year's costs of providing for superannuation contributions under the Australian Government's superannuation guarantee scheme.

OTHER LONG-TERM BENEFITS

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

SHARE BASED PAYMENT EXPENSE

These amounts represent the expense related to the participation of specified executives in equity-settled benefit schemes as measured by the fair value of the shares granted on grant date.

Note 15. Auditors' Remuneration

	2021 \$	2020 \$
Remuneration of the auditor of the parent entity for:		
An audit or review of the financial report of the Company		
- Current year	90,604	57,556
- Half-year	47,000	38,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 16. Related Party Transactions

Identity of related parties

The Group has related party relationships with its subsidiaries, its associate entity, its key management personnel, and companies related due to common directorships of Pnina Feldman and Sholom Feldman, being directors of both Cann Global Limited 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, and the variation deed dated 1 July 2018, for the provision by AGMPL of executive and corporate services, including geological and technical expertise, to the Group by the following executives:

- Pnina Feldman – Executive Director
- Dr Robert Coenraads – Head Geologist, Exploration and Mining; and
- Sholom Feldman – Chief Executive Officer and Managing Director.

AGMPL is a company owned and controlled by Pnina Feldman. Each of Pnina Feldman, Dr Robert Coenraads and Sholom Feldman has 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 and mirrors the Management Services Agreement in respect of termination provisions.

The provision by AGMPL of geological and technical expertise services was terminated during the half-year ended 31 December 2020.

AGMPL services	2021 \$	2020 \$
Rent	-	25,635
Management and secretarial	-	180,000
Geologist fees	36,000	198,000
Executive and corporate services (Directors Fees)	624,000	624,000
Reimbursement of expenses	-	13,543
Marketing services (note i)	-	200,579
Administration services	-	54,000
Total	660,000	1,295,757

Other transactions with related parties

The Company paid directors' fees of \$37,397 (2020: \$30,000) for the non-executive director, Jonathan Cohen, during the year ended 30 June 2021.

The Company paid directors' fees of \$38,265 (2020: \$30,000) to the non-executive director, David Austin, during the year ended 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 16. Related Party Transactions (continued)

Loans advanced to director related companies	2021 \$	2020 \$
NON-CURRENT		
Volcan Australia Corporation Pty Ltd	1,200,000	1,200,000
Expected credit loss recognised as at 31 December 2020	(1,200,000)	(1,200,000)
Due for repayment on 14 December 2012 ¹		

¹The loan to Volcan Australia Corporation Pty Ltd (VAC) was not a cash loan from CGB to VAC, but the amount that was to be paid by VAC in consideration for the transfer to Volcan Australia Corporation Pty Ltd of a sapphire mining project ML1492 from the company pursuant to the transactions completed on 14th December 2010 as approved at the time by shareholders at an EGM. VAC was to have invested in the development of that asset and monetised that asset within that time period, and pay CGB the above amount. This amount was unsecured, due for payment in cash on 14th December 2012 from the proceeds of the mine, and there was no interest payable on the amount due. Following the transactions in 2010, although VAC did invest in the asset as contemplated, the markets for sapphires worsened and VAC was not able to monetise the asset prior to 14th December 2012. The directors have agreed that it is in CGB's interest to allow VAC further time to endeavour to monetise the asset to make the agreed payment from that asset. As the timing of this payment is at present uncertain, it is considered prudent for this amount to be impaired in the accounts until the payment is able to be made.

Loans provided by director	2021 \$	2020 \$
Andrew Kavasilas (MCL Director)	-	211,113

Note 17. Cash and cash equivalent

Consolidated	2021 \$	2020 \$
Cash on hand	100	100
Cash at bank	10,572,953	7,416,995
Cash and cash equivalents in the statement of cash flows	10,573,053	7,417,095

Note 18. Trade and other receivables

Consolidated	2021 \$	2020 \$
Current		
Trade receivables	236,542	554,968
Other receivables	23,353	154,664
Balance as at 30 June	259,895	709,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 19. Inventories

CURRENT	2021 \$	2020 \$
Seeds and crops in progress – at cost	-	12,675
Stock Deposit	88,956	140,996
Finished goods – at cost	385,062	335,804
Balance as at 30 June	474,018	489,475

Note 20. Exploration and Evaluation

	2021 \$	2020 \$
NON-CURRENT		
EPM 18463		
Balance as at 1 July	2,451,028	2,238,019
Mining permits, tenement acquisition and administration and geologist expenses	136,024	213,009
Exploration written off	(308,604)	-
Balance as at 30 June	2,278,448	2,451,028

The Exploration and Evaluation asset of \$2,278,448, relates to the South Johnstone Project, Queensland, mining tenement EPM 18463. This mining tenement was renewed until 25 May 2022. As per the renewal guidelines, the company had to relinquish some units and as a result the company has written off exploration expenditure that had been previously capitalised, relating to drilling work that had been undertaken on those units. Those units contained no bauxite resource.

Note 21. Plant and equipment

Consolidated	2021 \$	2020 \$
NON-CURRENT		
Mining Equipment		
At cost	202,632	195,426
Accumulated depreciation	(194,106)	(187,366)
Total	8,526	8,060
Plant and Equipment		
At cost	564,658	564,659
Accumulated depreciation	(124,127)	(86,261)
Total	440,531	478,398
Total written down amount	449,057	486,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 21. Plant and equipment (*continued*)

Movements in carrying amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment \$	Mining Equipment \$	Total \$
Carrying amount year ended 30 June 2019	60,741	12,662	73,403
Additions	16,834	-	16,834
Acquisition of Hemp Hulling Co	441,785	-	441,785
Depreciation expense	(40,962)	(4,602)	(45,564)
Carrying amount year ended 30 June 2020	478,398	8,060	486,458
Additions	-	7,206	7,206
Depreciation expense	(37,867)	(6,740)	(44,607)
Carrying amount year ended 30 June 2021	440,531	8,526	449,057

Note 22. Right-of-use assets

Consolidated	2021 \$	2020 \$
NON-CURRENT		
Land and buildings - right-of-use	138,416	138,416
Less: Accumulated depreciation	(78,143)	-
Balance as at 30 June	60,273	138,416

The Group leases land and buildings for its factory under agreements of two years. On renewal, the terms of the leases are renegotiated. There is no renewal option held by the Group on these leases.

Note 23. Intangible assets

Consolidated	2021 \$	2020 \$
Seedbank and plant genetics	230,000	230,000
Accumulated amortisation	(92,000)	(69,000)
Impairment of intangible assets	(138,000)	-
Goodwill	4,322,016	4,322,016
Intellectual property - website at cost	82,005	44,100
Accumulated amortisation	(36,474)	(27,206)
Trademark	1,250	1,250
Total intangible assets	4,368,797	4,501,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 23. Intangible assets (continued)

Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

Consolidated	Intellectual property Website \$	Seedbank and plant genetics \$	Goodwill \$	Trademark \$	Total \$
Carrying amount at 30 June 2020	16,894	161,000	4,322,016	1,250	4,501,160
Additions	37,905	-	-	-	37,905
Amortisation	(9,268)	(23,000)	-	-	(32,268)
Impairment seedbank	-	(138,000)	-	-	(138,000)
Carrying amount at 30 June 2021	45,531	-	4,322,016	1,250	4,368,797

IMPAIRMENT TESTING

The recoverable amount of goodwill is based on the Directors' estimate of value in use of the cash generating unit to which it relates. Medical Cannabis Ltd is considered to be one cash generating unit (CGU), Hemp Hulling Co (QLD) Pty Ltd and T12 Holdings Pty Ltd are combined considered to be another cash generating unit (CGU). The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value. The resulting value in use is compared to the carrying value for the CGU at balance date and in the event that the carrying value exceeds the recoverable amount, an impairment loss is recognised. No reasonable change in assumptions would result in the recoverable amount of the CGU's being materially less than the carrying values.

Note 24. Investments

Consolidated	2021 \$	2020 \$
Investment in Koegas Medicinal Herb (Pty) Ltd (Note i)	200,000	200,000
Investment written off	(200,00)	-
Total	-	-

i. On 19 December 2019, Cann Global entered into a Heads of Agreement with South African Company Koegas Medicinal Herb (Pty) Ltd to establish a Joint Venture entity. The JV entity was going to operate in Medicinal Cannabis Production and Distribution in Africa. Due to COVID-19 delays Cann Global was not able to progress this JV. At this time it is no longer being pursued. Should Cann Global wish to revisit this opportunity, it would need to restart discussions. Accordingly, Cann Global has written-off the existing carrying value of this investment, represented by a now expired option fee for exclusivity on further due diligence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 25. Equity accounted investee

	2021 \$	2020 \$
Pharmacann Global Pty Ltd (Note i)	140,559	-
Canntab Therapeutics Australia (Note ii)	69,220	2
Total	209,779	2

i. On 1 July 2020, the Group acquired a 50% equity interest in the associate Pharmacann Global Pty Ltd. The 50% owned joint venture with Pharmacann is developing a premium range of 100% plant-based skincare products.

	2021 \$	2020 \$
Equity interest held	50%	50%
Current assets	6,025	-
Non-current assets	25,000	-
Current liabilities	(3,519)	-
Non-current liabilities	(249,614)	-
Net liabilities	(222,108)	-
Group's share of net liabilities (50%)	(111,054)	-
Revenue	-	-
Loss from continuing operations	(268,108)	-
Other comprehensive income	-	-
Total comprehensive income	(268,108)	-
Group's share of total comprehensive income (50%)	(134,054)	-

Reconciliation of carrying value of investment	2021 \$	2020 \$
Share of net liabilities of associate	(111,054)	-
Other amounts invested	251,613	-
Carrying value of investment in associate	140,559	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 25. Equity accounted investee (continued)

ii. On 27 December 2017, the Group entered a 50:50 joint venture arrangement with Canntab Therapeutics Ltd, named Canntab Therapeutics Australia (JV). The JV is involved in preparatory activities for the future distribution of pharmaceutical grade medicinal cannabis tablets.

	2021 \$	2020 \$
Equity interest held	50%	50%
Current assets	43,697	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	(116,253)	-
Net liabilities	(72,556)	-
Group's share of net liabilities (50%)	(36,278)	-
Revenue	-	-
Loss from continuing operations	(72,556)	-
Other comprehensive income	-	-
Total comprehensive income	(72,556)	-
Group's share of total comprehensive income (50%)	(36,278)	-

Reconciliation of carrying value of investment	2021 \$	2020 \$
Share of net liabilities of associate	(36,278)	-
Other amounts invested	105,498	-
Carrying value of investment in associate	69,220	-

Note 26. Share Capital

Shares on Issue

	2021 \$	2020 \$
Share capital on issue		
5,707,766,970 (30 June 2020: 3,389,989,043) fully paid ordinary shares (no par value)	94,084,844	83,409,575
50,000,000 (2020: 50,000,000) performance shares (no par value)	750,000	750,000
	94,834,844	84,159,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 26. Share Capital (continued)

	2021 Number	2021 \$	2020 Number	2020 \$
Ordinary shares				
At the beginning of reporting period	3,389,989,043	83,409,575	1,612,435,425	28,850,842
Share based payments	38,394,766	-	36,704,533	-
Capital raising	1,565,498,480	7,827,492	170,000,000	5,950,000
Acquisition MCL 45%	-	-	1,154,250,000	40,398,750
Acquisition HHC 30%	-	-	40,540,541	1,418,919
Acquisition T12 100%	-	-	21,621,621	756,757
Investment in Cann Global South Africa	-	-	10,000,000	200,000
Collateral shares - LI Capital	-	-	35,000,000	-
Share placement	-	-	59,000,000	668,560
Conversion of convertible securities into ordinary shares - LI Capital	-	-	142,218,947	2,390,145
Collateral shares - Obsidian	-	-	25,000,000	-
Conversion of seed loans into ordinary shares	-	-	76,932,262	2,692,629
Conversion of loan into ordinary shares	32,000,000	160,000	6,285,714	176,000
Conversion of convertible securities into ordinary shares - Obsidian	681,824,681	3,394,798	-	-
Loss on equity conversion	-	175,031	-	-
Less: Cost of capital raising	-	(404,847)	-	93,028
Option reserve ¹	-	(477,925)	-	-
Options exercised	60,000	720	-	-
At reporting date	5,707,766,970	94,084,844	3,389,989,043	83,409,575
Performance shares				
At the beginning of reporting period	50,000,000	750,000	50,000,000	750,000
At reporting date	50,000,000	750,000	50,000,000	750,000
	5,757,766,970	94,834,844	3,439,989,043	84,159,575

¹ Fair value of free options attaching to capital raised during the year and recognised in a separate reserve.

Terms and Conditions of Issued Capital

ORDINARY SHARES

Ordinary shares have the right to receive dividends as declared by the board and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle the holder to one vote either in person or by proxy at a meeting of the Company.

PERFORMANCE SHARES

Performance shares do not have the right to receive dividends as declared by the board and, in the event of winding up the Company, do not participate in the proceeds from the sale of any surplus assets. Performance shares do not entitle the holder to a vote either in person or by proxy at a meeting of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 27. Reserves

(i) Share based payment reserve.

The share-based payments reserve records items recognised as expenses on share-based payments.

	2021 \$	2020 \$
Balance as at 1 July	6,027,318	5,253,372
Equity settled share based payment – consulting fees	202,750	773,946
Balance as at 30 June	6,230,068	6,027,318

(ii) Option reserve

	2021 \$	2020 \$
Balance as at 1 July		
Fair value of free attaching options to capital raisings	477,925	-
Balance as at 30 June	477,925	-

(iii) Acquisition of Non-Controlling Interest Reserve

Additional acquisition of remaining 45% shares in Medical Cannabis Limited in accordance with the Replacement Prospectus Transaction approved by shareholders' meeting held on 2 July 2019. As MCL was already a controlled entity of CGB at the time of the acquisition of the additional 45%, the additional equity consideration is recognised directly in equity as a negative reserve as follows:

	\$
Fair value of shares issued as consideration for the acquisition	40,398,750
Add: NCI negative carrying value at acquisition date	2,099,509
Balance of Acquisition of NCI Reserve	42,498,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 28. Other financial liabilities

	2021 \$	2020 \$
CURRENT		
Loan from MCL Director – unsecured (Notes 31d and 33)	-	21,113
Loan from other party – unsecured (Note 31d)	77,515	90,545
Convertible securities – LI Capital pursuant to the financing agreement – secured	-	85,200
Convertible securities – Obsidian pursuant to the financing agreement – secured	-	3,903,889
	77,515	4,290,747

Note 29. Trade and other payables

	2021 \$	2020 \$
Current		
Unsecured Liabilities		
Other creditors	3,090	3,025
Unearned revenue	3,699	65,000
Trade payables	1,759,193	1,959,065
Provisions	124,982	-
Accrued expenses	70,000	40,890
	1,960,964	2,067,980

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 30. Controlled entities

	Country of incorporation	Percentage owned (%)	
		2021 \$	2020 \$
Controlled entities consolidated			
Parent entity:			
Cann Global Limited	Australia	100%	100%
Subsidiaries of Cann Global Limited			
South Johnstone Bauxite Pty Ltd	Australia	100%	100%
Volcan Queensland Bauxite Pty Ltd	Australia	100%	100%
Medical Cannabis Limited	Australia	100%	100%
Medical Cannabis Research Group Pty Ltd	Australia	100%	100%
Vitahemp Pty Ltd	Australia	95%	95%
Vitaseeds Pty Ltd	Australia	100%	100%
Vitacann Pty Ltd	Australia	100%	100%
T12 Holdings Pty Ltd	Australia	100%	100%
Hemp Hulling Co (QLD) Pty Ltd	Australia	55%	55%
Cann Global Asia Pty Ltd	Australia	55%	55%
Cann Global Thailand Pty Ltd	Australia	55%	55%
Medical Cannabis (Cambodia) Co., Ltd	Cambodia	51%	51%

Note 31. Non-controlling interest

	2021 \$	2020 \$
Non-controlling interest in equity – Balance as at 1 July	(60,042)	(2,108,811)
Non-controlling interest in share capital raising – Medical Cannabis Limited	-	2,087,439
Non-controlling interest in share capital raising – Cann Global Thailand Pty Ltd	450	-
Transfer from accumulated losses to non-controlling interest	-	-
(Loss) attributable to non-controlling interest	(149,116)	(38,670)
Total non-controlling interests balance as at 30 June	(208,708)	(60,042)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 32. Commitment for expenditure

	2021 \$	2020 \$
Exploration and evaluation (Note i)		
– not later than 1 year	214,400	135,780
– later than 1 year but no later than 5 years	-	145,780
Research and development		
Canntab therapeutics (Note ii)		
– not later than 1 year	-	-
– later than 1 year but no later than 5 years	1,191,869	1,297,365
TRDF Israel Research (Note iii)		
– not later than 1 year	-	900,000
– later than 1 year but no later than 5 years	-	285,714

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

ii. 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).

iii. On 16 February 2018 Medical Cannabis Research Group and The Research Development Foundation entered into a research funding agreement. Under the agreement, MCRG is required to pay \$4.1 million (USD\$2.87 million) over a four-year period. During the half-year Cann Global has chosen to continue research and trials for medicinal cannabis use for Multiple Sclerosis in Australia and has terminated its research agreement with TRDF early reducing its commitment for expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 33. Cash flow information

	2021 \$	2020 \$
a. Reconciliation of cash flows from operating activities		
Loss for the year	(4,770,484)	(8,050,808)
Non-cash flows in loss		
Share of loss of equity-accounted investee - net of tax	170,332	-
Depreciation and amortisation	155,018	79,138
Impairment of seedbank	138,000	-
Impairment of Investment	200,000	-
Exploration written off	308,604	-
Security deposit	(1,362)	(500)
Share based payments expense	202,750	773,946
Impairment of receivables	242,719	(79,258)
Finance cost	99,495	2,008,575
Consultancy fees	238,350	-
Advertising expense	145,375	-
Legal fees	394,838	-
(Gain/loss) on equity settled liabilities	(518,755)	399,345
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Decrease in other receivables	4,968	-
Decrease/(increase) in trade debtors	167,751	(156,098)
Decrease/(increase) in prepayments	91,579	(146,729)
(Increase) in rental bond	(6,358)	-
Decrease in GST receivable	36,193	238,105
Decrease/(increase) in inventory	15,457	(198,057)
(Decrease)/increase in trade payables, accruals and other creditors	3,835	291,079
(Decrease)/increase in unearned revenue	(61,301)	65,000
Net cash used in operating activities	(2,742,998)	(4,776,262)
b. Non-cash investing and financing activities		
	2021 \$	2020 \$
Conversion of convertible notes and loans into ordinary shares - refer note 26	3,729,829	5,258,775
Option exercised - refer note 26	720	-
Consulting fees - ordinary shares granted - refer note 13	202,750	773,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 33. Cash flow information (continued)

c. Changes in liabilities arising from financing activities	Seed capital loans	Andrew Kavalas	L1 Capital	Meyer Gutnick	Other loan	Obsidian	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2019	3,638,575	694,021	1,804,035	115,037	153,333	-	6,405,001
Cash movements							
Net cash provided by financing activities:							
Convertible securities Issued	-	-	2,833,200	-	-	-	2,833,200
Loans repaid	(1,758,000)	(482,908)	-	(115,037)	-	-	(2,355,945)
Other loan advanced	-	-	-	-	90,545	-	90,545
Non-cash movements:							
Assignment to Obsidian	-	-	(3,772,000)	-	-	3,772,000	-
Finance cost recognised	762,055	-	1,091,968	-	22,667	131,889	2,008,579
Loss on equity settled liability	-	-	399,345	-	-	-	399,345
Conversion to shares	(2,692,630)	-	(2,390,145)	-	(176,000)	-	(5,258,775)
Other	50,000	-	118,797	-	-	-	168,797
Balance at 30 June 2020	-	211,113	85,200	-	90,545	3,903,889	4,290,747
Non-cash movements:							
Foreign exchange gain on conversion of convertible notes	-	-	-	-	-	(594,292)	(594,292)
Conversion to shares	-	(160,000)	(85,200)	-	-	(3,309,597)	(3,554,797)
Cash movements:							
Loans repaid	-	(51,113)	-	-	(16,817)	-	(67,930)
Other loan advanced	-	-	-	-	3,787	-	3,787
Balance at 30 June 2021	-	-	-	-	77,515	-	77,515

Note 34. Accumulated losses

	2021 \$	2020 \$
Balance as at 1 July	(37,870,544)	(29,858,406)
Loss for the year	(4,770,484)	(8,050,808)
Non-controlling interest in operating loss	149,116	38,670
Balance as at 30 June	(42,491,911)	(37,870,544)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 35: Parent entity disclosures

As at and throughout the financial year ending 30 June 2021 the parent entity of the Group was Cann Global Limited.

Financial Position of parent entity at year end	2021 \$	2020 \$
Assets		
Current assets	10,608,407	7,559,344
Non-current assets	150,885	209,311
Total assets	10,759,292	7,768,655
Liabilities		
Current liabilities	629,358	646,762
Non-current liabilities	-	3,989,089
Total liabilities	629,358	4,635,851
Total equity of the parent entity comprising of		
Issued capital	94,834,844	84,159,575
Share based payment reserve	6,257,876	5,577,201
Accumulated losses	(90,962,786)	(86,603,972)
Total equity	10,129,934	3,132,804
Financial performance		
Loss for the year	(4,358,814)	(58,083,842)
Other comprehensive income	-	-
Total comprehensive loss for the year	(4,358,814)	(58,083,842)

Note 36. Company details

The registered office of the Company and principal place of business is:

Cann Global Limited
Level 21, 133 Castlereagh Street
SYDNEY NSW 2000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

Note 37. Capital Management Policies

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern. The Group monitors capital on the basis of the carrying amount of equity. In order to maintain or adjust the capital, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The amounts managed as capital by the Group for the reporting periods under review are summarised as follows:

	2021 \$	2020 \$
Total equity	16,343,959	9,758,048
Capital	16,343,959	9,758,048

Note 38. Subsequent events

Change to Board Structure

On the 30 August 2021, the company announced the retirement of Executive Chair, Prina Feldman and the appointment of independent, non-executive chair David Austin. The Board has granted Mrs Feldman 70,000,000 shares for her long term service, as per the terms of her contract. This share issuance, as disclosed in the announcement to market dated 30th August 2021, will be subject to shareholder approval and will be put to shareholders at the Annual General Meeting to be held in November 2021. Concurrent with Mrs Feldman's retirement, the Company has terminated its arrangements with Australian Gemstone Mining Pty Ltd (AGMPL), a related party of Mrs Feldman.

Coronavirus (COVID-19) pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.



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