



Cann Global Limited  
ABN 18 124 873 507  
And Controlled Entities

# Half-Year Report

For the half-year ended 31 December 2018





## EXECUTIVE CHAIRPERSON'S REPORT

Pnina Feldman

Dear Shareholders,

I am very happy to present the full report of the company's operations for the half year period under the new company name, Cann Global Limited.

### FACING THE GLOBAL CHALLENGES AND OPPORTUNITIES

2018 was a year of challenges and triumphs.

The Board of Queensland Bauxite Limited ("ASX: QBL"), now renamed Cann Global Limited ("ASX: CGB" or "the Company"), recognised that in order for the company to grow, we would need to undertake a re-compliance to satisfy the listing requirements of the ASX and to formally recognise, that the majority of our new business activities were focused on the development of our Hemp and Medical Cannabis entities. The re-compliance period began at the end of July and has taken much longer to complete than we had first anticipated.

The company, in discussion with our partners, realised that with the rapidly growing interest in Hemp Food and Medicinal Cannabis, and with the emergence of new players in the Cannabis sector, Cann Global would need to assess its commercial manufacturing timetable, and the proposed use of funds being raised for infrastructure development. The Board, in discussion with our management team, identified potential production delays with our current business model, and with export approvals opening up in Israel, the company took immediate steps to fast track our proposed production schedule by exploring our possible manufacturing options which led us to the broad strategic alliance with Bio Health Pharmaceuticals, a company which is now already producing to their highest quality standards our highly sought after Vitahemp hemp seed oil capsules.

Australia, in 2018, faced unprecedented and harsh climatic conditions which affected both the quality and yields being produced at our Hemp Food crop farms, which has had effects across the broader industry at large. To ensure diversity, and continuing growth in our revenues with our Food Division, the board, in discussion with T12, a company owned by Hemp Hulling Co partners Sebastian and Samuel Edwards, negotiated the inclusion of their specialty food brands in the new merger agreement with Cann Global, including: EM Whole Foods, Black Bag (Export), Blanck & Co, Australian Grown Naturals and OMD online, all of which have distribution in Australia and Asia.

The Summer harvest season of 2019 has continued to prove difficult for Hemp producers across mainland Australia, and throw up challenges for our mainland farmers with ongoing drought conditions in the Eastern states. There were early signs of good crops and maturity in the growth and height of crop stalks with the Summer broad-acre plots, despite some crops receiving minimal rainfall (17 mill.). Andrew, and our farmers, continue to work with agronomists to produce good crops on dry land.

Over the past 12 months, Andrew Kavasilas, CGB's Chief Technical Officer, has been in discussion with some of the world's leading agronomists and seed Plant geneticists regarding hemp seed crop cultivation. Andrew continues to engage with Governments, Policy makers, State based research institutions, other ODC Licence holders and law reform advocates to further initiate, advise and develop the emerging Cannabis industries. In October 2018, the company sought out and began discussions to contract the full-time services of one of Australia's leading seed research and plant geneticists, Malcolm Lamont.

Malcolm has joined the team at Cann Global and will be assisting Andrew and our farmers. In consultation with Andrew, Malcolm will manage the genetic research of the Cannabis plant for the company, and will advise the team on the best genetically suitable seed stock to suit the agronomy of the soil on our farms located throughout Australia. He draws upon over twenty years of practical experience in the plant biotechnology industry and holds degrees in Plant BioTechnology and Molecular Sciences. He has headed research teams for a number of International and Australian companies, with diverse backgrounds ranging from increasing growth rates in forestry trees, to developing biological and engineering solutions for carbon capture from coal fired power stations, and to the natural rehabilitation of mine sites, plant based bioremediation, and waste water streams, including those of the Coal Seam Gas (CSG) industry.

## **PREPARING FOR THE FUTURE**

We began our infrastructure upgrades at the beginning of 2018 to build and expand our revenue earning food businesses. The Board of Cann Global Limited understood that if we were going to be one of Australia's leading hemp food and medical cannabis companies, and an industry leader in the MM sector, it would require decisions to be made to ensure that we have had solid and strategic partnership agreements in place, quality investment in state of the art infrastructure, and had engaged the services of world-class and leading industry professionals to manage our new Hemp Food/All Natural Foods and Medical Cannabis Divisions. We also understood that during the re-compliance period, adjustments and variations to agreements might be necessary in order to achieve the best outcomes for solid revenue returns moving forward. In 2019, the Board of Cann Global Ltd, submitted a variation of agreement to the ASX which would require shareholder approval.

### **Formalised Agreements with Bio Health Pharmaceuticals and Medcan Australia**

We are very pleased to announce that on the 29<sup>th</sup> of March we signed a formal agreement with Bio Health Pharmaceuticals. The new alliance, and now formalised agreement with Bio Health Pharmaceuticals, a TGA and GMP approved pharmaceutical and complementary medicines manufacturing company, is intended to significantly move forward our production timetable. This required the company to request, from the ASX, a further extension of our re-compliance, to approach our shareholders with a further delay in returning to market, and to renegotiate a variation of agreement with Medcan Australia which was formalised at the same time. (see Company announcement 8 February 2019).

### **Cann Global responds to the legislative changes in Israel**

With the recent changes in the legislative environment in Israel towards medical cannabis and in order to take full advantage of the new export opportunities opening in that country, it was necessary to vary the agreement with the Board of Medcan and to sign the strategic agreement with Bio Health. A further benefit was identified in discussions with the Bio Health management team, when we discovered that Bio Health have the infrastructure in place to produce and manufacture our Pharmocann range of products and our CannTab 'XR' extended relief Cannabis pill formulations out of the same facility.

Bio Health have experienced and dedicated professionals who are fully trained and certified to manufacture GMP standard pharmaceutical products and have approved data/security management protocols in place required to facilitate specialized pharmaceutical preparations and manufacturing procedures. The company also has an independent, full time, 3<sup>rd</sup> party monitor who is on site to ensure compliance in manufacturing and preparation of pharmaceutical products.

### **Restructuring the Board for Global Expansion**

Cann Global is ready to meet the challenges of the new burgeoning Hemp Food and medical Cannabis industries, as such, and in discussions with the ASX, we are very pleased to announce that CGB will have three new Non-Executive Independent Directors who will join the Board to add their unique and distinctive skillset in corporate law, plant genetics and mining law to assist and guide the company through its next expansion stage. (see Company announcement 15th May 2019).

## PREPARING FOR THE FUTURE continued...

Our Food Division team headquartered in Queensland, will continue working with Bio Health producing new to market nutraceuticals for the Australian and Asian markets.

The team from Medcan, in the new variation of agreement, will, subject to the terms of their licenses and subject to any further regulatory approvals and permits as may be required, provide Cann Global with management services to import and export medical cannabis product, grow and research our genetics, manufacture products for market, and will be working closely with the Bio Health team to produce and manufacture our new range of pharmaceuticals, therapeutics and nutraceuticals.

The Board has been very grateful for the cooperation and assistance provided by the team at Medcan Australia. We are also very excited with the range of new consumable products being released to market from the team at T12, as part of our expanded food range, which was launched on 1<sup>st</sup> May 2019.

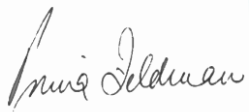
The discovery in Israel, by Prof. David (Dedi) Meiri and his team at the Haifa Technion Cannabis research lab, has indicated in the lab the potential to significantly control the advancement of the Autoimmune Disease, Multiple Sclerosis. Based on the lab results achieved from the 2018 trials, Prof. Meiri believes that this discovery may prove to have the ability to stop progression of this disease. Mice trials are still currently underway, and we await for the updates on the commencement of voluntary human trials. We are privileged to be associated with Prof. Meiri and his team.

As reported in our last Quarterly, we continue to receive overwhelming support for our Capital Raise and have been encouraged with the ongoing interest in share allocation inquiries.

I would like to thank our Board and our dedicated and united management team who have assisted in the rapid development of Cann Global Ltd over the past year. They have been at the forefront of the numerous deals and alliances that have increased the Company's market capitalisation.

We are particularly thankful to our shareholders for giving us both loyalty and encouragement and especially their patience during this extended re-compliance period which has enabled the Company to move forward with all its projects.

Yours sincerely,



Pnina Feldman  
Executive Chairperson  
CANN GLOBAL LIMITED (ASX:CGB)

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# Corporate Directory

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## Directors

### **Pnina Feldman**

(Executive Chairman)

### **Sholom Feldman**

(Managing Director)

### **Meyer Gutnick**

(Non Executive Director)

### **David Austin**

(Alternate Director)

## Company Secretary

Sholom Feldman

## Bankers

National Australia Bank

Law Courts Branch

75 Elizabeth Street

Sydney NSW 2000

## Share Registry

Computershare Investor Services Pty Limited

Level 11, 172 St Georges Tce

Perth WA 6000

Telephone: (08) 9323 2000

## Registered Office

24 Birriga Road

Bellevue Hill NSW 2023

Telephone: (02) 8379 1832

Facsimile: (02) 9291 9099

Email: [sfeldman@canngloballimited.com](mailto:sfeldman@canngloballimited.com)

## Auditors

Nexia Sydney Partnership

Level 16

1 Market Street

Sydney NSW 2000

Telephone: (02) 9251 4600

## Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Ltd (ASX)

## Website

[www.canngloballimited.com](http://www.canngloballimited.com)

## Australian Securities Exchange Code:

CGB

## Directors' report

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Your Directors present their report on Cann Global Limited, consisting of Cann Global Limited ("the Company") and the entities it controlled at the end of or during the half-year ended 31 December 2018.

### Directors

The names of the Directors of the Company at any time during or since the end of the financial year are:

**Pnina Feldman - Executive Chairman**

**Sholom Feldman - Managing Director and Company Secretary**

**Meyer Gutnick - Non-Executive Director**

**David Austin - Alternate Director.**

### Principal Activities

The principal activities of the Group during the half-year ended 31 December 2018 were mining exploration and evaluation, and legally growing, cultivating and producing hemp and medicinal cannabis products in Australia.

There were significant changes in the nature of the Group's metals and mining activities as it moved towards building its investments in the Cannabis industry. As a result, the Company is in the process of re-complying with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

### Review of Operations and Outlook

The consolidated loss for the half-year ended 31 December 2018 was \$4,944,428 (2017 loss \$3,809,922).

# Operations' Report

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CGB presents the following report on activities for the half year ending 31 December 2018.

Highlights:





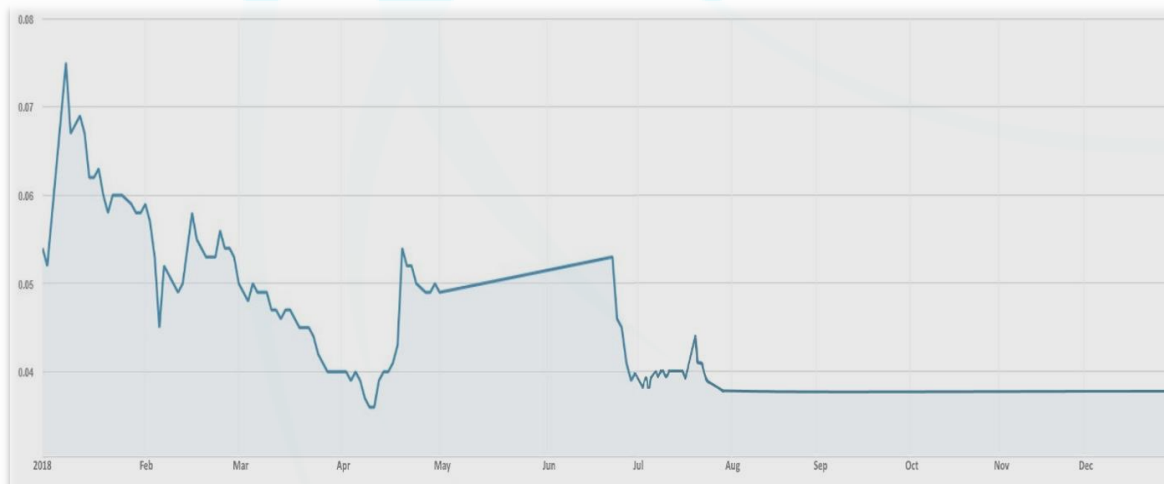
# Corporate Overview – Cann Global Limited

## Corporate Structure

Shares on Issue – Post Acquisition	Current	1,612,435,425
	Post Acquisition	Min. 3,221,667,113 Max. 3,334,667,113
Capital Raise	Minimum	A\$1,995,000
	Maximum	A\$5,950,000
Post Acquisition Market Cap <sup>1</sup>		A\$111,000,000
Pro Forma Cash balance (31 Dec 2018)	Existing (31/12/18)	A\$5,859,218
	Maximum Raised	A\$5,950,000
	Total	A\$11,809,000

<sup>1</sup>Shares issued at \$0.037

1 Year Price Chart



## Board of CGB upon relisting

Pnina Feldman	Executive Chairperson
Sholom Feldman	Managing Director
David Austin	Non-Executive Independent Director
John Easterling	Non-Executive Independent Director
Jonathan Cohen	Non-Executive Independent Director
Andrew Kavasilas	Executive Director - MCL

# Meet the Board of CGB – (upon shareholder approval of the transactions at upcoming EGM)

## **Pnina Feldman** Executive Chairperson

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

## **Sholom Feldman** Managing Director

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

## **John Easterling** N.E. Independent Director

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

## **David Austin** N.E. Independent Director

David Austin is a solicitor practicing in Sydney. He has spent many years in the corporate world in the computer, aerospace and heavy engineering industries, and worked for the Northern Territory Government in the 1980s where he was responsible for petroleum, energy, and pipeline policy. During a secondment, he reviewed the Northern Territory Mineral Royalty Act and devised a new mineral royalty regime which encouraged the development of a number of major mining projects.

## **Jonathan Cohen** N.E. Independent Director

Jonathan Cohen is admitted to practise as a barrister in the State of New South Wales. He completed his Diploma of Law at Sydney University, Legal Practitioners Admission Board in 1998 and was admitted as a lawyer in the Supreme Court of New South Wales in 1999. He was admitted to the Bar in New South Wales in 2007 and has practiced continuously as a barrister in the State of New South Wales. He has also worked in the ACT, Queensland, South Australia and Victoria. He has a broad practice and works amongst other things in the areas of criminal law and commercial law.

## **Andrew Kavasilas** Executive Director - MCL

Andrew is the founder and a director of Medical Cannabis Limited. He is also secretary of the Australian HEMP Party. Andrew has had a long and in-depth association with hemp growing and the research of the therapeutic properties of Cannabis. In 2001/02, Andrew was the only grower in Australia/NSW permitted to cultivate high THC Cannabis for trials. The trials led Andrew to publish his research in 2004, Medical Uses of Cannabis - Information for Medical Practitioners. He is a regular participant at numerous Parliamentary Inquiries on medical and other Cannabis related law reform issues.

# Value Proposition



## Diversified Business Model

Seedbank  
Growing  
Manufacturing  
Hemp food retail  
Medical (human)  
Medical (vet)



## Pre-Existing Revenue Streams

First revenues already generated via CGB's Hemp product divisions with significant growth potential across all divisions



## Clear Australian Strategy

Vertically integrated to maximise shareholder value by becoming leaders in the burgeoning Australian hemp and medicinal Cannabis markets



## Partners Fully Licensed & Certified

Medical Cannabis Australian Cultivation, Manufacturing and Production Licenses for both high THC and CBD medicinal Cannabis products



## Substantial Market Opportunity

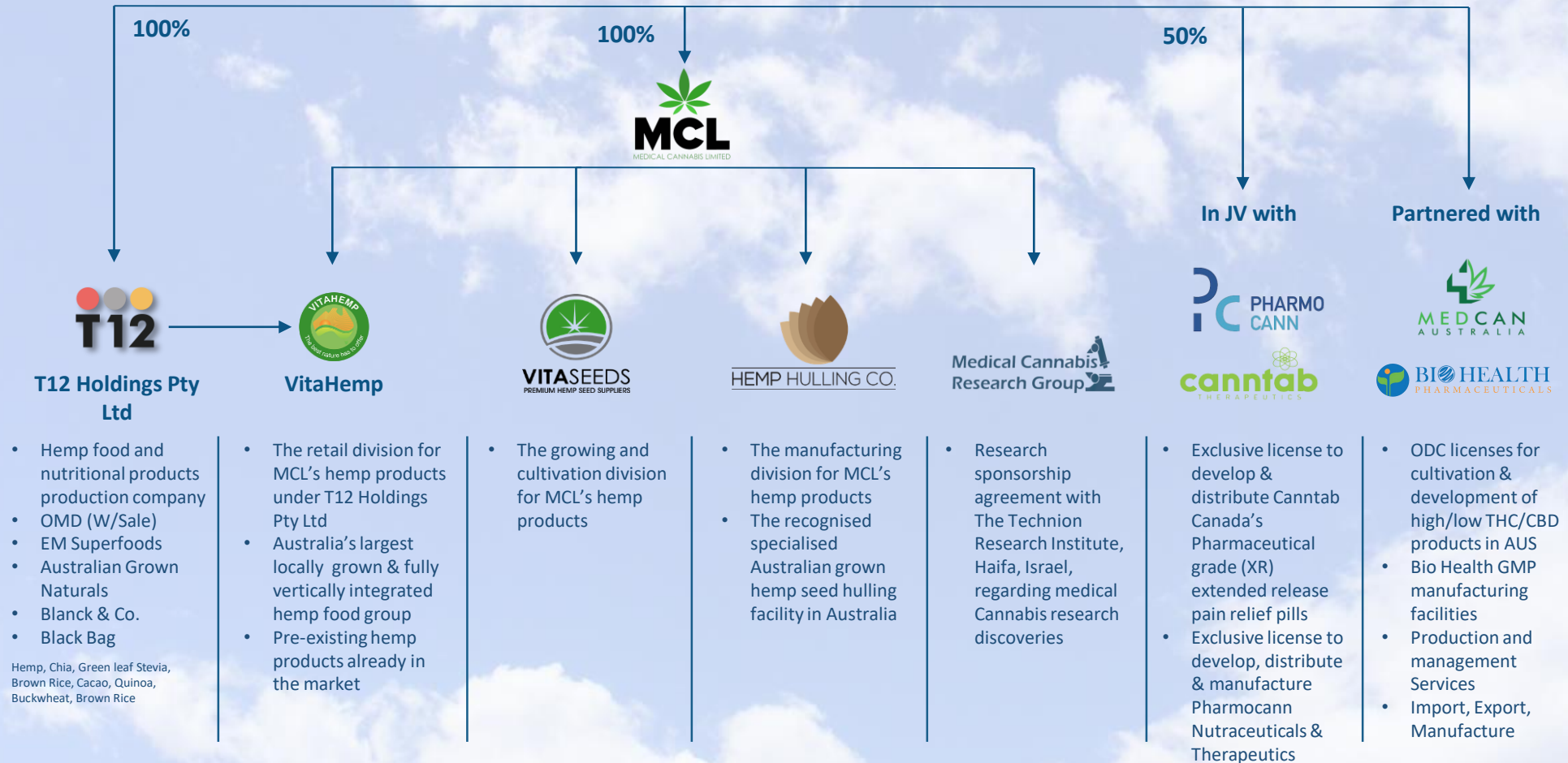
Cannabis market is estimated to be worth +US\$44b by 2020 in the US alone<sup>1</sup>  
Emerging research continues to validate the significant medical application of Cannabis



## Strong leadership

Experienced Board and Executive Management team  
Track record of breeding expertise since 2001

# Cann Global's Business Structure



- Hemp food and nutritional products production company
- OMD (W/Sale)
- EM Superfoods
- Australian Grown Naturals
- Blanck & Co.
- Black Bag

Hemp, Chia, Green leaf Stevia, Brown Rice, Cacao, Quinoa, Buckwheat, Brown Rice

- The retail division for MCL's hemp products under T12 Holdings Pty Ltd
- Australia's largest locally grown & fully vertically integrated hemp food group
- Pre-existing hemp products already in the market

- The growing and cultivation division for MCL's hemp products

- The manufacturing division for MCL's hemp products
- The recognised specialised Australian grown hemp seed hulling facility in Australia

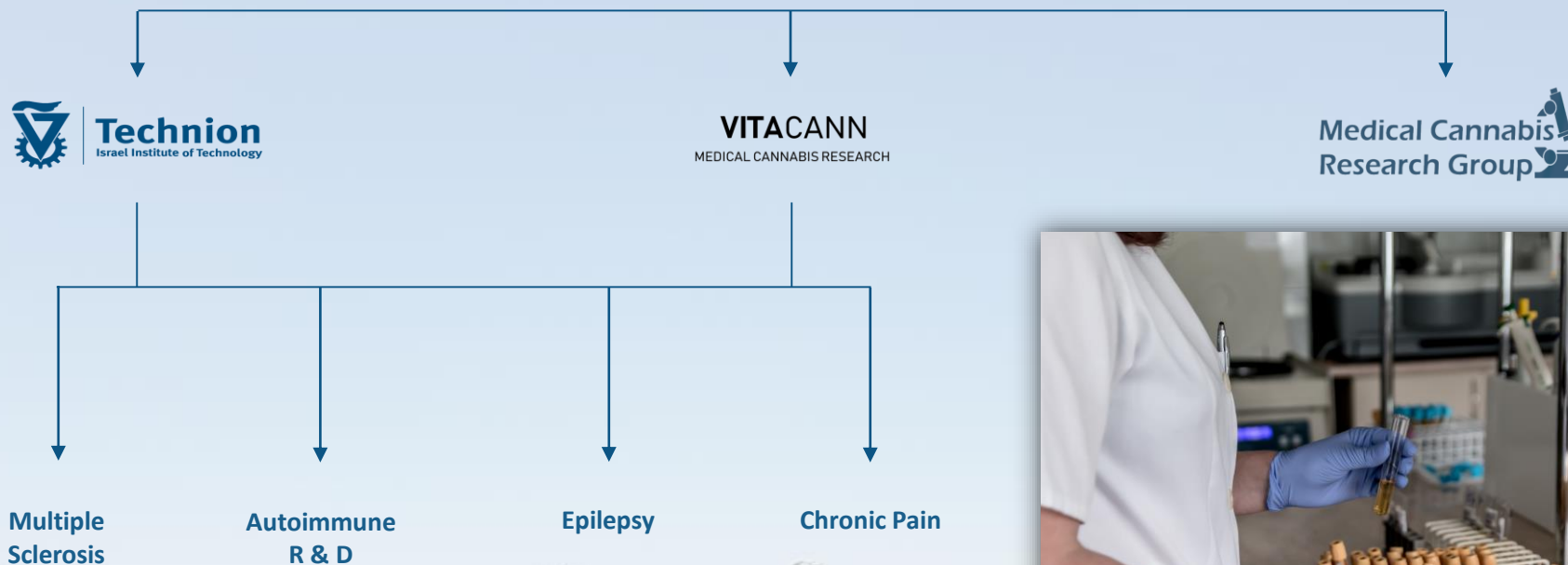
- Research sponsorship agreement with The Technion Research Institute, Haifa, Israel, regarding medical Cannabis research discoveries

- Exclusive license to develop & distribute Canntab Canada's Pharmaceutical grade (XR) extended release pain relief pills
- Exclusive license to develop, distribute & manufacture Pharmocann Nutraceuticals & Therapeutics

- ODC licenses for cultivation & development of high/low THC/CBD products in AUS
- Bio Health GMP manufacturing facilities
- Production and management Services
- Import, Export, Manufacture



# Cann Global's Research Structure



# Why Cannabis?

## *Global Medicinal Cannabis: 'Bigger than dot-com boom'<sup>3</sup>*

The Cannabis industry is currently experiencing unprecedented growth globally

- The economic impact of the U.S. Cannabis market from individual approved states, was US\$7.06bn in 2016 and US\$16bn in 2017. It is expected to grow as more states push for legalization<sup>(1)(2)</sup>
- The number of conditions treated using medical marijuana is growing rapidly, as new patients are added to the market. <sup>(2)</sup>

The domestic Cannabis market is experiencing positive momentum in law reform



- Oct 2016 – Cultivation of medical Cannabis permitted under license
- Nov 2017 – Low THC hemp food products approved for sale in Australia
- Jan 2018 – Federal Government announces that they will allow the export of Australian medicinal Cannabis products

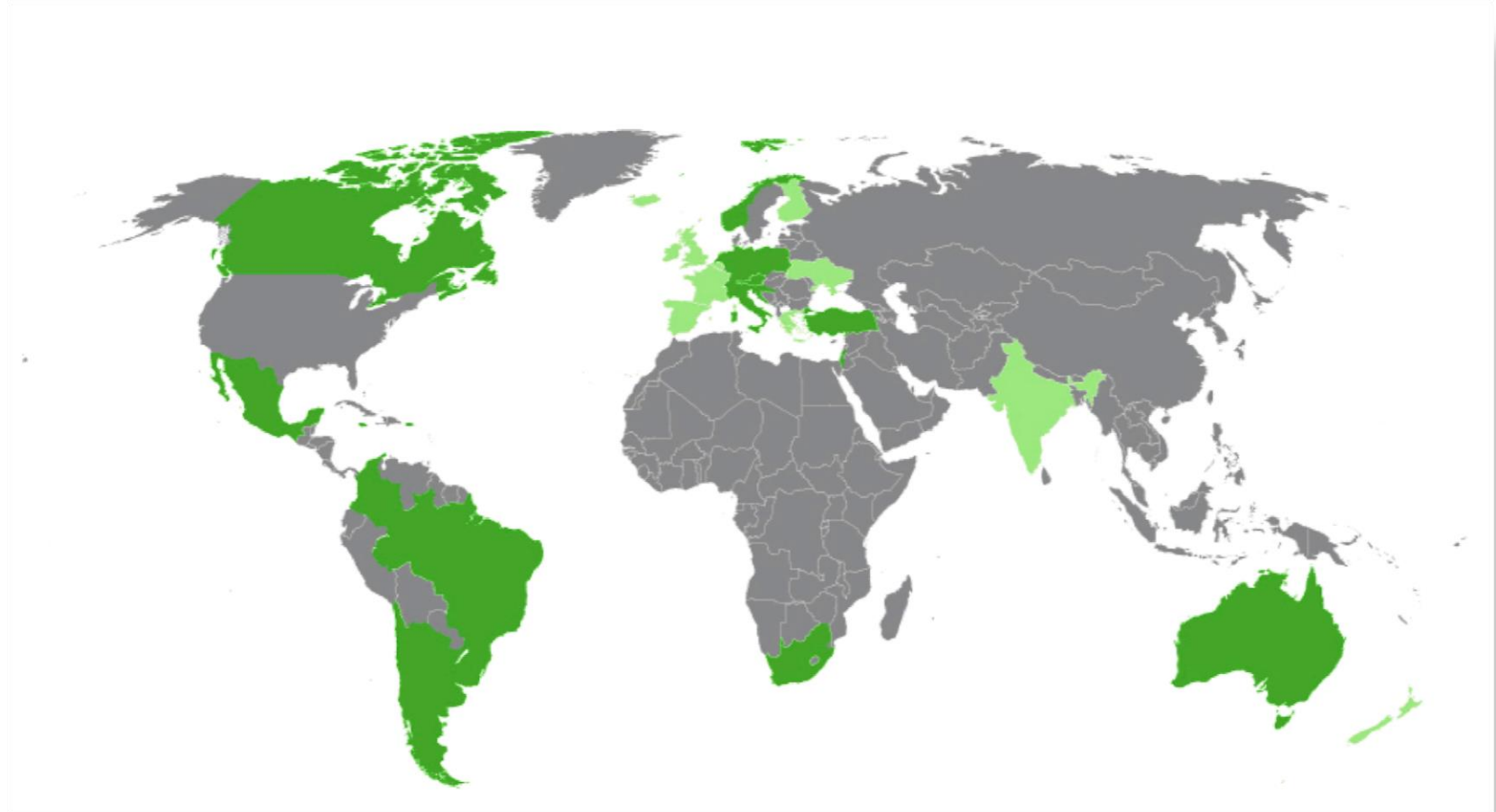


<sup>1</sup> <https://www.businessinsider.com/californias-recreational-cannabis-industry-is-booming-but-regulations-are-posing-a-unique-threat-2018-8/?r=AU&IR=T>  
<sup>2</sup> <https://www.prnewswire.com/news-releases/the-global-legal-marijuana-market-is-expected-to-reach-usd-146-4-billion-by-end-of-2025--300659055.html>  
<sup>3</sup> <http://www.abc.net.au/news/2017-01-04/legal-marijuana-sales-bigger-than-dot-com-boom/8161218>

# Cannabis - a new Global market

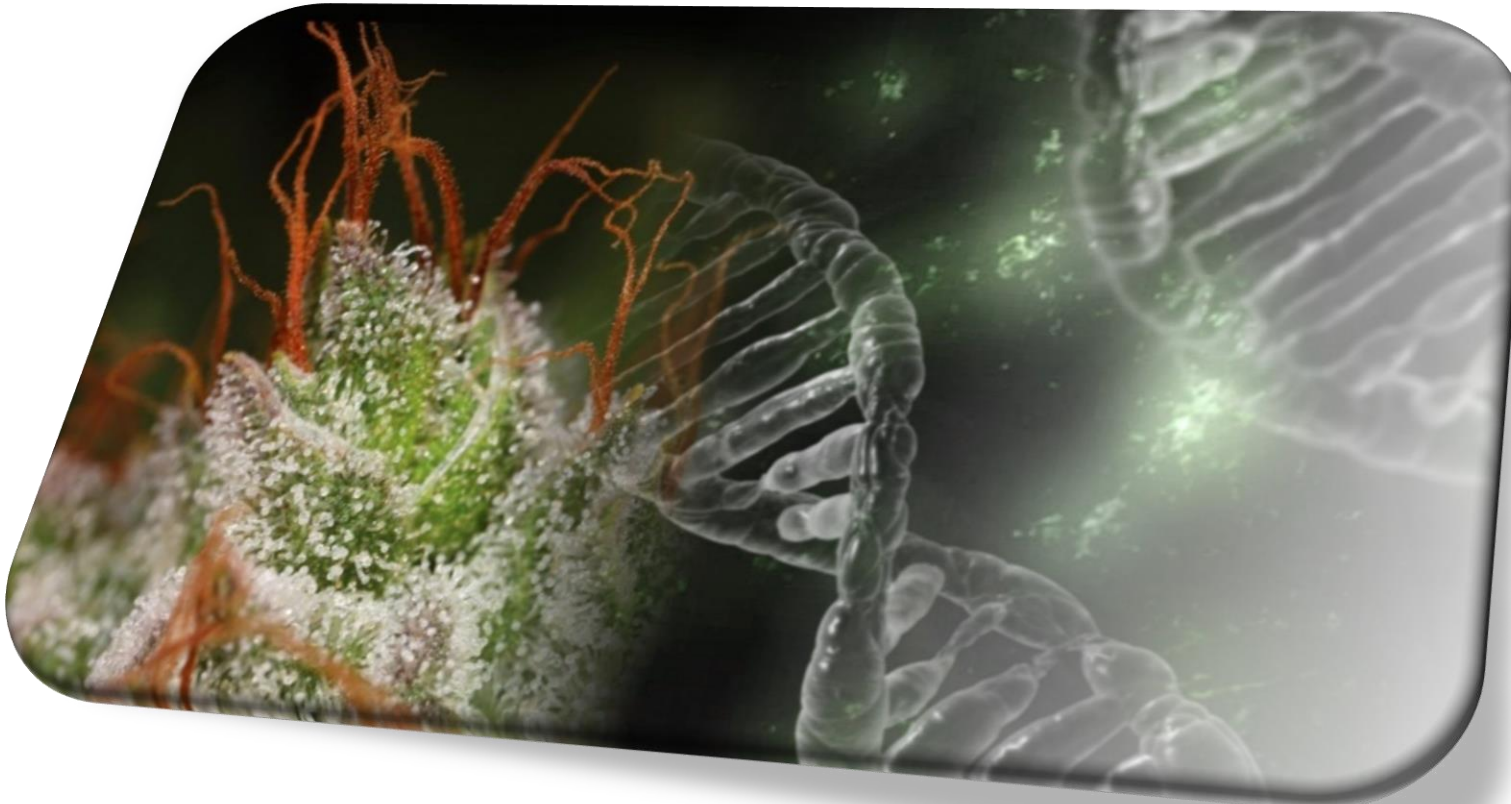
*The legalization of Medical Cannabis is spreading around the world*

-  Legalized
-  In the process of legalizing/exploring legalization (medical)





*Cann Global will be one of the most advanced Medicinal Cannabis companies in Australia/Asia Pacific*



## Cann Global – the ASX-listed Cannabis Stock that ticks all the boxes

Seedbank	✓
Growing	✓
Manufacturing	✓
Hemp Food Retail	✓
Medical (Vet)	✓
Medical (Human)	✓

Cann Global has a significant first mover advantage in the Australian/Asia Pacific market with access to its own unique genetics, a major commercial scale fully vertically integrated hemp food business from seed to retail, and strategic partnerships with Bio Health Pharmaceuticals and management services with Medcan Australia to enable the production and distribution of the highest quality nutraceutical and medical cannabis products, with all necessary licenses in place.



## Ground Breaking Discovery in Medicinal Cannabis Research

On the 26<sup>th</sup> of February 2018 CGB, formerly QBL, announced a Sponsored Research Agreement between MCL's subsidiary MCRG and Professor David (Dedi) Meiri Ph.D. and his research team at the Technion Institute in Haifa, Israel.

On the 1<sup>st</sup> August, 2018, Professor Meiri was thrilled to report that his research had made a ground breaking discovery in the lab long before anticipated. During laboratory testing from the hundreds of strains that he has available to research, he has discovered cannabinoids from a unique cannabis strain that has the capacity to inhibit dendritic-dependent T-cells proliferation, which is vital to finding the right cannabis extracts to make a product formulation that can regulate immune function and treat the MS disease.

Following the success of this research in the lab, trials on mice have commenced immediately. Professor Meiri has the support of the Israeli Government and the leading hospitals in Israel for immediate access to human trials to fast track product development, intended to begin as soon as the results of the current trials on mice will support this, which may be as soon as mid 2019.



PRODUCT  
MANUFACTURING



MEDCAN  
AUSTRALIA

## *Cannabis For Advanced Treatment*

CGB, T12, HHC, Bio Health and Medcan Australia are working with industry leaders to produce and manufacture, import and export, the best nutritional and medical products available for the Australian and global export markets

## PRODUCT MANUFACTURING



## *Cannabis In Skin Care & Nutraceuticals*

Cann Global in conjunction with Medcan, Bio Health Pharmaceuticals and Pharmocann Israel, is working on producing exclusive high quality GMP approved skin care products made from medical Cannabis and Hemp plants to export to global markets

## PRODUCT MANUFACTURING



# TGA & GMP Approved Manufacturer – Bio Health Pharmaceuticals

PRODUCT  
MANUFACTURING



Strain Specific Dried Flower



Cannaboid Resin Extraction



Resin Separation



Patented CannTab Granulation  
+ Blending Process

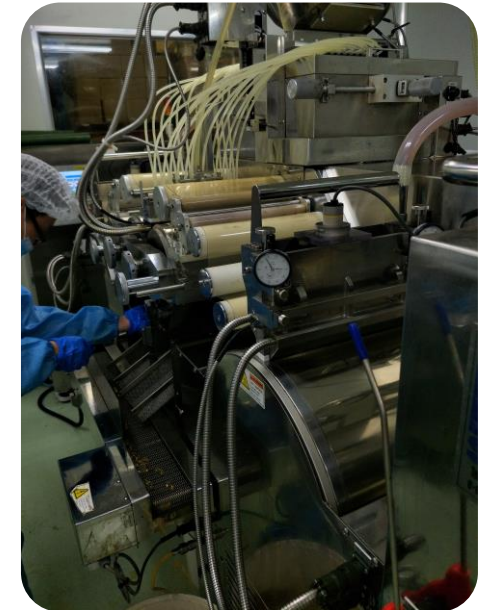
Tableting+Coating



Stable Package



Market Ready



# Cann Global's Medicinal Cannabis R&D and Production Division

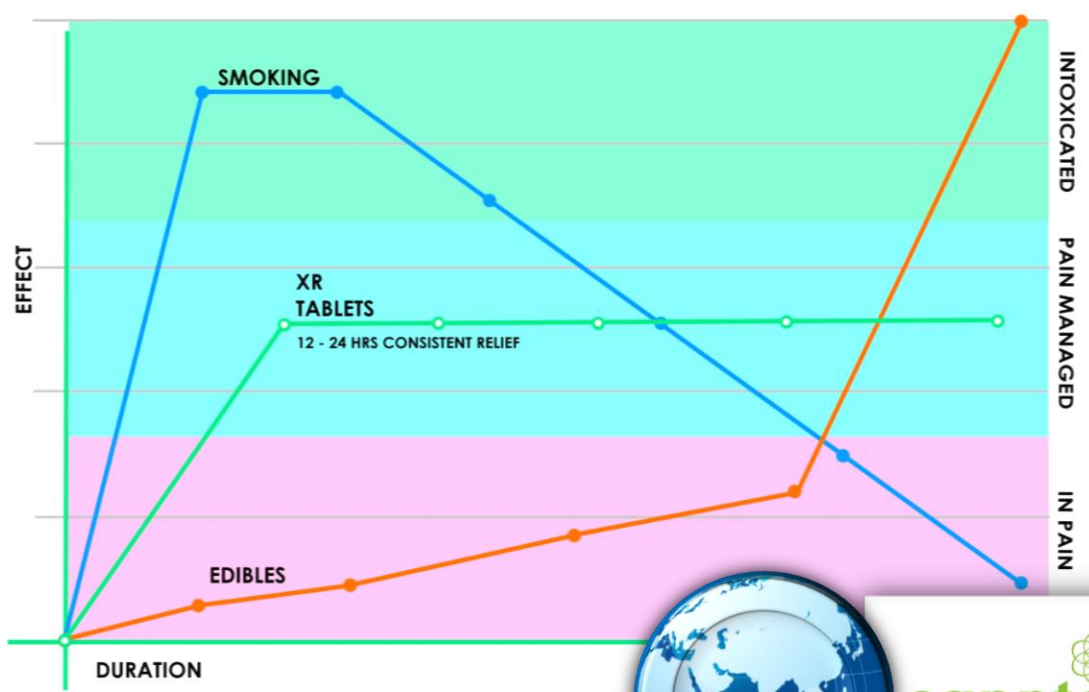
*CGB has partnered with Medcan, a licensed producer and cultivator of medicinal Cannabis*

- Medcan was one of the first medicinal Cannabis companies to receive an ODC Production License and is licensed to legally grow and cultivate both high THC and high CBD products in Australia. Medcan has secured the following ODC, Federal and State Licenses:
  - ODC Cultivation and Production Licence
  - ODC Manufacture Licence
  - ODC Import Licence
  - ODC Export Licence
  - DAWR (Department of Agriculture and Water Resources) Permit
  - QLD Health Licence - Schedule 9 Substances
- Medcan Australia will, subject to the terms of their licenses and subject to any further regulatory approvals and permits as may be required, provide Cann Global with management services to import and export medical cannabis product, grow and research our genetics, manufacture products for market, and will be working closely with the Bio Health team to produce and manufacture our new range of medical cannabis pharmaceuticals, therapeutics and nutraceuticals.
- Cann Global, through its wholly owned subsidiary VitaCann, has exclusive rights to produce and distribute the CannTab pharmaceutical grade (XR) extended release pain relief pills in Australia and Asia via a JV with Canadian producer, CannTab Therapeutics (CNSX:PILL).



## Joint Venture with leading Canadian medicinal cannabis company Canntab Therapeutics

- Australian/Asian distribution
- Canntab XR pill utilising a patented delivery system for solubility and extended consistent release over time



Canntab's proprietary extended release tablets make it easier for doctors and patients to manage dosage. They're easier to take, eliminate social stigma, and do not have the adverse side effects of smoking marijuana. Significantly, The Canntab XR tablets have incorporated proprietary extended release technology allowing patients to experience consistent extended relief.

The joint venture has been formed, to market and sell the Canntab proprietary products in Australia with a first right to distribute throughout Asia. Cann Global and CannTab will work towards having Canntab's tablets formally approved for sale in Australia and to export to Asia.





## Joint Venture with leading Israeli medicinal cannabis company Pharmocann

- **CGB to manufacture Pharmocann's range of products under 50/50 JV for Australian/International distribution**
- **CGB and Pharmocann to collaborate on clinical trials**
- **CGB responsible for the manufacturing of the Pharmocann products**

Pharmocann, one of the Top 9 Medicinal Cannabis companies in Israel, has developed a range of medicinal cannabis products and is in the process of conducting human trials in Israel on a number of these products.

# What is driving the sector

## RESEARCH ON MEDICAL BENEFITS

- 1** A 2017 Report, by the American National Academies of Sciences, Engineering, and Medicine, that found there is strong and conclusive evidence for medical Cannabis as an effective medication in conditions including chronic pain, chemotherapy-induced nausea and vomiting, and multiple sclerosis spasticity symptoms

## CHANGING REGULATORY ENVIRONMENT

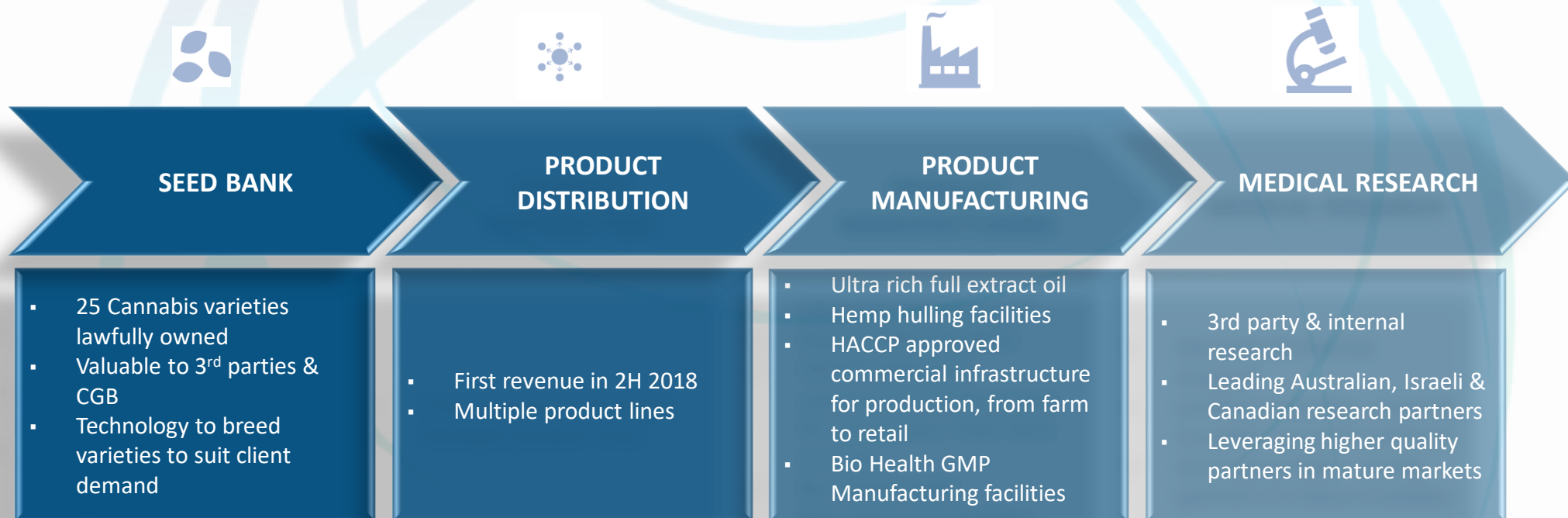
- 2** Legalisation of medicinal use in Australia and in countries around the world including Canada, Chile, Argentina, Uruguay, Austria, France, Germany, Israel, Italy, the Netherlands, 29 states of the US, Czech Republic, North Korea, Spain, Turkey and more

## ADVOCACY AND PATIENT DEMAND

- 3** Increasing number of advocacy groups and lobby groups are being established nationally in addition to the growing individual patient demand

## *Vertically integrated hemp producer*

- **Medical Cannabis Limited (MCL)** was incorporated in 2015 for the purpose of capitalizing on the industrial hemp seed industry and the medical Cannabis market in Australia and globally
- MCL's vertical integration will effectively capture greater profits across the value chain through its value-add subsidiaries



# What is Hemp?

- Hemp is an organic superfood that has been consumed as a staple all over the world for thousands of years. They are an important dietary component because they contain:
  - the highest amount of PUFAs
  - The highest quality and quantity of Protein
  - **GLA** (Gamma Linolenic Acid)
  - 15 times as much fat-fighting **CLA** (Conjugated Linoleic Acid) as fish oil
  - no **Carbohydrates**
  - Gut-cleansing **Fibre**
  - **Minerals** including Calcium, Magnesium, Iron and Zinc
  - Vitamin E, B and D3



## Hemp Market Outlook

- The increasing demand for organic hemp-based foods is one of the key trends that will contribute to the market growth in the forthcoming years
- The global hemp-based food market is expected to grow at a **CAGR of 7.5% between 2018-2024**<sup>1</sup>

<sup>1</sup><https://www.prnewswire.com/news-releases/global-hemp-based-food-market-2016-2018--2024-300672497.html>

*Cann Global Limited - Production*



- CGB has cultivated over 25 of its own proprietary strains of Cannabis, and has all required licenses and permits required to grow crops in Australia – enabling its Vitahemp exclusively Australian range to avoid any use of sterilised seeds in its activities
- Hemp seed production and packaging facilities, Coolum, Queensland
- Hemp Oil and Powder production facility, Hamilton, Victoria
- The QLD and VIC manufacturing facilities can process up to 120-160 tonnes of seed per month

## *CGB's products in the market*

### VitaHemp

- CGB (T12) already has a range of products readily available in the market and generating revenue via its subsidiary, VitaHemp
- VitaHemp is the largest exclusively Australian grown hemp food group, a major supplier and processor for a number of leading brands in Australia



## *CGB's products in the market*

### **VitaHemp**

- CGB (T12) already has a range of products readily available in the market and generating revenue via its subsidiary, VitaHemp
- VitaHemp has introduced its new range of products for the Australian & International consumer markets including Hemp Smoothies, Hemp Milk Powder, Hemp Seed Premium Oil, Hemp Seed Oil capsules and our new Hemp Super mix oil blends to be released later in 2H 2019



# Cann Global Limited – Strategic Outlook 2018 / 2019

SEED BANK

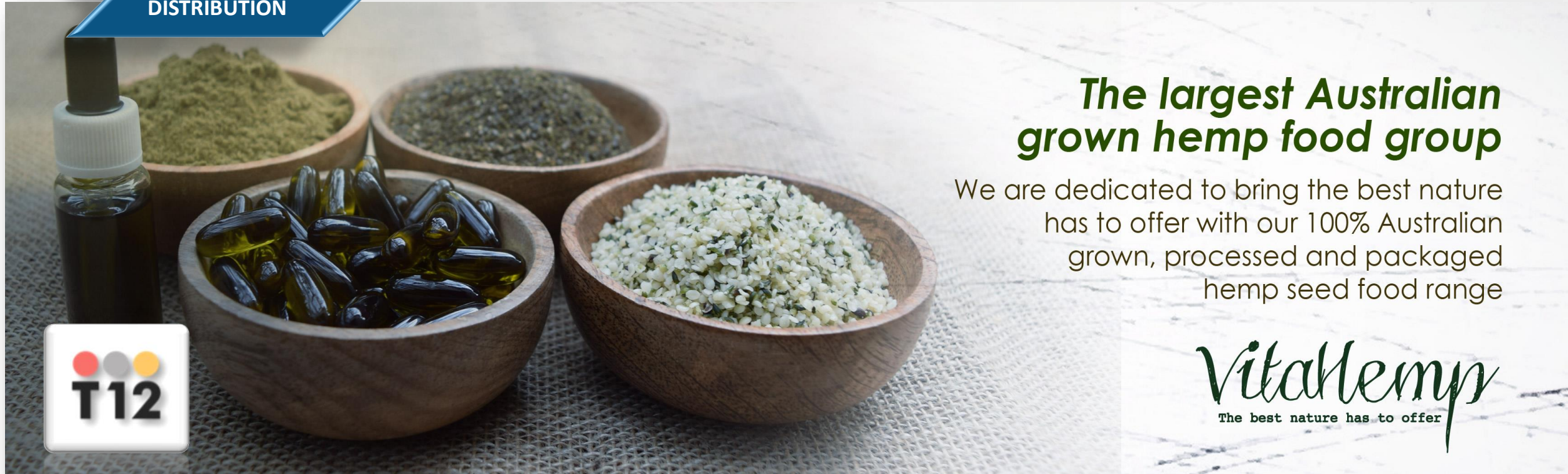
Australian  
Cannabis Cultivar  
Seedbank

*Sustainable Hemp  
Crops with VitaSeeds*

We are developing the best hemp farming techniques in Australia assisting growers to achieve optimal yield potential through dry and wet conditions



## PRODUCT SALES & DISTRIBUTION



## *The largest Australian grown hemp food group*

We are dedicated to bring the best nature has to offer with our 100% Australian grown, processed and packaged hemp seed food range

*Vitalhemp*  
The best nature has to offer

T12



## CGB to Acquire International Health Food Brands



- OMD Direct
- EM Whole Foods
- Australian Grown Naturals
- Blanck & Co
- Black Bag

On the 16<sup>th</sup> of August 2018, CGB, formerly QBL, announced that it had entered a HOA with Sebastian and Sam Edwards to acquire their Health Food Brands.

The Edwards will be bringing into the CGB group of companies their exclusive boutique and retail brands of Natural Organic Health Foods.

Organics market Direct via brands AGN & OMD, are Australia's largest exporter of Chia Seeds (Australian Grown) into Vietnam, Singapore and Hong Kong. MCL now has direct access to these markets, through this new deal with the Edwards brothers.

A solid foundation has now been firmly established for CGB (T12), creating an infrastructure which is now primed for expansion into the burgeoning multi-billion dollar Health Foods market in Australia.

## Tenements

As at 31<sup>st</sup> December 2018, the Company held the following tenements:

Project Name			Interest Held %
<b>Eastern Australia Bauxite Projects</b>			
South Johnstone QLD	EPM18463	Granted	100%
South Johnstone QLD	MDL2004	Granted	100%

### Competent Person Statement

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

### Events subsequent to balance date

Subsequent to the half year, the Company has entered into a memorandum of understanding with BioHealth Pharmaceuticals Pty Ltd, to assist the Company with its production of medical cannabis formulations and nutraceutical hemp food consumables.

The Company has also entered into a revised agreement with Medcan Australia Pty Ltd pursuant to which Medcan will facilitate the manufacture, import and export of Cannabis products. As a result of the new agreement, the previously contemplated acquisition will not take place and the 250,000,000 shares allocated for the acquisition will not be issued.

Also, the Company entered into a letter agreement with L1 Capital, whereby all existing convertible securities and options that the Company and Medical Cannabis Ltd had issued to L1 Capital, were redeemed through the issue of new convertible securities by the Company, with additional convertible securities issued for additional funding of \$600,000. The new convertible securities have a maturity date of 15 November 2019, a redemption price of \$1.20 and the issue of 31,140,000 options with a three-year maturity and exercise price of \$0.05.

There have been no further material subsequent events since balance date.

## Auditor's independence declaration

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The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 32 and forms part of the directors' report for the half-year ended 31 December 2018.

Signed in accordance with a resolution of the Board of Directors:



**Pnina Feldman**

Chairperson

**Sydney**

24 May 2019

**For further information, please contact:**

Cann Global Limited

Tel: +61 (0)2 8379 1832

For further information or any queries please email the Company at:

[sfeldman@canngloballimited.com](mailto:sfeldman@canngloballimited.com)

<https://twitter.com/CGBCannGlobal>

***About CANN GLOBAL LIMITED***

Cann Global Limited is a driving force in the medical Cannabis and nutritional hemp industries. Our strength comes from our team's core competencies and expertise and our solid and strategic partnerships with experts in Australia, Israel and Canada. We believe in building a stronger industry together. We are working under the provision of legislations 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, highest quality, most effective and sustainable products. Part of our work is to keep researching and educating. We are part of a worldwide movement, the return to Nature. This movement is more than just a phenomenon, it is a necessity. At Cann Global Limited, we are committed to leading a movement, not just a business.

The Board of Directors  
Cann Global Limited  
24 Birriga Road  
BELLEVUE HILL NSW 2023

To the Board of Directors of Cann Global Limited

**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001***

As lead audit partner for the review of the financial statements of Cann Global Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely

**Nexia Sydney Partnership**



**Stephen Fisher**  
Partner

Sydney  
24 May 2019

**Sydney Office**

Level 16, 1 Market Street  
Sydney NSW 2000  
PO Box H195  
Australia Square NSW 1215  
**p** +61 2 9251 4600  
**f** +61 2 9251 7138  
**e** [info@nexiasydney.com.au](mailto:info@nexiasydney.com.au)  
**w** [nexia.com.au](http://nexia.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

Nexia Sydney Partnership (ABN 71 502 156 733) is an independent firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd, deliver services in its own name or otherwise. Nexia International Limited and the member firms of the Nexia International network (including those members which trade under a name which includes NEXIA) are not part of a worldwide partnership.

The trademarks NEXIA INTERNATIONAL, NEXIA and the NEXIA logo are owned by Nexia International Limited and used under licence.

# Financial statements

## Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2018

Continuing Operations	Consolidated Entity	
	31 Dec 2018 \$	31 Dec 2017 \$
Interest received	62,850	89,027
Sales	304,167	498
Corporate and administrative expenses	(1,043,523)	(673,421)
Cost of goods sold	(371,334)	-
Depreciation	(23,661)	(2,808)
Impairment of exploration asset	-	(1,678,687)
Impairment of other receivables	(380,736)	-
Directors fees - Cann Global Limited	(357,000)	(357,000)
Directors fees - Medical Cannabis Limited	(60,000)	(60,000)
Legal expenses	(499,711)	(55,536)
Finance costs	(548,617)	(390,001)
Use of office space	(108,716)	(84,000)
Financial assets at FVTPL – net change in value (Note 9)	(944,237)	-
Research cost	(401,878)	(121,871)
Advertising and marketing	(115,197)	(80,386)
Other expenses	(20,187)	(50,632)
Travelling expenses	(146,968)	(177,819)
Exchange (loss)/gain realised	(23,625)	115,044
Share based payments expense (Note 5)	(257,583)	(282,330)
Share of loss in equity-accounted investees – net of tax	(8,472)	-
Loss before income tax	(4,944,428)	(3,809,922)
Income tax expense	-	-
Loss after tax from continuing operations	(4,944,428)	(3,809,922)
Total comprehensive income	(4,944,428)	(3,809,922)
Loss attributable to members of Cann Global Limited	(3,561,520)	(3,414,049)
Total comprehensive income attributable to members of Cann Global Limited	(3,561,520)	(3,414,049)
Loss attributable to non-controlling interest	(1,382,908)	(395,873)
Total comprehensive income attributable to non-controlling interest	(1,382,908)	(395,873)
Basic earnings per share (cents per share)	(0.31)	(0.26)

Basic earnings per share from continuing operations (cents per share)	(0.31)	(0.26)
Diluted earnings per share (cents per share)	(0.31)	(0.26)
Diluted earnings per share from continuing operations (cents per share)	(0.31)	(0.26)

The accompanying notes form part of these financial statements.

# Condensed consolidated statement of financial position

as at 31 December 2018

	Consolidated Entity	
	31 Dec 2018 \$	30 June 2018 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5,859,218	6,409,317
Trade and other receivables (Note 6)	869,546	572,911
Prepayments	13,507	6,336
Inventory	356,220	563,995
<b>TOTAL CURRENT ASSETS</b>	<b>7,098,491</b>	<b>7,552,559</b>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation (Note 7)	2,047,470	1,863,762
Property, plant and equipment	106,230	95,933
Intangible asset (Note 8)	1,921,761	1,933,261
Equity accounted investee	277,813	286,285
Investment at FVTPL (Note 9)	1,958,616	2,902,853
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,311,890</b>	<b>7,082,094</b>
<b>TOTAL ASSETS</b>	<b>13,410,381</b>	<b>14,634,653</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,241,834	586,741
Other financial liabilities (Note 10)	5,013,337	2,205,857
Current tax liability	292,666	292,666
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,547,837</b>	<b>3,085,264</b>
<b>TOTAL LIABILITIES</b>	<b>6,547,387</b>	<b>3,085,264</b>
<b>NET ASSETS</b>	<b>6,862,544</b>	<b>11,549,389</b>
<b>EQUITY</b>		
Issued capital (Note 11)	29,600,842	29,600,842
Share based payments reserve	4,938,975	4,701,599
Accumulated losses	(26,984,991)	(23,617,200)
<b>TOTAL</b>	<b>7,554,826</b>	<b>10,685,241</b>
Non-controlling interest (Note 12)	(692,282)	864,148
<b>TOTAL EQUITY</b>	<b>6,862,544</b>	<b>11,549,389</b>

The accompanying notes form part of these financial statements.



# Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2018

	Consolidated Entity				
	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Non-controlling interest	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	25,287,433	(18,622,071)	4,728,549	(197,396)	11,196,515
Loss for the half-year	-	(3,414,049)	-	(395,873)	(3,809,922)
Non-controlling interest - capital	-	-	-	622,868	622,868
Share and option based payments	-	-	282,330	-	282,330
Shares issued during the half year	1,838,409	-	-	-	1,838,409
<b>Balance at 31 December 2017</b>	<b>27,125,842</b>	<b>(22,036,120)</b>	<b>5,010,879</b>	<b>29,599</b>	<b>10,130,200</b>
<b>Balance at 1 July 2018</b>	29,600,842	(23,617,200)	4,701,599	864,148	11,549,389
Loss for the half-year	-	(3,561,520)	-	(1,382,908)	(4,944,428)
Transfer from share based payments reserve to accumulated losses	-	20,207	(20,207)	-	-
Transfer from accumulated losses to NCI	-	173,522	-	(173,522)	-
Share and option based payments	-	-	257,583	-	257,583
Shares issued during the half year	-	-	-	-	-
<b>Balance at 31 December 2018</b>	<b>29,600,842</b>	<b>(26,984,991)</b>	<b>4,938,975</b>	<b>(692,282)</b>	<b>6,862,544</b>

The accompanying notes form part of these financial statements.

# Condensed consolidated statement of cash flows

for the half-year ended 31 December 2018

	Consolidated Entity	
	31 Dec 2018 \$	31 Dec 2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(2,801,103)	(2,319,325)
Interest received	62,850	89,027
Proceeds from sales	251,457	498
Net cash outflow from operating activities	(2,486,796)	(2,229,800)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for exploration assets	(183,708)	(236,100)
Payment of security deposit	-	(5,133)
Payment for plant and equipment	(22,458)	(6,075)
Payment for investments	-	(145,250)
Net cash outflow from investing activities	(206,166)	(392,558)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan provided (to)/by related company – Australian Gemstone Mining Pty Ltd	(9,783)	312,932
Proceeds from share issue	-	1,388,886
Proceeds from issue of convertible securities	500,000	600,000
Proceeds from loans	1,652,646	705,000
Net cash inflow from financing activities	2,142,863	3,006,818
Net (decrease)/increase in cash held	(550,099)	384,460
Cash and cash equivalents at the beginning of the half - year	6,409,317	8,540,458
Cash and cash equivalents at the end of the half – year	5,859,218	8,924,918

The accompanying notes form part of these financial statements.

# Notes to the consolidated financial statements for the half-year ended 31 December 2018

## **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This general purpose financial report for the interim half year reporting period ended 31 December 2018 has been prepared in accordance with applicable Accounting Standards including Accounting Standard AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Cann Global Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Group has adopted all of the new and revised Accounting Standards and Accounting Interpretations issued by the AASB that are relevant to their operations and effective for the current half-year.

## **NOTE 2: USE OF ESTIMATES AND JUDGEMENTS**

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

## **NOTE 3: OPERATING SEGMENTS**

### **a. Basis for segmentation**

The Group has three reportable segments; mining exploration and evaluation, cannabis 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.

	Mining Exploration and Evaluation	Cannabis	Corporate	Total
<b>31 December 2018</b>				
Segment revenues	-	304,167	-	304,167
Less: Intersegment revenues	-	-	-	-
Revenues	-	304,167	-	304,167
Interest income	-	-	62,850	62,850
Depreciation	(6,519)	(5,642)	-	(12,161)
Amortisation	-	(11,500)	-	(11,500)
Impairment receivables	-	(374,602)	(6,134)	(380,736)
Finance costs	-	-	(548,617)	(548,617)
Other costs	-	(2,973,161)	(1,385,270)	(4,358,431)
Loss before tax	(6,519)	(3,060,738)	(1,877,171)	(4,944,428)
Income tax expense	-	-	-	-
Loss after tax	(6,519)	(3,060,738)	(1,877,171)	(4,944,428)
Capital expenditures	183,709	21,600	-	205,309
Total assets	2,066,653	4,940,552	6,403,176	13,410,381
Total liabilities	-	(1,054,049)	(5,493,788)	(6,547,837)

	Mining Exploration and Evaluation	Medical Cannabis	Corporate	Total
<b>31 December 2017</b>				
Segment revenues	-	498	-	498
Less: Intersegment revenues	-	-	-	-
Revenues	-	498	-	498
Interest income	-	-	89,027	89,027
Depreciation	(2,308)	(500)	-	(2,808)
Impairment of exploration assets	(1,678,687)	-	-	(1,678,687)
Finance costs	-	-	(390,001)	(390,001)
Other costs	-	(379,578)	(1,447,875)	(1,826,453)
Loss before tax	(1,680,995)	(380,078)	(1,748,849)	(3,809,922)
		-		
		-		
Income tax expense	-	-	-	-
		-		
Loss after tax	(1,680,995)	(380,078)	(1,748,849)	(3,809,922)
Capital expenditures	236,100	4,345	-	240,445
Total assets	1,706,018	2,481,864	9,091,575	13,279,457
Total liabilities	-	(1,525,000)	(1,624,257)	(3,149,257)

**NOTE 4: LOSS FOR THE HALF-YEAR**

The consolidated loss for the half-year ended 31 December 2018 was (\$4,944,428) 2017: loss (\$3,809,922).

**NOTE 5: SHARE BASED PAYMENTS EXPENSE**

The share based payments expense for the half-year ended 31 December 2018 relates to the following share issues:

	Half-Year Ended 31.12.2018 \$	Half-year ended 31.12.2017 \$
Shares issued to consultants	257,583	223,500
Shares issued to Magna Equities II, LLC in accordance with the convertible notes agreement	-	58,830
	257,583	282,330

**NOTE 6: TRADE AND OTHER RECEIVABLES**

	31 December 2018 \$	30 June 2018 \$
Trade receivables	183,868	100,782
GST receivable	480,051	279,737
Other receivables	34,219	30,133
Loan to (related party) Australian Gemstone Mining Pty Ltd	21,314	11,531
Loan to Hemp Hulling Co. (QLD) Pty Ltd (Associate company)	111,620	77,168
Loan to T12 Holdings Pty Ltd	38,474	-
Loan to Medcan Australia Pty Ltd	-	73,560
	869,546	572,911

**NOTE 7: EXPLORATION AND EVALUATION**

	31 December 2018 \$	30 June 2018 \$
<b>NON-CURRENT</b>		
Balance as at beginning of the period	1,863,762	3,124,895
Mining permits, tenement acquisition and administration and geologist expenses	183,708	417,554
Impairment of exploration asset	-	(1,678,687)
Balance as at reporting date	2,047,470	1,863,762
Exploration expenses written off during the period	-	13,579

The value of the Company's interest in exploration expenditure is dependent upon the:

- continuance of the economic entity's right to tenure of the areas of interest;
- results of future exploration, and
- recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

**Note 8: INTANGIBLE ASSETS**

	31 December 2018 \$	30 June 2018 \$
Seedbank and plant genetics	230,000	230,000
Accumulated amortisation	(34,500)	(23,000)
Goodwill	1,726,261	1,726,261
Total intangible assets	<u>1,921,761</u>	<u>1,933,261</u>

**NOTE 9: FINANCIAL ASSETS AT FVTPL**

	31 December 2018 \$	30 June 2018 \$
Listed ordinary shares – designated as at FVTPL	<u>1,958,616</u>	<u>2,902,853</u>

**Movement in fair value for FVTPL**

Reconciliations

Reconciliation of the written down value at the beginning and end of the current and previous financial periods are set out below:

	Total \$
Balance at 1 July 2017	-
Recognition of license fee revenue	3,577,308
Write-down to fair value	<u>(674,455)</u>
Balance at 30 Jun 2018	2,902,853
Write-down to fair value	<u>(944,237)</u>
Balance at 31 December 2018	<u><u>1,958,616</u></u>

**NOTE 10: OTHER FINANCIAL LIABILITIES**

	31 December 2018 \$	30 June 2018 \$
<b>CURRENT</b>		
Loan - Seed capital – unsecured	3,189,175	1,206,000
Loan from Andrew Kavasilas - unsecured	581,162	474,522
Convertible securities - L1 Capital pursuant to the financing agreement – unsecured	1,243,000	525,335
	5,013,337	2,205,857
	5,013,337	2,205,857

**NOTE 11: ISSUED CAPITAL**

	31 December 2018 \$	30 June 2018 \$
<b>Share capital on issue</b>		
1,612,435,425 (2017: 1,606,852,092) fully paid ordinary shares (no par value)	28,850,842	28,850,842
50,000,000 (2017: 50,000,000) performance shares (no par value)	750,000	750,000
	29,600,842	29,600,842
	29,600,842	29,600,842

	31.12.2018 No.	31.12.2018 \$.	30.06.2018 No.	30.06.2018 \$.
<b>Ordinary shares</b>				
At the beginning of reporting period	1,606,852,092	28,850,842	1,408,097,244	24,537,433
Share based payments	5,583,333	-	11,848,201	-
Conversion of convertible notes into ordinary shares	-	-	130,533,928	3,547,391
Options exercised @0.012	-	-	56,372,719	766,018
At reporting date	1,612,435,425	28,850,842	1,606,852,092	28,850,842
	1,612,435,425	28,850,842	1,606,852,092	28,850,842

	31.12.2018 No.	31.12.2018 \$	30.06.2018 No.	30.06.2018 \$
<b>Performance shares</b>				
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
TOTAL At reporting date	1,662,435,425	29,600,842	1,656,852,092	29,600,842
	1,662,435,425	29,600,842	1,656,852,092	29,600,842



## 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.

## NOTE 12: NON-CONTROLLING INTERESTS

	31 December 2018 \$	30 June 2018 \$
Non-controlling interest in equity at 30 June	864,148	(197,396)
Non-controlling interest in equity – additional capital	-	622,868
Transfer from accumulated losses	(173,522)	-
(Loss)/profit attributable to non-controlling interest	(1,382,908)	438,676
Total non-controlling interests	(692,282)	864,148

## NOTE 13: RELATED PARTY TRANSACTIONS

### Identity of related parties

The Group has related party relationships with its subsidiaries, its key management personnel and companies related due to common directorships, Pnina Feldman being a Director of both Cann Global Limited and the director of 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 2017, 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, Business Development;
- Dr Robert Coenraads – Head Geologist, Exploration and Mining; and
- Sholom Feldman – Chief Executive Officer and Company Secretary.

In respect of each of these executives (**Key Management Personnel**), AGMPL was paid a retainer for the half-year ended 31 December 2018. The Group was also reimbursed for all reasonable expenses incurred by or on behalf of the Key Persons.

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.

AGMPL also provided suitable fully serviced offices to the Group at its Sydney offices at 24 Birriga Road, Bellevue Hill, which includes use of office space, kitchen, daily cleaning, and essential office infrastructure, including telephones, fax, printer, broadband internet connections and suitable office furniture.

AGMPL also provided additional administrative services to the Group, such as secretarial, accounting and office management services. These services were provided to the Group by AGMPL on reasonable arm's length terms as approved by the independent director(s).

	Half-year ended 31.12.2018 \$	Half-year ended 31.12.2017 \$
Consulting services – Geologist Fees	180,000	180,000
Rent	85,716	84,000
Management and secretarial	90,000	120,000
Marketing services	60,000	60,000
Executive and corporate services	312,000	312,000
Administrative fee	168,000	138,000
Reimbursement of expenses	3,054	2,400
<b>TOTAL</b>	<b>898,770</b>	<b>896,400</b>

#### Other transactions with related parties

The Company paid directors' fees of \$35,000 (2017: \$35,000) for the non-executive director, Meyer Gutnick, during the half-year ended 31 December 2018.

The Company paid directors' fees of \$10,000 (2017: \$10,000) to the non-executive director, David Austin, during the half-year ended 31 December 2018.

#### **NOTE 14: RELATED PARTY TRANSACTIONS**

<u>Loans advanced to director related companies</u>	<b>31.12.2018</b>	<b>30.06.2018</b>
	\$	\$
<b>CURRENT</b>		
Australian Gemstone Mining Pty Ltd	21,314	11,531
<b>NON CURRENT</b>		
Volcan Australia Corporation Pty Ltd	1,200,000	1,200,000
Impairment recognised as at 31 December 2018	(1,200,000)	(1,200,000)
Due for repayment on 14 December 2012*		
Volcan Australia Corporation Pty Ltd	79,258	79,258
Impairment recognised as at 31 December 2018	(79,258)	(79,258)

No due date for repayment.

The above loans are unsecured and interest free.

\*The loan to Volcan Australia Corporation Pty Ltd was not a cash advance from the company to Volcan, but was the amount that was to be paid in consideration for the purchase by Volcan Australia Corporation Pty Ltd (VAC) of ML1492 from the Company pursuant to the transactions completed on 14 December 2010 as approved at the time by shareholders at an EGM. Volcan was to have invested in ML1492, and from the profits of the development of that asset was to have paid CGB \$1.2M. Volcan subsequently invested in the asset's development, but due to the prevailing market conditions, Volcan was not able to make a profit from that asset at that time. As a result, Volcan was unable to meet the acquisition cost of \$1.2M at the due date. The amount due was unsecured, due for payment in cash on 14 December 2012, and there was no interest payable on the amount due. The Directors have agreed that it is in CGB's interest to allow VAC further time to seek to further develop that asset in more favourable market conditions to enable Volcan to make the necessary amounts from the asset to make the payment. As the timing of this payment is at present uncertain, it is considered prudent for this amount to be impaired in the financial statements until the payment is able to be made.

	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>
Loan advanced to associate entity		
CURRENT		
Hemp Hulling Co (QLD) Pty Ltd	111,620	77,168
The above loan is unsecured and interest free.		
Trade creditor balance with associate company -		
Hemp Hulling Co (QLD) Pty Ltd	6,925	13,015
Purchases from associate company –		
Hemp Hulling Co (QLD) Pty Ltd	34,432	11,832
(Purchases are made on normal terms and conditions.)		

## NOTE 15: FINANCIAL INSTRUMENTS

### Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31.12.2018 Total Carrying Amount \$	31.12.2018 Net Fair Value \$	30.06.2018 Total Carrying Amount \$	30.06.2018 Net Fair Value \$
<b>Financial assets</b>				
Cash and cash equivalent	5,859,218	5,859,218	6,409,317	6,409,317
Trade and other receivables	869,546	869,546	572,911	572,911
Investment at FVTPL	1,958,616	1,958,616	2,902,853	2,902,853
<b>Financial liabilities</b>				
Trade and other payables	1,241,834	1,241,834	586,741	586,741
Other financial liabilities	5,013,337	5,013,337	2,205,857	2,205,857
Current tax liability	292,666	292,666	292,666	292,666

## NOTE 16: COMMITMENTS FOR EXPENDITURE

	31 December 2018 \$	30 June 2018 \$
<b>Exploration and evaluation</b>		
- Not later than 1 year	272,000	272,000
- Later than 1 year and not later than 5 years	282,000	282,000
<b>Research costs</b>		
- Not later than 1 year	1,028,571	1,592,000
- Later than 1 year and not later than 5 years	3,642,857	3,046,000
	<u>5,225,928</u>	<u>5,192,000</u>

**NOTE 17: EVENTS SUBSEQUENT TO BALANCE DATE**

Subsequent to the half year, the Company has entered into a memorandum of understanding with BioHealth Pharmaceuticals Pty Ltd, to assist the Company with its production of medical cannabis formulations and nutraceutical hemp food consumables.

The Company has also entered into a revised agreement with Medcan Australia Pty Ltd pursuant to which Medcan will facilitate the manufacture, import and export of Cannabis products. As a result of the new agreement, the previously contemplated acquisition will not take place and the 250,000,000 shares allocated for the acquisition will not be issued.

Also, the Company entered into a letter agreement with L1 Capital, whereby all existing convertible securities and options that the Company and Medical Cannabis Ltd had issued to L1 Capital, were redeemed through the issue of new convertible securities by the Company, with additional convertible securities issued for additional funding of \$600,000. The new convertible securities have a maturity date of 15 November 2019, a redemption price of \$1.20 and the issue of 31,140,000 options with a three-year maturity and exercise price of \$0.05.

There have been no further material subsequent events since balance date.

# Directors' Declaration

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In the Directors' opinion:

- (a) the financial statements and accompanying notes set out on pages 33 to 48 are in accordance with the *Corporations Act 2001*, and:
  - (i) comply with AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*; and
  - (ii) give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors:



**Prina Feldman**  
Chairperson

**Sydney**  
24 May 2019

## INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF CANN GLOBAL LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cann Global Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2018, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors declaration of the Company and the consolidated entity (the Group), comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cann Global Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

#### Sydney Office

Level 16, 1 Market Street  
Sydney NSW 2000  
PO Box H195  
Australia Square NSW 1215  
**p** +61 2 9251 4600  
**f** +61 2 9251 7138  
**e** info@nexiasydney.com.au  
**w** nexia.com.au

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## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cann Global Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Nexia Sydney Partnership



**Stephen Fisher**  
Partner

Sydney  
24 May 2019