



CANN GLOBAL LTD
EXPANSION INTO
SOUTHEAST ASIA



**QUARTERLY
REPORT**

SEPTEMBER 2019

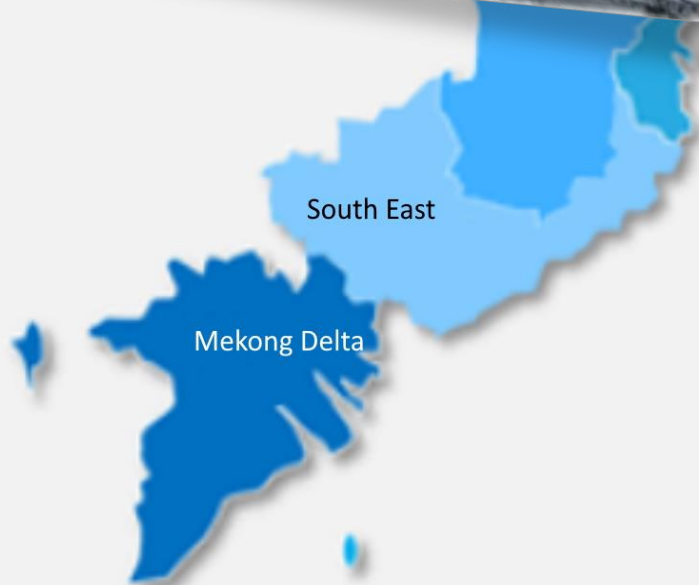




North Mountains & Midlands

Hanoi

North



South East

Mekong Delta

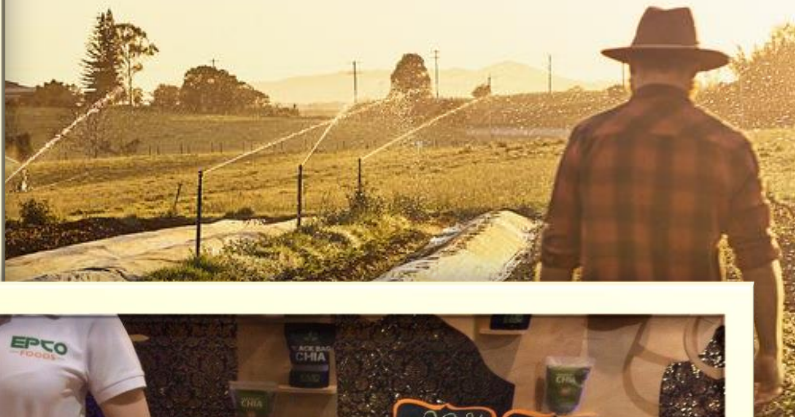


Highlights



Sun Agriculture Promotion Industry and Commercial Co. Ltd





Highlights



Cann Global Limited (ASX:CGB)

Q1 FY HIGHLIGHTS

- *Aug 22* - Cann Global Ltd reinstatement to Official Quotation
- *Aug 29* - T12 becomes official supplier to Costco
- *Sep 5* - T12 signs exclusive Vietnam Distributorship with EPCO

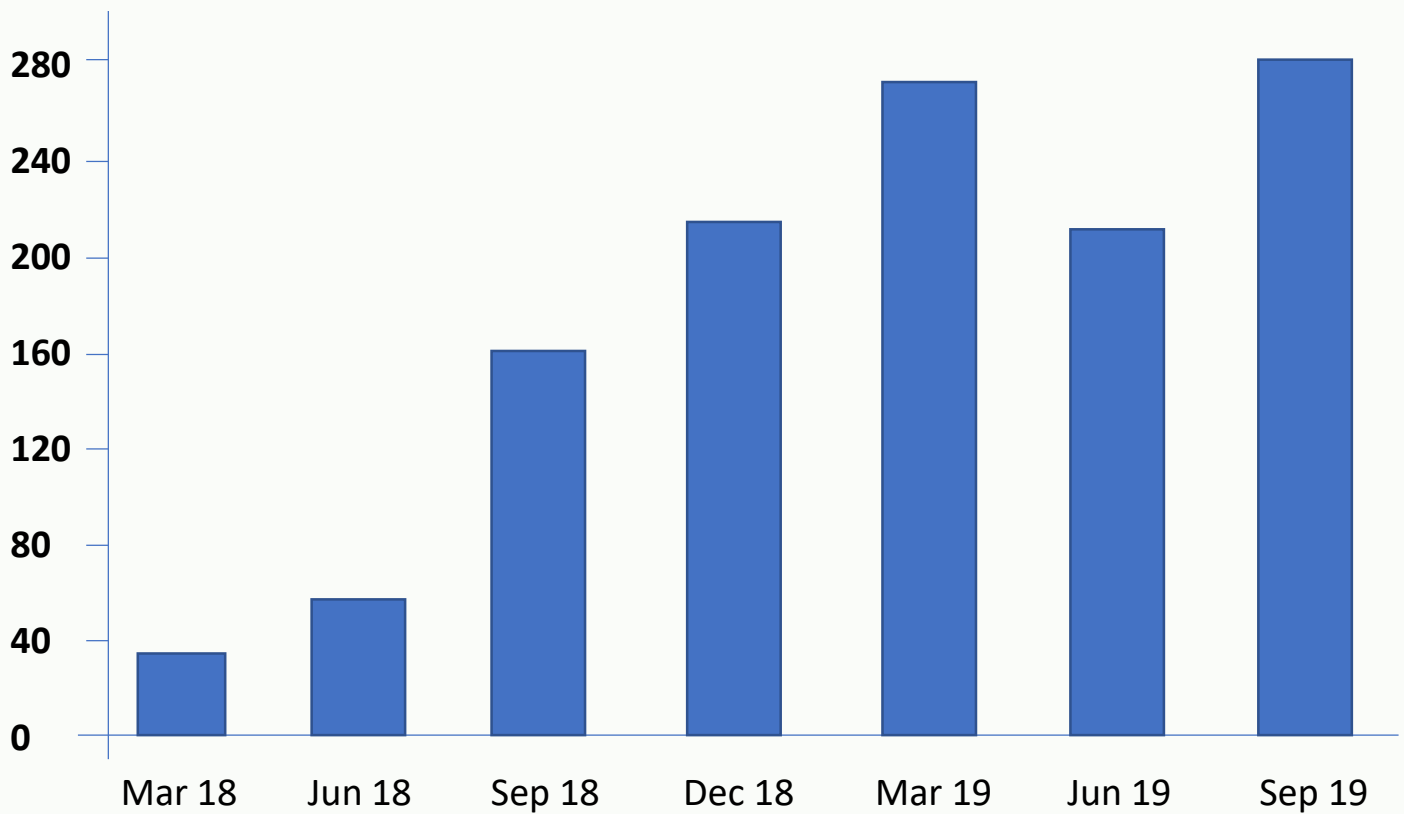
OCTOBER HIGHLIGHTS

- *Oct 25* - CGB announces Annual General Meeting
- *Oct 28* - CGB announces its expansion plans for South East Asia
- *Oct 28* - CGB announces its new subsidiary 'Cann Global Asia'
- *Oct 28* - CGB signs Deed of Agreement with Sun Agriculture Promotion Industry and Commercial Co. Ltd ('SUN')





Cann Global Limited Quarterly Consolidated Revenue (AUD'000)



Cann Global Limited (**ASX: CGB**) presents its (Q1 FY20) Appendix 4C Quarterly report for the three months ended 30 September 2019.

CGB is pleased to report that during 1H 2019 further infrastructure updates were undertaken and completed at its Coolum Beach processing facility in QLD. With the HHC upgrade program completed, revenues are expected to continue to increase with \$281K reported for the current Quarter. \$121K reported for the month of September.

Costco and EPCO revenues to be reported in the next quarterly report.



OPERATIONAL UPDATE

Cann Global was reinstated to quotation on 22 August 2019. CGB was very pleased with the performance of our Food Division during the period of re-compliance. The 12 months of re-compliance meant that our Medical Cannabis and Food Divisions were not able to access QBL's operating funds, and coupled with the drought, the company undertook and managed a very strict fiscal reinvestment plan to ensure that the Food Division were able to reinvest funds received from sale of products to ensure business continuity which also included a further infrastructure upgrade in early to mid 2019. We congratulate the Food Division team for their fiscal management during that period which saw the company return over \$1 million dollars in consolidated revenues.





OPERATIONAL UPDATE

During the Q1 FY period Cann Global through its Research Division, MCRG, invested approximately \$1.1M towards the Research on MS being undertaken by the Technion Haifa, that following the earlier success in vitro in the lab, has now seen successful mice trials which are continuing, and trials on patients being monitored by leading Israeli hospitals are also currently underway.

The research team and the Board are very encouraged by the successful and swift results to date and what this may mean not only for so many patients suffering around the world, but what this could also mean commercially for the Company should a successful product result from this research currently underway.





OPERATIONAL UPDATE

In August the management team from Cann Global met with the team from Medcan, the management team from BioHealth and the Head Researcher and formulator from Pharmocann in Israel to inspect the new Bio Health facility in Silverwater.

This state-of-the-art facility is currently undertaking a Schedule 8 (S8) drugs and poisons approval fitout in preparation for our Canntab and Pharmocann Pharmaceutical and Nutraceutical product range which we are preparing for manufacturing in 2H 2019.

Infrastructure upgrades are progressing very well and we will bring further updates as the fitout moves closer to completion.

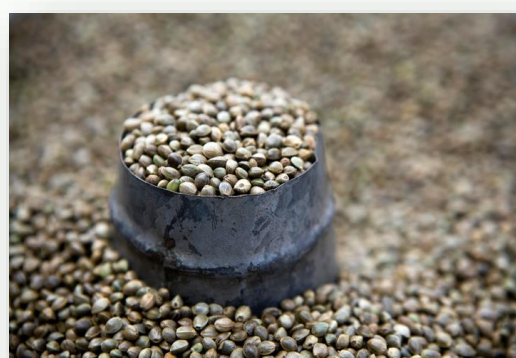




OPERATIONAL UPDATE

Andrew Kavasilas, Cann Global's Technical Director and the management team of T12 led by Sebastian and Sam Edwards continue to work with our contract farmers in NSW, Victoria and Tasmania. Cann Global has invested significant funds into Hemp Seed Research and the Company continues to support and assist our Farming partners with 'on the job' training, agronomic and soil advice, and hemp crop farming management practice assistance.

CGB were very pleased to secure over 200 Metric Tonnes of hemp seed from its contracted farmers to supply the Company's growing hemp food division.





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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CANN GLOBAL LIMITED

ABN

18 124 873 507

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	281	281
1.2 Payments for		
(a) research and development	-1,297	-1,297
(b) product manufacturing and operating costs	-1161	-1161
(c) advertising and marketing	-71	-71
(d) leased assets		
(e) staff costs	-372	-372
(f) administration and corporate costs	-997	-997
1.3 Dividends received (see note 3)		
1.4 Interest received	32	32
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material) GST refund	194	194
1.9 Net cash from / (used in) operating activities	-3,391	-3,391
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-62	-62
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-62	-62

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	5,950	5,950
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	-2,206	-2,206
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	3,744	3,744

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,228	5,228
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-3,391	-3,391
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-62	-62
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,744	3,744

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	5,519	5,519

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,519	5,188
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,519	5,188

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

70

Directors fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

410

Payment for company management and administration services provided under the AGM management services agreement for executive corporate services, secretarial services, geological services, bookkeeping, business management and administration staff and office rental.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	200
9.2 Product manufacturing and operating costs	1200
9.3 Advertising and marketing	100
9.4 Leased assets	
9.5 Staff costs	350
9.6 Administration and corporate costs	400
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	2250

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Managing Director)

Date: .31 October 2019.....

Print name: Sholom D Feldman.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.