



QUARTERLY REPORT DECEMBER 2019

Securing the future...



SECURING THE FUTURE

Executive Chairperson's Report



Pnina Feldman
Executive Chairperson

Quarterly Activities Report

Dear Shareholders,

On behalf of the Board of Cann Global Limited ("ASX: CGB" "the Company"), I would like to take this opportunity, to first, thank our shareholders for their continuing support in what has been another year of exciting growth and development at CGB, with the relisting of the new company in August, securing large distribution partners such as Costco and Epcoc, our expansion into Asia and South Africa, and expanding and solidifying our global deals, partners and network further.

We have been particularly pleased with the ongoing significant successes in our medical research to find a cure and treatment of Multiple Sclerosis, using unique strains and formulations of cannabis, being undertaken by the Technion University in Haifa, Israel, where this past year has seen mice trials successfully undertaken and with extremely promising results, following our earlier successes last year in vitro.

This now leads us to human trials which are currently being coordinated in Israel together with Israel's leading hospitals. In discussions with the Technion team, the Company is projecting, should the human trials succeed over the coming year, we may be able to have a formulation for a product for distribution which we anticipate will help millions worldwide suffering from this debilitating condition.

We were also very pleased to receive news that permits have now been approved for our Canadian partners, Canntab Therapeutics to finally legally produce the unique Canntab pharmaceutical grade XR pill during the upcoming quarter for import into Australia. We are of the strong belief that this product will prove to be a leading product of choice by the medical establishment in Australia.

The Company is also looking at distribution and production partnerships and acquisition opportunities in North America and Europe, which would further cement Cann Global as a truly Global company.

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New Opportunities

In September, we were pleased to announce a distribution agreement with Costco Australia for our premium quality certified organic hemp seed oil capsules. Discussions have continued, and in January we have received two new SKU orders for our Certified Organic Hemp protein flavoured blends and a further purchase order for our Hemp Seed oil capsules.

We were also pleased to announce in late 2019 that its Food Division, T12, had secured a global distribution agreement with EPCO foods Vietnam to export monthly metric tonnage supplies of T12's organic food products. The company received in January a request to increase their monthly metric tonnage order quota to EPCO Foods by 50%.

We continue to remain focused on increasing company revenues and are pleased with the results from our Food Division. The initial EPCO and COSTCO order payments in excess of \$240,000 are not

reflected in this Quarter having only been received in January. The current quarter only takes into account cash received before the end of December. T12 has stepped up its production with the two new PO orders from EPCO and Costco, and is currently focused on servicing sales inquiries generated from its new online website stores and loyal customer base.

The combined income from these two companies received in January from these initial orders is in excess of \$240,000, which together with the regular sales revenue received during the quarter of over \$300K, translates to approximately \$550,000 in revenue attributable to the previous quarter sales, which is almost a doubling of sales revenue relative to the prior quarter. The Company is very pleased with the sales revenue trajectory of the health food and nutraceutical division, and are looking forward to an exciting and rewarding year ahead as the business continues to build from its solid infrastructure and sales platform and continues to perform as planned and expected.

As at 31 December CGB's cash position was \$6.6 million. Cash expenses and investment for the group was \$1.6 million for the quarter which included approximately \$500,000 for our product inventory.

CGB's operating expenses have decreased by approximately \$1million compared to the last quarter, which had included significant costs associated with the relisting.

Reducing Expenditure

The Board has been mindful of the challenging conditions that face the Cannabis industry, in particular, time frames required to lead the company to profitability. We acknowledge and are grateful for the broad-based industry knowledge, management experience, and credentials held by all of those in our senior management team.

In October, the company began to implement cost cutting measures to reduce expenditure across its divisions. We realise that in order

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Executive Chairperson's Report

to accomplish our goals and move the company towards a revenue positive outcome it requires strong controls to be put in place to manage all expenditure in 2020. We have significantly reduced the prior costs associated with the mining division and other associated costs as part of the cost reduction measures.

We have taken on board feedback from our shareholders and continue to be vigilant regarding operational expenses. We believe that the internal processes we are currently implementing as a company, will foster an environment that upholds our company values of growth through relationships and transparency, ensuring maximum efficacy of operations and will provide us with the best framework to achieve all of our future goals.

Challenging conditions

The Board was aware that Australia has been experiencing its worst drought and unprecedented bushfire season in recorded history, breaking many records and creating unique challenges for the agricultural industry, and, in particular, the Cannabis & Hemp Seed Foods industry. Globally, Cannabis has also faced challenges and pressures with the overproduction of Cannabis and Hemp in those countries that have national approvals as well as regulatory delays for exporting in many countries.

Throughout 2018 and 2019, and as global and environmental issues were putting downward pressures on the Cannabis market, the Board and management team took the opportunity to make plans and secure partnerships with major companies. We sought out and engaged experts and professionals in the medicinal and Hemp Seed Food industries to ensure the company had a bright and sustainable future, and remained sufficiently flexible to maximise and prepare for the ever changing global regulatory environment.

This has been a time of laying strong foundations from which we can continue to grow and expand as regulations soften to allow easier access to medicinal Cannabis. We are also mindful of and focused on developing and establishing sustainable ways to work around the many ecological issues that will continue to challenge all agricultural industries into the future.

With increasing competition in the sector, and being aware of global pressures in the Cannabis and hemp sectors, the Board felt that it was imperative to take the opportunity to invest in, and put into place, important foundation blocks during this early growth phase of the company.

The Company's business plan remains flexible to take advantage of and to keep up with the constant changes of the global legislative environment and focuses on building strong foundations to ensure there is a consistent path leading to increased revenues.

SECURING THE FUTURE

Executive Chairperson's Report

Cann Global is committed to expanding our international footprint by entering into partnerships with industry leaders in medicinal Cannabis research. We are working towards developing their IP's which we believe will eventually create revenue streams from the sale of medicinal Cannabis pharmaceuticals and nutraceuticals, such as 'Olivia's Choice'.

The Board also agreed that it was necessary to take the opportunity during the 2019 drought year, to invest more resources into dehulling and refining infrastructure of the highest standard which would ensure that we would be ready to meet, and fulfill all future order requests, as demand for all natural healthy foods continues to increase amongst Australian and international consumers.

Conclusion

The Board acknowledges that the ecological and political challenges that have been facing the Cannabis industry over the past years will continue to pose new challenges moving forward into this new decade. This only serves to highlight the important work done and deals/partnerships secured over the last 2 years to establish our relationships that will ensure that we are able to meet these future challenges with confidence and with a sustainable and ethical infrastructure plan in place.

We are confident that we have the right management team in place,

who since the initial acquisition of MCL in May 2017, has developed the company from its nucleus of a unique and valuable seed bank with a vision of a Vitahemp food brand, into a global multi division fully vertically integrated corporate with partnerships and global alliances.

As opportunities for expansion, strategic partnerships and alliances present, we will continue to move forward as a significant global medicinal cannabis and hemp seed corporation effecting positive outcomes for the future of hemp seed products with our global view focused on revolutionising medical cannabis research making CGB a strong performer in the market of Cannabis research, production and manufacturing techniques.



CGB QUARTER HIGHLIGHTS

SEPTEMBER

26th

Cann Global Headquarters relocated to Level 21/133 Castlereagh St, SYDNEY 2000

OCTOBER

28th

Deed of Agreement signed with S.A.I.P.I.A.C Lao PDR

NOVEMBER

5th

CGB received further Institutional support from L1 Capital Global Opport. Fund to raise AUD\$2.22M

11th

T12 released its new 'Black label' Hemp/Honey mix blends

28th

Annual General Meeting

DECEMBER

10th

CGB secured agreement for global rights to 'Olivia's Choice' formulas

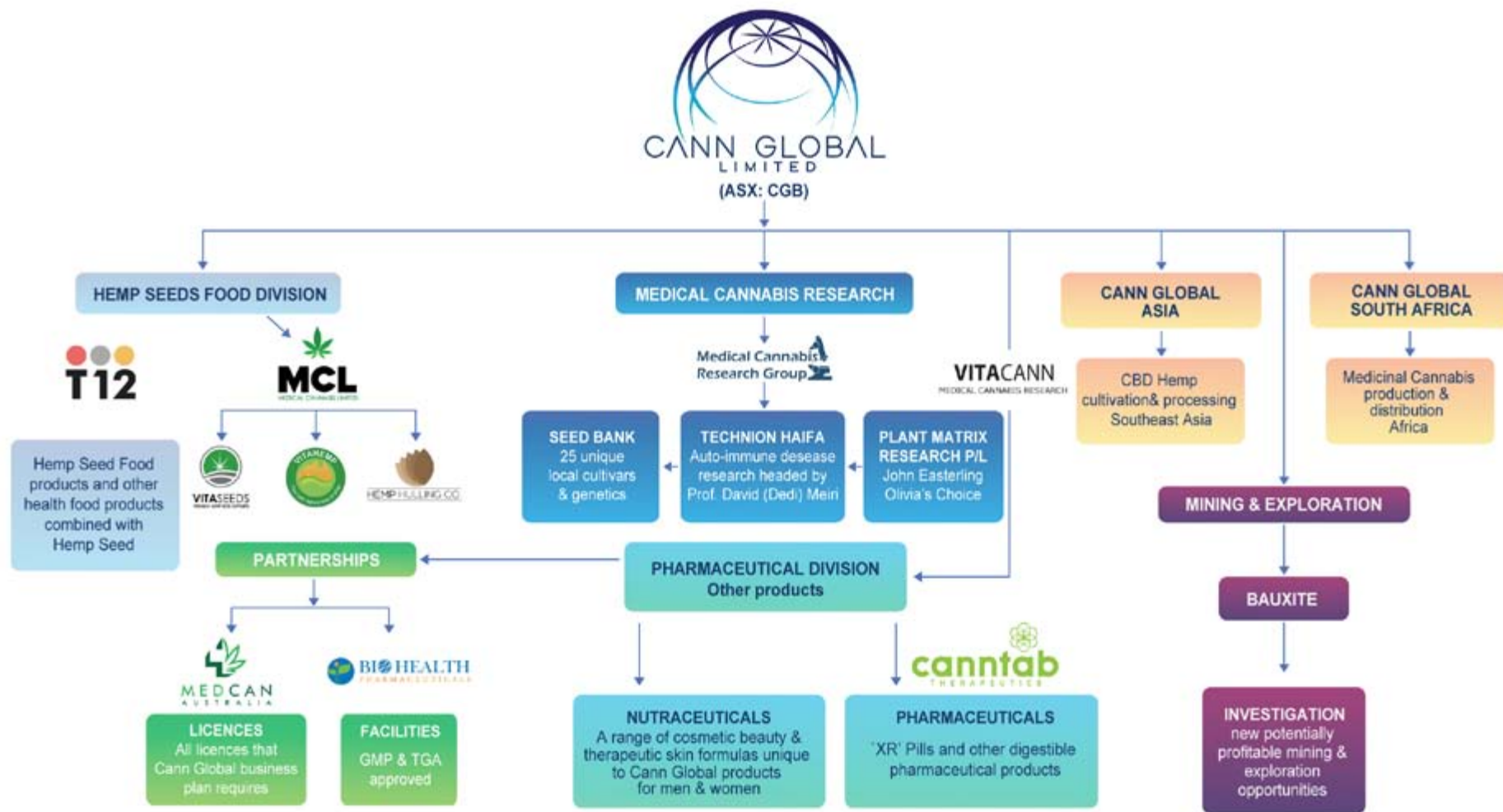
19th

CGB entered H.O.A. for JV partnership with Koegas Medicinal Herbs in South Africa

31st

End of Quarter

CANN GLOBAL BUSINESS STRUCTURE



OPERATIONAL UPDATE - T12

Cann Global was pleased to announce a distribution agreement with Costco Australia for our premium quality certified organic hemp seed oil capsules in September. The manufacturing, packaging and supply of the first order of capsules being completed by end of November. A second order for two new SKU's and a further order for capsules was received in January. Costco has chosen T12 to be the first and sole supplier of hemp seed protein for its Australia wide Retail network.

Payment for the Costco shipment was received in January 2020. The Costco payment therefore will not show in the current Quarterly.

During the 2nd Quarter period, T12 continued to develop and market its range of Australian quality brands. Each brand is developing its own entity and targeted customer base i.e standalone websites and unique marketing strategies.

- **EM WholeFoods**
- **Australian Grown Naturals**
- **VitaHemp**
- **Blanck & Co Food Supply**
- **Black Bag**

In September, Cann Global announced that its subsidiary, T12, had signed a new continuous distribution agreement for the supply of packaged and raw product with EPCO Foods, Vietnam. The PO agreement included ongoing monthly exports of T12's product, and supply quantities were increased from '000kg to metric tonnage deliveries of raw and packaged food products to be exported to Vietnam. In January EPCO Foods, due to high demand for T12 's products, once again increased its monthly metric tonnage supply order by a further 50%. Discussions are presently underway with EPCO to export our new Hemp Seed Food blend mixes to Vietnam.

Payment for these shipments has been received in January which will therefore not show in the current Quarterly.

The combined income from these two companies received in January from these initial orders is in excess of \$240,000, which together with the regular sales revenue received during the quarter of over \$300,000 translates to approximately \$550,000 in revenue attributable to the previous quarter sales, which is almost a doubling of sales revenue relative to the prior quarter. The Company is very pleased with the sales revenue trajectory of the health food and nutraceutical division, and are looking forward to an exciting and rewarding year ahead as the business continues to build from its solid infrastructure and sales platform and continues to perform as planned and expected.

OPERATIONAL UPDATE - T12



Hemp Seed Contract

In order to continue to secure significant ongoing supply of quality and fresh Australian hemp seed for the quickly expanding hemp food division, CGB has now also partnered with Midlands in Tasmania. There is a significant contract in place for the 2019/20 season continued supply of raw hemp seeds. Tasmania currently leads the way in Hemp grain production. Stock levels are currently high and moving well through production for distribution sales locally and to our export markets.

OPERATIONAL UPDATE - REDUCING EXPENDITURE

In October, Cann Global's senior executive management team implemented a company wide audit of expenditure and costs in order to assess where savings could be achieved and to acknowledge the expectations of shareholders regarding revenue timelines. We believe this is an important step to securing our path to future profitability.

Amongst the general corporate and administrative cost savings that have been identified and put into place, the following ongoing cost savings measures were implemented.

- ***AGMPL contract - Cost savings of \$24945 per month which includes reducing costs of the geological division amongst other associated cost reductions***
- ***MCL - Cost Savings of approximately \$25000 per month***

The Company has reduced its expenditure in the current quarter by over \$1M compared to the previous quarter, which had also included much of the relisting costs.

The company has completed its main infrastructure upgrades at Coolum and will continue to assess its performance during 2020 to ensure that it is providing the best outcomes for its shareholders as it balances its role in continuing to invest in Cannabis research and technologies, raw seed stock for its Seed Division, and providing manufacturing supplies for its Food and nutraceutical Divisions. Cann Global is committed to a policy of fiscal responsibility.

OPERATIONAL UPDATE - CONSERVATION STRATEGY

Being aware of the challenges facing the industry throughout 2018 and 2019, the board chose to invest locally in infrastructure, and engage 'best farming practice' contractors across three states rather than to lease or purchase our own properties in a single climatic zone. We are very proud to be associated with trusted Australian hemp farmers which now includes Midlands in Tasmania.


The company also sought out international commercial partnerships to ensure that Cann Global would have a long, sustainable and profitable future for its shareholders through the diversification of its Cannabis and Food Divisions. We are proud to be associated with, and in partnership with, David Evans and Chris Waldron with our new subsidiary Cann Global Asia with activities currently in Laos PDR, and a new partnership with Koegas Medicinal Herb Co. in South Africa.

Faced with furthering drought conditions, the company sought the advice of International Cannabis expert and agronomists. Our Vitaseeds and Food teams, led by Andrew Kavasilas and the Edwards family, aware of the reduced quality of hemp crop harvests caused by continuing drought conditions, employed a conservational approach to large scale hemp seed cultivation by limiting any significant investments in raw hemp seed and instead focused on implementing a two prong approach to ensure ongoing revenues.

1. It expanded its reach into Asia by signing distribution agreements with large network Retailers in Asia and Australia through the direct sale of a range of new all-natural Certified Organic Health Foods such as Chia, Quinoa and Cacao. T12, our Food Division, also developed specialised Hemp Seed blend mixes as part of their strategy. This strategy ensured that T12, and the company, would have sufficient working funds to further invest in ongoing projects.

2. It increased its international footprint into Asia with the signing of partnership agreements for CBD Hemp facilities in LaosPDR and Medicinal Cannabis facilities in South Africa. This will allow the company to be open to retail consumers in Asia and Africa thus ensuring the company has access to multiple markets and competitive global infrastructure, thereby maximising potential revenue streams moving forward into the new decade.

Together with our new cost cutting policies and the successful employment of our conservation strategy we believe that Cann Global is well prepared to ride through the current drought and to achieve its goal of becoming one of the leading Global Cannabis companies in this new and burgeoning industry.



OPERATIONAL UPDATE - THE TECHNION

During the Q1FY period Cann Global through its Research Division, MCRG, invested approximately \$1.1M towards the Research on Multiple Sclerosis being undertaken by the Technion Haifa in Israel, headed by Professor Meiri.

We have been particularly pleased with the ongoing significant successes in our medical research to find a cure and treatment of Multiple Sclerosis, using unique strains and formulations of cannabis, being undertaken by the Technion University in Haifa, Israel, where this past year has seen mice trials successfully undertaken and with extremely promising results, following our earlier successes last year in vitro. The results to date have identified unique formulations from particular cannabis strains which either successfully halted the progression of the disease or assisted in recovery.

The Company believes that each of these results individually, and the potential combination of both of these formulations in treatment, has the potential to be ground-breaking. This now leads us to human trials which are currently being coordinated in Israel together with Israel's leading hospitals.

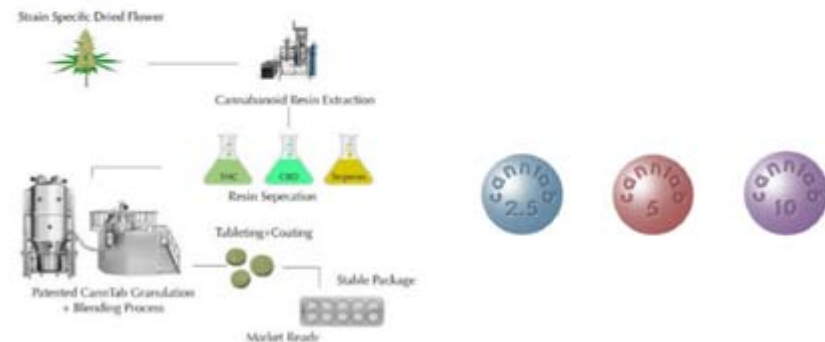
In discussions with the Technion team, the Company is expecting, should the human trials succeed over the coming year, that we may be able to have a formulation for a product for distribution which we anticipate should help millions worldwide suffering from this debilitating condition.



OPERATION REPORT - CANNTAB THERAPEUTICS

Cann Global is pleased to advise that its partner Canntab Therapeutics in Canada, has been given clearance authority by the Canadian government to begin producing the Canntab pharmaceutical grade XR tablet for export to Australia as promised in our last operational update. The Canntab range of products will be available for sale through Cann Global in the Australian and Asian markets.

The Company expects Canntab's unique line of pharmaceutical grade solid oral dosage forms with timed release properties to be the future of medical cannabis.



SECURING THE FUTURE - CANN GLOBAL ASIA

In October we announced the expansion of its current APAC/Asian presence by incorporating a further Asian focused subsidiary, Cann Global Asia Ltd ('CGA').

CGA signed a Deed of Agreement with Sun Agriculture promotion Industry and Commercial Co., Ltd Asia Lao PDR to use its hemp licenses to cultivate and process CBD hemp in Lao PDR. We believe this to be an important part of planning for the future, as this will allow the company further opportunities for achieving revenues by undertaking low cost legal broad-acre CBD hemp cultivation and processing in Laos and commence the legal indoor cultivation of medicinal Cannabis in the province. As the factory comes online, products will be available for the Southeast Asian market and also for potential importation to Australia for retailing through the SAS scheme.

In discussion with our partners in Laos, Cann Global has been planning the implementation procedures that will allow the cultivation, extraction and manufacturing of its hemp product operations to commence in Laos.



The first stage process design of the extraction plant has now been completed. This process includes the latest drying, sizing, extracting, decanting, filtering, and chromatography technology which will be assembled into a large capacity, batch, ethanol plant. Implementation activities will formally commence after KPMG has completed a due diligence of Sun Agriculture licenses. Cann Global has also requested KPMG to undertake a separate due diligence of Sun Agriculture's agreement with the National University of Laos to conduct a research program into hemp fiber and hemp medical extracts.

Cann Global Asia ('CGA') has also commenced formal negotiations to sell hemp products into China. This involves providing the T12 product range, and also partnering with leading CBD cosmeceutical companies from North America. CGA is in talks with a master distributor, who intends to distribute the products to three large retail chains. The first step requires the implementation of a pilot program across 10 pharmacies in China. The first pilot program is planned to commence in March 2020, after the local distributor has received approval to import the products. We are very pleased to be working with our dedicated team in Asia to ensure CGB's ongoing sustainability and is aligned with our commitment to move towards significant profitability for our shareholders.

SECURING THE FUTURE - KOEGAS MEDICINAL IN SOUTH AFRICA

As the year was coming to a close, we continued with our discussions and expansion plans into global markets. The board was pleased to announce that it had entered into a Heads of Agreement with the South African company Koegas Medicinal Herbs Pty Ltd to establish a Joint venture (CGB to hold 70%) in medicinal Cannabis production and distribution in Africa. This will further both our global expansion and securing revenue opportunities to sustain the future of the company.

The Board considers Africa to be a potentially huge emerging market and is considered of strategic importance in the establishment of a base in Africa for distribution of CGB's existing and future products for local and international export markets.



SECURING THE FUTURE - OLIVIA'S CHOICE



Olivia Newton-John
Actress

The company was delighted to welcome to the Cann Global Board, John Easterling in 2019 and was grateful to have his assistance throughout 2018, as non-executive Director of MCL.

In December we announced that Cann Global had signed an agreement with John to secure the exclusive IP rights of “Olivia’s Choice” medical cannabis formulas, subject to shareholder and regulatory approvals. The formulations are known as “XO 27 XP, and ONJ 18 XP and ONJ XO” and are intended to be distributed to the global marketplace. These formulas have been prepared by John and have been used by his wife Olivia Newton-John as part of her recent treatments for her cancer.

As recently reported in the media, Olivia continues to make a strong recovery and credits the use of these products for her remarkable improvements to her health and current quality of life.

As an Australian ambassador in the entertainment industry, Olivia is constantly sought out for interviews on her Cannabis treatments which have been assisting her with treating her cancer symptoms. We believe that “Olivia’s Choice” will be well received by the international marketplace as the product gets necessary approvals ready for manufacturing.

The Board wishes Olivia well for continued good and improved health.





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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")

31 December 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	304*	585
1.2 Payments for		
(a) research and development		-1,297
(b) product manufacturing and operating costs	-847	-2,008
(c) advertising and marketing	-22	-93
(d) leased assets		
(e) staff costs	-315	-687
(f) administration and corporate costs	-407	-1,404
1.3 Dividends received (see note 3)		
1.4 Interest received	30	62
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	176	370
1.9 Net cash from / (used in) operating activities	-1,081	-4,472

*304 does not include the approximate \$240,000 received in January 2020 from the initial Costco and Epco orders

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-6	-68
(b) businesses (see item 10)		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
(c) investments		
(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) Convertible note to L1 Capital	-	
2.6 Net cash from / (used in) investing activities	-6	-68

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		5,950
3.2 Proceeds from issue of convertible notes	2,221	2,221
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
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material) Foreign exchange loss		
3.10 Net cash from / (used in) financing activities	2,221	5,965

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	5,519	5,228
4.2 Net cash from / (used in) operating activities (item 1.9 above)	-1,081	-4,472
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-6	-68

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,221	5,965
4.5	Effect of movement in exchange rates on cash held	-46	-46
4.6	Cash and cash equivalents at end of quarter	6,607	6,607

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	6,607	5,519
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)	6,607	5,519

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**

20

Independent directors fees

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	245
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	

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, including directors fees for Pnina Feldman and Sholom Feldman.

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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	1000
9.2 Product manufacturing and operating costs	1000
9.3 Advertising and marketing	100
9.4 Leased assets	
9.5 Staff costs	320
9.6 Administration and corporate costs	400
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	2820

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 January 2020.....

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.