



4 MAY 2020

CANN GLOBAL LIMITED

ACN 124 873 507

REPLACEMENT CLEANSING PROSPECTUS

For an offer of up to 20,000 Shares at an issue price of \$0.04 per Share to raise up to \$800 (before expenses) (**Offer**).

This Prospectus has been prepared primarily for the purpose of Section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

This Prospectus is dated 4 May 2020.

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1. CORPORATE DIRECTORY

Directors

Pnina Feldman

Executive Chairperson

Sholom Feldman

Managing Director

Jonathan Cohen

Independent Non-Executive Director

David Austin

Independent Non-Executive Director

John Easterling

Independent Non-Executive Director

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Share Registry*

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PERTH WA 6000

Telephone: 1300 850 505 or

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Company Secretary

Alex Neuling

Solicitors to the Company

Murcia Pestell Hillard

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580 Hay Street

PERTH WA 6000

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Auditor*

Nexia Sydney Partnership

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1 Market Street

Sydney NSW 2000

* This entity has been included for information purposes only and has not consented to being named in this Prospectus. They have not been involved in the preparation of this Prospectus.

2. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

2.1 Indicative Timetable

Event	Date ¹
Lodgement of Prospectus with the ASIC	4 May 2020
Opening Date of the Offer	4 May 2020
Closing Date of the Offer	31 August 2020

** The above dates are indicative only and may change without notice. The Directors reserve the right to vary these dates, including the Closing Date, without notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to applicants. The commencement of quotation of the Shares is subject to confirmation from ASX.*

2.2 Important Notes

This Prospectus is dated 4 May 2020 and was lodged with the ASIC on that date. It replaces a prospectus previously lodged with the ASIC on 13 November 2019, which itself replaced a prospectus originally lodged with the ASIC on 10 September 2019. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of the original prospectus (10 October 2020).

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

2.4 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in the Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

2.5 Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.6 Disclaimer

No person is authorised to give information or to make any representation in connection with the Offer described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer. You should rely only on information in this Prospectus.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

2.8 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

3. DETAILS OF THE OFFER

3.1 The Offer

Pursuant to this Prospectus, the Company invites investors identified by the Directors to apply for (**Offer**) to apply for up to 20,000 Shares at an issue price of \$0.04 per Share, to raise up to \$800 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A high-level summary of the material rights and liabilities attaching to the Shares is set out in Section 5 of this Prospectus.

3.2 Minimum subscription

There is no minimum subscription.

3.3 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.4 Objective

As referenced in the Replacement Prospectus and subsequent disclosures by the Company, the Company has made the following issues:

- (a) 1,730,000 convertible notes were issued to L1 on the terms set out in section 3.5.
- (b) 6,285,714 Shares were issued to Exit Out Pty Ltd (the lender) as repayment under the Loan Facility (see section 3.5).
- (c) As announced by the Company on 5 November 2019, the Company issued:
 - (i) an additional 2,600,000 secured convertible notes and 25,000,000 Shares to L1 on the terms set out in section 3.5; and
 - (ii) a total of 13,580,295 Shares to various contractors of the Company by way of payment for various services.
- (d) As announced on 19 December 2019, the Company issued 10,000,000 Shares to the direction of Koegas Medicinal Herbs Pty Ltd (**Koegas**) in connection with the heads of agreement entered into between the parties. For more information, refer to section 3.5.
- (e) On 13 January 2020, the Company issued 15,000,000 Shares as a result of the conversion of 150,000 convertible notes by L1.
- (f) On 5 February 2020, the Company issued 1,956,054 Shares (based on a 20 day VWAP price as at 31 December 2019) to a contractor in lieu of contractor fees.
- (g) On 17 February 2020, the Company announced it had agreed to place 34,000,000 Shares to institutional and sophisticated investors led by New York-based Sea Otter Global to raise \$418,880 before costs.
- (h) On 19 March 2020, the Company announced it had entered into agreements with L1 and Obsidian pursuant to which Obsidian would purchase the existing L1 Convertible Notes from L1 and, in exchange for entering into the arrangements,

the Company would issue various securities to L1 and Obsidian – for more information, refer to section 3.5.

- (i) On 8 April 2020, the Company issued 13,512,779 Shares to Medcan Australia Pty Ltd in lieu of fees pursuant to the terms of a facilitation agreement. The Shares are subject to ASX-imposed escrow until 23 August 2021.
- (j) On 22 April 2020, the Company issued 15,000,000 Shares as a result of the conversion of 75,000 convertible notes by L1.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Relevantly, Section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.5 Convertible Notes, Loan Facility and contractor Shares

L1 Convertible Notes

Pursuant to the L1 Convertible Securities Agreements, 1,730,000 Convertible Notes were issued to L1, each with a face value of \$1.20 and an aggregate face value of \$2,076,000. The maturity date for each Convertible Note was 15 November 2019.

The total Shares into which the Convertible Notes will convert is determined by dividing the amount outstanding on the Convertible Securities by the variable conversion price. The variable conversion price for the Convertible Securities will be 85% of the average of the daily VWAPs during the 5 Actual Trading Days prior to the Conversion Notice Date, rounded down to the nearest A\$0.001 (**Conversion Price**).

As at the date of this Prospectus, the Company has received and processed conversion notices from L1 for a total of 1,475,000 Convertible Notes at the aggregate face value of \$1,770,000, which was converted into 83,504,661 Shares at the Conversion Price.

The remaining 255,000 Convertible Notes at the aggregate face value of \$306,000 may subsequently be converted into Shares at the Conversion Price. In addition, pursuant to an arrangement between the Company and L1, under which L1 has agreed not to require the Company to immediately redeem the Convertible Notes, an adjustment to the remaining

balance of Convertible Notes has resulted in an increase of \$79,200 in the face value of notes remaining on issue, such that there are now 255,000 remaining L1 Convertible Notes with an aggregate face value of \$385,200 (before applicable interest adjustments) which may subsequently be converted into Shares at the Conversion Price.

This Prospectus will act to remove any trading restrictions that may attach to the Shares issued to the Investor and any Shares subsequently issued to the Investor on conversion or redemption of the Convertible Notes while this prospectus remains open for acceptance of offers.

MCL Loan Facility

On 19 June 2019, MCL entered into a \$176,000 loan facility (**Loan Facility**). The Company offered, and the lender elected, to be issued 6,285,714 Shares in repayment of the loan and this share issue occurred in September 2019.

This Prospectus will act to remove any trading restrictions that may attach to those Shares.

Contractor Shares

The Company issued a total of 27,093,074 Shares to various contractors of the Company by way of payment for various services. The maximum number of Shares that any one contractor received is 16,842,779, issued to Medcan Australia Pty Ltd (**Medcan**). Shares issued to Medcan will be subject to ASX escrow requirements until August 2021.

This Prospectus will act to remove any trading restrictions (other than ASX-imposed escrow) that may attach to the Shares issued to these contractors.

Heads of Agreement with Koegas

On 19 December 2019, the Company announced it had entered into a heads of agreement with South African company Koegas to establish a joint venture (of which the Company would hold a 70% interest) in medicinal cannabis production and distribution in Africa. Under the heads of agreement, the Company will set up a wholly owned subsidiary, Cann Global South Africa (**CGSA**). CGSA will then enter into a formal 70/30 joint venture partnership agreement with Koegas. In consideration for its 70% share in the joint venture, the Company has issued 10,000,000 Shares at the direction of Koegas. For further information on the joint venture partnership arrangements, refer to the Company's announcement of 19 December 2019.

Refinancing/Extension of Convertible Notes and Re-Investment

On 5 November 2019, the Company agreed pursuant to a L1 Convertible Securities Agreement to issue the following further securities to L1:

- (a) 25,000,000 Shares.
- (b) 2,600,000 Convertible Notes, each with a face value of \$1.00 and an aggregate face value of \$2,600,000.

The Convertible Notes initially had an initial term of 120 days, and the maximum number of Shares which may be issued upon conversion or redemption of them is 200,000,000. Pursuant to the terms of the L1 Convertible Securities Agreement, the Company was initially required within 120 days after the issue of the Convertible Notes convene and hold a meeting of its Shareholders to seek approval for the issue of replacement convertible securities on identical terms as the original 2,600,000 Convertible Notes issued, but without any limitation on the maximum number of Shares that can be issued upon the

conversion or redemption of those replacement convertible securities. The maturity date for each replacement convertible security (should Shareholder approval be obtained to the issue of those replacement convertible securities) will be 12 months after the date of issue of the 2,600,000 Convertible Notes.

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

If the Company makes a placement, the Investor also has the ability to convert some Convertible Notes at the placement price, for up to the amount of the placement.

On 19 March 2020, the Company announced that it had entered into agreements to refinance the 2,600,000 Convertible Notes through an assignment and variation arrangement between Company, L1 and Obsidian, whereby Obsidian agreed to buy out the convertible notes from L1.

Under the terms of the assignment and variation agreement, Obsidian acquired all of the 2,600,000 Convertible Notes, with the terms of the L1 Convertible Notes to be amended to:

- (a) have a maturity date of 9 March 2021;
- (b) extend the time for the Company to be able to seek Shareholder approval to issue replacement notes to the date which is 80 days after the date of the deed of assignment and variation;
- (c) amend the terms of the Convertible Notes so that they are denominated in US\$ (a commercial requirement of Obsidian), with the Face Value of the notes being amended to the equivalent US\$ amount based on the exchange rate applying as at the date of completion of the assignment;
- (d) requiring any redemption payments to be made in US\$ (a commercial requirement of Obsidian)

In consideration for Obsidian entering into the refinancing arrangements, the Company agreed to issue Obsidian 375,556 additional convertible notes (on the same terms as the existing Convertible Notes, as well as 25,000,000 Shares (which will be held by Obsidian as collateral Shares).

Upon L1 receiving payment from Obsidian, L1 agreed to re-invest a further \$862,000 (before costs) into the company by way of:

- (a) a placement of 25,000,000 Shares at an issue price of \$0.01 per Share, each with 1 free attaching Option with an exercise price of \$0.025 each and an expiry date of 24 March 2020, for a total of \$250,000; and
- (b) an issue of 680,000 new convertible notes, to be jointly issued by the Company and its wholly owned subsidiary Medicinal Cannabis Research Group Limited (**MCRG**), with a face value of \$0.90 per convertible note (**New L1 Notes**). The New L1 Notes must be repaid in the first instance by MCRG by no later than 8 months from the issue date. The New L1 Notes may be converted into Shares or into ordinary shares of MCRG (in the event MCRG becomes separately listed).

3.6 Applications

Applications for Shares under the Offer must only be made by investors at the direction of the Company and using the Application Form accompanying this Prospectus. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date.

The Company reserves the right to close the Offer early.

3.7 Not underwritten

The Offer is not underwritten.

3.8 ASX listing

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.9 Issue

The issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

3.10 Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

3.11 Applicants outside Australia

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.12 Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept it, please email Sholom Feldman at sfeldman@cannglobabllimited.com, or call on +61 2 8379 1832.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Under the Offer, an amount of approximately \$800 (before expenses) may be raised. All of the funds raised (if any) from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.9 for further details relating to the estimated expenses of the Offer.

4.2 Effect on capital structure

The effect of the Offer on the capital structure of the Company is set out below.

Shares:

	Number
Shares currently on issue ¹	3,339,989,043
Shares offered pursuant to the Offer	20,000
Total Shares on completion of the Offer ¹	3,359,989,043

Notes:

1. Includes the Shares on issue or to be issued to L1, Obsidian, and various contractors. For further details see 3.5.

Options:

	Number
Options currently on issue: Unquoted exercisable at \$0.10 on or before 30/04/20:	85,000,260

Unquoted exercisable at \$0.05 on or before 19/07/22:	31,140,000
Unquoted exercisable at \$0.025 on or before 24/03/23:	25,000,000
Options offered pursuant to the Offer	Nil
Total Options on completion of the Offer	141,140,260

Notes:

1. The rights attaching to the Shares are summarised in Section 5 of this Prospectus.

Performance and Incentive Rights

	Number
Performance Shares currently on issue ¹	50,000,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on completion of the Offer	50,000,000

Notes:

1. Unlisted Performance Shares converting into fully paid ordinary shares upon achievement of the Australian Government granting a permit to Medical Cannabis Limited to grow cannabis varieties for medical cannabis research for the purposes of product development between the date of issue of the Performance Shares and 5 years after that date.

4.3 Financial effect of the Offer

After paying for the expenses of the Offer of \$10,000, there will be no proceeds from the Offer. The expenses of the Offer will be met from the Company's existing cash reserves. The Offer will have an effect on the Company's financial position, being receipt of funds of \$800 less expenses of the Offer of \$10,000.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of

securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other securities as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

6. **RISK FACTORS**

The business, assets and operations of the Company, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

The risks and uncertainties described below are not intended to be exhaustive. The summary of risks that follows is not intended to be exhaustive and this Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company is as follows:

6.1 **Risks relating to the Change in Nature and Scale of Activities**

(a) **Future Capital Requirements**

The Company is likely to require additional funding in the future (whether by way of debt or equity or a combination of both). The ability of the Company to meet this future requirement will be dependent on the Company's continued access to credit markets, funding sources and financing facilities. Access to credit markets on less than favourable terms may impact the Company's access to financing

facilities should the need arise and may have a material adverse effect on the Company's future financial performance and position.

Furthermore, any additional equity financing may be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. The Company's failure to raise capital if, and when, needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and its solvency.

(b) Uncertainty of Future Profitability

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects that it may continue to make losses in the immediate future. Factors that will determine the Company's future profitability are its ability to manage its costs and its development and growth strategies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.

(c) Integration Risk

The Company has recently begun to integrate two independent businesses together to be members of the Company Group as well as the strategic alliances, a process will be implemented to align, expand and improve the financial reporting system for the Company Group. While this process takes place, historical deficiencies may be discovered which may have a material impact on the financial position of the Company.

6.2 Specific Risks to Medcan and MCL businesses

(a) Obtaining and retaining licences, permits and approvals

The Company's business model is reliant on obtaining any necessary additional licences, permits and approvals as outlined in the legal opinion on MCL's business operations as set out in the Replacement Prospectus and retaining (and in the future applying for renewal of) the necessary licences, permits and approvals issued by the ODC and other regulatory bodies to conduct its cannabis business operations (see the Replacement Prospectus).

The Company Group may apply for any additional licences, permits and approvals as may be required, and undertake the necessary requirements for approval, however, there is no assurance that any such licences, permits or approvals will be granted to the Company Group, or on terms anticipated by the Company Group. A failure to obtain any such licences, permits or approvals may result in the Company Group being unable to continue to establish and/or further its cannabis related business operations.

The Company Group will also endeavour to comply with any approvals or conditions attaching to the relevant licences, permits and approvals, and undertake continued maintenance of such licences and permits. However, there is no guarantee that any licences, permits or approvals granted by the ODC or other regulatory bodies will not be revoked during their term, or that they will be

renewed for a further period of time or renewed on terms anticipated by the Company Group. Should any of these circumstances eventuate, it is likely to have a material adverse effect on the Company's proposed activities and operations, as well as its financial performance and prospects.

(b) Reliance on Medcan Licence

The Company relies on Medcan to comply with the relevant law and regulations to maintain their licences to manage the implementation of the CGB business plan. Failure of Medcan to maintain these licences will mean that the Company will need to seek alternate arrangements to be able to import, export and manufacture the intended cannabis products. For further information please see the Legal Opinion as set out in the Replacement Prospectus.

(c) Establishment and implementation of new legislative regime

The Company operates (or intends to operate) in an industry which has recently experienced key regulatory and legislative changes.

The legislative amendments to key Australian legislation only came into effect fairly recently (for example, the legislative amendments to the ND Act only came into effect in Australia in October 2016).

The ODC has published regulations and a series of guidelines which explain how the reforms are to operate, and the application processes for licences and permits. Although this guidance is quite prescriptive, as with any new legislative regime, there remains some uncertainty as to the interpretation of the new laws and regulations and the review methodology that the ODC will adopt.

(d) Legislative risk

The operations and proposed operations of the Company Group and Medcan are subject to a variety of laws, regulations and guidelines.

The growing and use of hemp and medicinal cannabis is a heavily regulated industry in most jurisdictions throughout the world. Future growth of this market is reliant on future legislative changes in legalisation and decriminalisation of cannabis for both medical and recreation use. Changes in legislation that restrict the ability of consumers and producers to grow and use hemp and medicinal cannabis legally may have a significant impact on the size of this market and on the ability of CGB to grow its business.

The industrial hemp and medicinal cannabis industries are evolving globally, including in Australia. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks and operations of companies involved in the hemp and medicinal cannabis sectors. Changes to laws and regulations in relation to hemp and medicinal cannabis due to matters beyond the control of CGB may cause adverse affects to its operations. In particular, the regulation of hemp and medicinal cannabis is a partisan and divisive issue and, as a result, a change in government or increase in political lobbying may result in a change in government policy and an amendment of legislation and/or regulation.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the licensing, operations or contractual obligations of the Company Group and Medcan, could impact adversely on the

assets, operations and financial performance of CGB and the hemp and medicinal cannabis industry in general. In addition there is a risk that legal action may be taken against the Company in relation to commercial, legal, regulatory or other matters

(e) Agricultural Factors

The business of MCL and Medcan are reliant on agricultural products. As such, the business of MCL is subject to the risks inherent in the agricultural industry. These risks include insects, plant diseases, storm, fire, frost, flood, water availability, water salinity, pests, bird damage and force majeure events.

While the indoor production facility proposed by Medcan will seek to limit outside influences, there can be no assurance that natural elements will not have a material adverse effect on Medcan's growing operations and, consequently, result in delays to or adversely affect production. There are a number of risks which may still be associated with the construction and use of indoor areas to grow and cultivate cannabis, including the sourcing of suitable cannabis varieties either domestically or overseas, plant diseases, underestimating the costs and time for cultivation, underestimating the lighting and heating requirements and cost of installation, human error in the execution of engineering and construction, equipment failure, supplier delays and underestimating breakages and consumables. Each of these risks may be mitigated to some degree by proper management and external professional advice, however they may still impact grow time, the number of harvests or the oil yield generated from each harvest.

Any adverse outcomes in respect of these matters will or may adversely affect the Company's activities and operations, financial performance and prospects.

(f) Production risk

The ability of the Company to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of the Company Group.

In particular, given the nature of the raw materials used by MCL and Medcan, supply may be limited to a single or limited number of suppliers, with access to these raw materials more competitive than conventional ingredients. As a result, there is an enhanced risk of difficulties in securing the required supplies, or to do so on the appropriate terms.

(g) Product approval risk

There is a risk that the products produced and supplied by the Company Group are not approved for supply. This risk is particularly relevant for the Company Group and Medcan, as it intends to operate in the highly regulated medicinal cannabis industry.

Medicinal cannabis products are regulated as medicines in Australia. Generally, medicines imported, supplied in, and exported from Australia must be entered in the Australian Register of Therapeutic Goods. However, there are mechanisms such as the Special Access Scheme and Authorised Prescriber Schemes which

provide alternative pathways while evidence to support registration through clinical trials is obtained.

The Company and Medcan intend to provide access to their products under the Authorised Prescriber Schemes. The Company cannot guarantee that any or all its medicinal cannabis products will be approved for supply to patients through Authorised Prescriber Schemes (or an alternative pathway). Additionally, there is no guarantee that medical practitioners will be authorised under the Authorised Prescriber Scheme, or that they will elect to prescribe the Company's products.

(h) **Risk of adverse events, product liability or other safety issues**

As with all medical or nutraceutical products, there is a risk that the products sold by the Company Group cause serious or unexpected side effects, including risk or injury to consumers. Should any of the Company Group's products be associated with safety risks such as misuse or abuse, inadvertent mislabelling, tampering by unauthorised third parties or product contamination or spoilage, a number of materially adverse outcomes could occur, including:

- (i) regulatory authorities may revoke any approvals that have been granted, impose more onerous facility standards or product labelling requirements or force the Company to conduct a product recall;
- (ii) the Company could be subject to regulatory action or be sued and held liable for any harm caused to customers; or
- (iii) the Company Group's brand and reputation could be damaged.

Additionally, material risks to the health and safety of customers may force the Company to voluntarily suspend or terminate sales and/or operations. The Company will endeavour to secure appropriate insurance coverage to mitigate these risks to the greatest extent possible. Additionally, the Company Group intends to maintain rigorous standards in respect of product safety. However, there is still the potential for the products to contain defects, which may result in systems failures. These defects or problems could result in the loss or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, and damage to the Company's reputation or increased insurance costs.

The Company cannot guarantee that all such risks will be adequately managed through imposing standard or its insurance policies and may have an adverse impact on the Company's financial performance and prospects.

(i) **Competition Risk**

The industry in which the Company Group is involved is subject to domestic and international competition. While the Company Group will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

There are many new entrants and players in the hemp and medicinal cannabis sector, including other growers and multi-national pharmaceutical companies. Some of these parties may have greater financial, technological, managerial and research and development resources and experience than the Company, which

may lead to reduced margins and loss of revenue or loss of market share. Further, revenues in the future may be reduced as the industry consolidates and seeks revenue accretion at the expense of profit margin. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenues and earnings.

(j) Strategic Relationship Risk

The medicinal cannabis and hemp food industry are undergoing rapid growth and change, which has resulted in increasing consolidation and formation of strategic relationships. It is expected that this consolidation and strategic partnering will continue as the industries continue to grow. Acquisitions or other consolidating transactions could harm the Company Group in a number of ways. The Company Group may lose strategic relationships if third parties with whom the Company Group has arrangements such as Medcan and Bio Health are acquired by or enter into relationships with a competitor (which could cause the company to lose access to necessary resources). The Company Group's current competitors could become stronger, or new competitors could form from consolidations. This could cause the Company Group to lose access to markets or expend greater resources in order to stay competitive.

Separately, the relationship between the Company Group and third parties may deteriorate organically, which may have an adverse impact on the Company's business.

(k) Key Supplier Risk

MCL and Medcan have arrangements with a number of key suppliers. To the extent that the Company Group cannot secure and retain key suppliers, its respective abilities to maintain consistent production levels may be compromised, which in turn may have a material adverse impact on the financial performance and position of the Company Group.

(l) Reputational Risk

There is a risk that incidents beyond the control of the Company Group could occur which would have the effect of reducing patient, medical/scientific or regulatory confidence, or preferences for cannabis or medicinal cannabis products generally. This reputational risk could result from incidents involving members of the Company Group or other non-related industry participants.

This risk is particularly relevant given the Company Group will be operating in the regulated food industry where incidents could have impact consumer sales, or the medicinal industry where incidents could impact prescriptions by authorised medical professionals.

(m) Key Management Risk

The Company is highly dependent on its management and key personnel, who are responsible for its day-to-day operations and strategic management. If one or more of these personnel cease his/her involvement with the Company, it could have a materially detrimental impact on its future financial performance. The ability to attract and retain highly qualified staff is crucial to the future success of the Company. There can be no assurance that the Company will be able to so attract and retain such staff.

(n) **Mainstream Acceptance of Cannabis**

The success of the Australian cannabis industry will depend on the extent of political support for cannabis production as a medical remedy. Support from politicians and the Australian population has been positive over the last few years and while the company expects this momentum to continue, should sentiment turn the Company's operating environment could be at risk.

The Company's intent is to expand into other international markets. The Company's ability to do so and the extent of those markets will depend on the extent of political support for cannabis products as medical remedies in other countries.

(o) **Protection of Intellectual Property**

The Company Group's success will depend on, in part, its ability to protect its intellectual property, including its trade marks, copyright, trade secrets and know-how. To the extent the Company fails to protect its intellectual property or infringes a third party's intellectual property, the Company may face increased competition from similar products, have to cease using certain intellectual property or be liable for damages. In the event that this occurs, there is a risk that it has a materially adverse impact on the Company Group's operations, financial performance and future prospects.

6.3 Specific Risks to Bauxite Projects

(a) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Tenements.

(b) **Resource estimates**

The Company currently has a JORC Indicated Resource at the South Johnstone Project. An indicated resource is an estimate only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations,

which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(e) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

(f) **Reliance on Key Personnel**

The Company is substantially reliant on the expertise and abilities of its key personnel in overseeing the day-to-day operations of its projects. There can be no assurance given that there will be no detrimental impact on the Company if one

or more of these employees or contractors cease their relationship with the Company.

(g) Environmental Health and Safety matters

The Company's proposed mining operations will be subject to extensive Australian health and safety and environmental laws and regulations which could impose significant costs and burdens on the Company (the extent of which cannot be predicted). These laws and regulations provide for penalties and other liabilities for violation of such standards and if established, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety and environmental laws and regulations and even permanently in the case of extreme breaches.

(h) Contractual / off-take

The success of the commercialisation of the Company's Bauxite Project depends in part on the ability of the Company to secure the necessary contractual commitments in relation to off take and related matters. Though the Company has been engaging in discussions with third parties in this regard, there remains a risk that the Company may not be able to secure such contractual arrangements on favourable terms or at all.

(i) Commodity price volatility and exchange rate

If the Company successfully defines a resource or reserve and subsequently achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

6.4 General Risks

(a) Regulatory

The Company is based in Australia and is subject to Australian laws and regulations. For example, the Company is required to comply with the Corporations Act. Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the countries in which the Company operates, and may operate, may adversely affect the financial performance of the Company.

(b) Government Licences and Approvals

Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other

interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(c) **General Economic and Political Risks**

Changes may occur in the general economic and political climate in the jurisdictions in which the Company operates and on a global basis that could have an impact on economic growth, interest rates, the rate of inflation, taxation, tariff laws and domestic security which may affect the value and viability of any activity that may be conducted by the Company.

(d) **Additional Requirements for Capital:** The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial business objectives upon settlement of the proposed transactions. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings.

The Company's capital requirements depend on numerous factors. The Company may require further financing in the future. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(e) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

(f) **Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and energy stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(g) **Share Market Risk**

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors including:

- (i) the Company's operating performance and the performance of competitors and other similar companies;
- (ii) the public's reaction to the Company's press releases;
- (iii) other public announcements and the Company's filings with securities regulatory authorities;
- (iv) changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the sector;
- (v) changes in general economic conditions;
- (vi) the number of the Company's Shares publicly traded and the arrival or departure of key personnel; and
- (vii) acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Company's Shares is affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all shares in the Company's market sector, the breadth of the public market for the Company's Shares, and the attractiveness of alternative investments.

(h) **Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects and additional assets. Any such acquisitions will be accompanied by risks commonly encountered and listed in this section.

(i) **Claims, Liability and Litigation**

The risk of litigation is a general risk of the Company's business. There is always the risk that litigation may occur as a result of differing interpretations of obligations or outcomes.

(j) **Force Majeure, Coronavirus**

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

In particular, the recent outbreak of the coronavirus has the potential to have a detrimental financial impact on the Company Group and its operations. as the effects of the coronavirus pandemic on the global market have the potential (and is likely) to lead to delays in the Company Group being able to enter into future commercial transactions and perform its general business strategy. The ongoing effects of the coronavirus pandemic on the global market are uncertain, and accordingly the Company may not be able to adequately plan for any potential future issues which may arise as a result of the pandemic.

(k) **Insurance risks**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

(l) Joint venture, acquisitions or other strategic investments

The Company may make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. At the date of this Prospectus, the Company is not aware of the occurrence or likely occurrence of any such risks which would have a material adverse effect on the Company or its subsidiaries.

(m) Litigation Risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(n) Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Offer. The capacity of the Company's management to properly implement and manage the strategic direction of the Group may affect the Company's financial performance.

(o) Exchange rates

Where the Company expands into international markets, or borrows from international sources, the Company's revenue or borrowings may be required to be denominated in international currencies. This will expose the Company to the fluctuations and volatility of the rate of exchange between the relevant currencies and the Australian dollar as determined in international markets.

6.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

7. ADDITIONAL INFORMATION

7.1 Agreements with Directors

Agreement with Australian Gemstone Mining Pty Ltd

The Company entered into a management services agreement with Australian Gemstone Mining Pty Ltd (**AGMPL**) on 1 July 2007 (as varied by deed dated 2 July 2017) pursuant to which AGMPL agreed to provide management services to the Company. AGMPL is a company controlled by Executive Chairperson, Pnina Feldman.

Services provided under the agreement include provision of office space and procurement of executive, geological, management, administrative, corporate compliance, accounting and secretarial services, including the provision of key persons, Pnina Feldman, Sholom Feldman and Robert Coenraads.

The fee payable by the Company for the provision of:

- (a) executive services is \$312,000 annually for each of Sholom Feldman and Pnina Feldman, (inclusive of director fees, not in addition to directors fees) and \$144,000 for Robert Coenraads per annum payable in monthly instalments;
- (b) corporate, administrative, accounting and secretarial services or personnel is payable at market rates chargeable in Sydney (as required by the Company) and is currently being charged at \$15,000 per month; and
- (c) office administrative services is payable at market rates chargeable in Sydney (as required by the Company) and is currently being charged at \$5,000 per month.

The above fees are adjusted annually as at 1 July of each calendar year based on the increase in the CPI for the preceding calendar year.

The provision of services under the agreement commenced on 1 July 2007 and continues in effect until terminated in accordance with the agreement.

The agreement may be terminated immediately by the Company giving written notice if AGMPL (or any of its officers or servants) is guilty of gross misconduct in relation to the services provided to the Company, AGMPL suffers an insolvency event, any key person engages in wilful or gross conduct which is likely in the reasonable opinion of the Company to be detrimental to the Company or AGMPL is guilty of gross default or non-performance of any terms of the agreement.

AGMPL may terminate the agreement if the Company fails to pay the fee for the services and the failure continues for 7 business days following delivery of a written notice by AGMPL to the Company requesting payment, the Company suffers an insolvency event, or the Company is guilty of gross default or non-performance of any terms of the agreement.

Either party may also terminate on the giving of 6 months' written notice to the other party.

Other agreements with Directors

Other than as set out above, the Company does not have any agreements in place with its Directors.

7.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular

reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the

Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
30/04/2020	Quarterly activities and 4C cashflow report
21/04/2020	Appendix 2A
09/04/2020	Appendix 3G – Issue of Restricted Securities
08/04/2020	Proposed issue of Securities - CGB
24/03/2020	Appendix 2A
19/03/2020	Reinstatement to Official Quotation
19/03/2020	Proposed issue of Securities – CGB
19/03/2020	Proposed issue of Securities – CGB
19/03/2020	Proposed issue of Securities – CGB
19/03/2020	Refinancing Extension of Notes and Re-investment
19/03/2020	Extension to Voluntary Suspension
17/03/2020	Suspension from Official Quotation
13/03/2020	Trading Halt
02/03/2020	Half Yearly Report and Accounts and Appendix 4D
17/02/2020	Appendix 2A
17/02/2020	Proposed issue of Securities – CGB
17/02/2020	Share Placement
05/02/2020	Appendix 2A
04/02/2020	Proposed issue of Securities – CGB
03/02/2020	Quarterly Activities and Cashflow Report
23/01/2020	New Costco and Epco Purchase Orders

Date	Description of Announcement
14/01/2020	Appendix 2A
20/12/2019	Appendix 3B
19/12/2019	Strategic Landmark Cannabis Opportunity in South Africa
10/12/2019	CGB secures global rights to Olivias Choice formulas
06/12/2019	Operational Update
28/11/2019	Results of Meeting
28/11/2019	Chairperson's Address to 2019 AGM
13/11/2019	Replacement Cleansing Prospectus
11/11/2019	T12 Food Division Update
05/11/2019	Appendix 3B
05/11/2019	Institutional Investment to Support Expansion
01/11/2019	Appendix 4C – quarterly
28/10/2019	Further Asian Business Expansion
25/10/2019	Notice of Annual General Meeting/Proxy Form
30/09/2019	Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at <https://www.canngloballimited.com>

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.016	11 February 2020

Lowest	\$0.005	23 March 2020
Last	\$0.008	1 May 2020

7.4 Substantial Shareholders

Based on publicly available information, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
LBT Corp	519,403,514	16.23%
Volcan Australia Corporation Pty Ltd, an entity controlled by Pnina Feldman and Sholom Feldman	189,975,000	5.79%

7.5 Personal Interests of Directors

Directors are not required under CGB's Constitution to hold any Shares to be eligible to act as a Director.

Details of the Directors' remuneration are set out in the table below:

Director	Remuneration for year ended 30 June 2018 ¹	Remuneration for year ended 30 June 2019 ¹	Proposed remuneration for current financial year ¹
Pnina Feldman ²	\$312,000	\$312,000	\$312,000
Sholom Feldman	\$312,000	\$312,000	\$312,000
Meyer Gutnick	\$70,000	\$70,000	\$nil
David Austin	\$20,000	\$20,000	\$30,000
John Easterling	N/A	N/A	\$30,000
Jonathan Cohen	N/A	N/A	\$30,000

Notes:

1. Inclusive of superannuation.
2. Pnina Feldman also has an interest in Australian Gemstone Mining Pty Ltd (**AGMPL**), being an entity controlled by Ms Feldman. AGMPL provides corporate and other services to the Company and MCL, in respect of which it receives fees. Refer to Section 7.1 for further information. The director fees payable to Pnina and Sholom Feldman are included in the fees payable to AGMPL and are not in addition to the fees paid to AGMPL.

CGB's existing Constitution provides that the remuneration of non-executive Directors will be not more than the aggregate fixed sum determined by Shareholders at general meeting. The Shareholders have approved the payment of fees to the Non-Executive Directors which cannot exceed \$70,000 each per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

Details of the Directors' relevant interest in the securities of the Company upon completion of the Offers is set out in the table below:

Director	Shares and % voting power	Options	Performance Shares
Pnina Feldman ^{1, 2}	189,975,000 (5.79%)	Nil	Nil
Sholom Feldman ^{1, 2}	189,975,000 (5.79%)	Nil	Nil
David Austin	Nil	Nil	Nil
Jonathan Cohen	Nil	Nil	Nil
John Easterling	Nil	Nil	Nil

Notes:

1. Held through Volcan Australia Corporation Pty Ltd, an entity controlled by Pnina and Sholom Feldman.

7.6 Taxation

The acquisition and disposal of securities may have tax consequences, which may differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and/or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

7.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

7.8 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

7.9 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$10,000 (excluding GST) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

7.10 Electronic Prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.12 Privacy statement

If you apply for Shares you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Sholom Feldman
Managing Director For and on behalf of
Cann Global Limited

GLOSSARY

\$ means an Australian dollar.

Actual Trading Day means a Trading Day on which trading actually takes place in the Shares on ASX.

Applicant means an investor that applies for Shares under the Offer using an Application Form pursuant to this Prospectus.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors as constituted from time to time.

CGSA has the meaning given in section 3.5.

Closing Date means the closing date of the Offer as set out in the indicative timetable in the Section 2.1 (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

Company means Cann Global Limited (ACN 124 873 507).

Company Group or **CGB Group** means CGB and/or its subsidiaries, as the context requires.

Conversion Notice Date has the meanings given in the L1 Convertible Securities Agreements.

Constitution means the constitution of the Company.

Convertible Notes means a convertible note in the capital of CGB agreed issued to L1 under the L1 Convertible Securities Agreements.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Koegas means Koegas Medicinal Herbs (Pty) Ltd.

L1 means L1 Capital Global Opportunities Master Fund.

L1 Convertible Securities Agreements means the agreements or variations to agreements between L1 and the Company under which the Convertible Notes were agreed to be issued.

L'Hayyim means L'Hayyim Pty Ltd (ACN 089 489 636) under external administration.

MCL means Medical Cannabis Ltd (ACN 604 732 612).

Medcan means Medcan Australia Pty Ltd (ACN 615 734 220).

MCRG means Medicinal Cannabis Research Group Limited (ACN 623 129 993), a wholly owned subsidiary of the Company.

New L1 Notes has the meaning given in Section 3.5.

Obsidian means Obsidian Global GP, LLC.

ODC means the Office of Drug Control.

Offer means the offer of Shares referred to in Section 3.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Opening Date means the opening date of the Offer as set out in the indicative timetable in the Section 2.1.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Replacement Prospectus means the prospectus issued as a replacement prospectus for the CGB Shares capital raising offer dated on or around 7 June 2019.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

T12 means T12 Holdings Pty Ltd (ACN 611 071 455).

Trading Day has the meaning given to that term in the ASX Listing Rules.

VWAP means the volume weighted average price of Shares.