

ASX RELEASE (30 APRIL 2019)

THC Global Quarterly Update & Appendix 4C

Key Points:

- Q1 2019 cash receipts up 30% over last quarter
- Hydroponics equipment unaudited revenue \$991,000 in Q1 2019 – 22% quarter growth
- Cultivation activities at Queensland Strain R&D and Cultivation Facility commenced
- Export Licence application lodged for export of medicinal cannabis from Australia
- Acquisition of cannabis production facility development in Nova Scotia, Canada completed
- First step in Asian Markets Strategy – partnership in Malaysia with bio-tech firm for medicinal cannabis R&D and government liaison
- Share Purchase Plan conducted raising \$3 million

THC Global Group Limited (THC Global or the Company) (ASX:THC) is pleased to provide an update on the Company's activities, as well as the Appendix 4C for the period ended 31 March 2019.

Increasing Revenues

THC Global's hydroponics equipment division has reported an unaudited revenue for Q1 2019 of \$991,000 (\$3.964 million annualised) representing growth of 22% over Q4 2018. This has been driven by stronger sales within certain product lines as well as a broader distribution network across North America, Europe, and now the United Kingdom.

Cash receipts from customers per the Appendix 4C for the Company in Q1 2019 has also increased by 30% on the last quarter to \$843,000.

Australian Cannabis Operations

The Company received cultivation permits in late December for its Queensland Strain R&D and Cultivation Facility in Bundaberg, Queensland. Cultivation activities under this permit commenced in early Q1 2019 using the Company's proprietary strains which are expected to be high yielding plants genetically suited for greenhouse cultivation in sub-tropical climates such as North Eastern Australia.

The Company has also applied for an Export Licence from the Australian Office of Drug Control for the export of medicinal cannabis.

Canadian Cultivation Facility

In March 2019, THC Global announced that it had completed the acquisition of a property in Nova Scotia, Canada which was in the process of being developed into a cannabis production facility. The Company will complete this development in two primary stages being a Cultivation Stage (Stage 1) and a Manufacturing Stage (Stage 2). The initial Stage 1 facility will be a 20,000 sqft project which is expected to deliver near term profitability. Once completed, the full Stage 1 development is expected to yield approximately 80,000 pounds of dried flower annually. The Company presently intends to fund this project through debt and hybrid financing rather than using existing cash.



Asian Markets Strategy

THC Global secured the first step of its Asian Markets Strategy in the past few months, having secured a partnership with Heleogenics, a Malaysian bio-tech firm to both explore joint research and development opportunities in Malaysia, as well as engage in government liaison advocating for medicinal cannabis. THC Global has identified a number of further potential partners in other key Asian markets and is progressing negotiations with them. THC Global's intention is to secure partners in specific complementary industries such as bio-tech in order to benefit from specific competitive advantages held by partners locally.

Successful Capital Raising

THC Global has closed its Share Purchase Plan (**SPP**) on Friday, 26 April 2019. The SPP raised \$3 million (subject to funds clearance and audit). The Company expects to issue the shares under the SPP on Monday, 6 May 2019. The Company additionally raised \$420,200 from the conversion of THCO Options in April 2019, which combined with the SPP provides a significant boost to the Company's cash balance following the end of the March quarter.

For further information, please contact:



Ken Charteris
Chief Executive Officer
e: corporate@thc.global

Henry Kinstlinger
Company Secretary
e: corporate@thc.global
p: +61 2 8644 0601

Sonny Didugu
Investors & Media
e: media@thc.global
p: +61 2 8088 4760

THC Global Group Limited (ASX: THC) [thc.global]

THC Global operates under a 'Farm to Pharma' pharmaceutical model and is currently delivering high quality medicinal cannabis products to Australian patients through existing access schemes. Having secured both a significant growing capacity over two grow sites, and an industry-leading pharmaceuticals biomanufacturing facility with attached testing and product development laboratory, THC Global is in prime position to service both domestic patients and the export market. THC Global's commercial partners operate across four continents, supporting future international growth.

In addition to its core medicinal cannabis business, THC Global owns two Canadian companies, being Crystal Mountain Products and Vertical Canna Inc. Crystal Mountain Products operates a revenue generating global hydroponics retailer and distributor of equipment, material, and nutrients to cannabis growers and producers. Vertical Canna Inc is an investment vehicle through which THC Global intends to build, through acquisitions and strategic partnerships, a vertically integrated Canadian cannabis producer and retailer. Vertical Canna's existing asset portfolio includes a land-holding in Nova Scotia, Canada to be developed into a large-scale cannabis production facility.

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

THC GLOBAL GROUP LIMITED

ABN

33 614 508 039

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	843	843
1.2 Payments for		
(a) research and development	(12)	(12)
(b) product manufacturing and operating costs	(808)	(808)
(c) advertising and marketing	(76)	(76)
(d) Facility operating and running costs	(162)	(162)
(e) staff costs	(543)	(543)
(f) administration and corporate costs	(1,047)	(1,047)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(11)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,811)	(1,811)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(54)	(54)
	(b) businesses (see item 10)	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(54)	(54)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		6,334
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,334	
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,811)	(1,811)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54)	(54)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of quarter	4,470	4,470

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	4,470	6,334
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)	4,470	6,334

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	141
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	
N/A		

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	125
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	

N/A

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.		

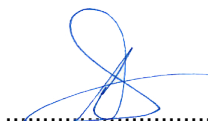
N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	30
9.4 Facility operating and running costs	107
9.5 Staff costs	394
9.6 Administration and corporate costs	925
9.7 Other (development costs)	-
9.8 Total estimated cash outflows	1,456

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: .....
Company Secretary

Date: 30 April 2019

Print name: Henry Kinstlinger

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.