

28 October 2019

Markets Announcement Platform
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Further Asian Business Expansion

- **Deed of Agreement signed with Sun Agriculture Promotion Industry And Commercial Co., Ltd Asia Lao PDR**

The Board of Cann Global Limited (“ASX: CGB”, “the Company”) is pleased to announce that it is expanding the Company’s current APAC/Asian presence and business activities, and has incorporated a further Asian focused subsidiary, Cann Global Asia Pty Ltd (“CGA”). CGA will focus on:

- Undertaking legal broad-acre Industrial CBD hemp cultivation and processing, and
- Legal Indoor Cannabis cultivation and processing operations in South-east Asia.
- Cann Global Limited holds a 55% majority shareholder position in CGA.
- David Evans and Christopher Waldron, CGA’s management partners, each hold 22.5% minority shareholder positions respectively.

CGA’s principal objective is to develop Medical Cannabis cultivation where legally approved under license in the rapidly changing legislative environment, to easier service the massive Asian market, and to undertake CBD hemp cultivation operations in a region in South East Asia that has ideal outdoor growing conditions. This potentially low cost environment is intended to enable CGA to produce CBD hemp biomass, CBD refined oil, and CBD isolate at some of the lowest production costs in the world. It is currently planned for the CBD hemp to be organically grown.

CGA is also actively seeking direct larger institutional investment and financing to fast track its development throughout Asia, with a view to exploring the possibility of independently listing on the ASX if deemed beneficial to the expansion plans of the business.

Sun Agriculture Promotion Industry And Commercial Co. Ltd Asia Lao PDR

The Board of Cann Global Ltd is very pleased to announce that CGA has signed a Deed of Agreement with Sun Agriculture Promotion Industry And Commercial Co., Ltd (“SUN”) to use its hemp licenses to cultivate and process CBD hemp in Lao PDR. The operations in Laos and

South-East Asia will be managed by CGA's management partners, David Evans B.Sc. and Christopher Waldron B.Sc.



Sun Agriculture's Factory site in Lao PDR – map courtesy of Google maps



Paksan Factory Site Construction – Lao PDR

LICENSING ARRANGEMENTS

SUN has been issued two licenses in Lao PDR (License No 0506/AF.BXP, License No. 0014/DoIH.CIO) which allows it the right to cultivate, purchase, process, retail, and export hemp products in Laos. SUN also warrants that it will maintain and operate these licenses for a minimum period of 10 years.

CGA will undertake the cultivation and processing operations.

SUN grants permission for Cann Global Asia to use its licenses to cultivate, purchase, process, manufacture, retail, hemp products in Laos. Under the agreement and when requested by CGA, SUN will export hemp products for CGA.

The Company, through its legal team, is presently conducting due diligence on SUN's licensing and upon completion of all matters relating to approvals, implementation activities are expected to commence in November 2019.

Cann Global Asia is expected to be one of the first Australian legal producers of CBD hemp products in South East Asia. Asia is expected to be a very large market for CBD hemp products with potential distribution pipelines being currently negotiated awaiting first production product runs of Cann Global Asia's CBD hemp products.

CGA is also actively seeking and negotiating licenses in Thailand and Cambodia.

BROAD-ACRE MANAGEMENT

Cann Global Asia intends to use three different cultivation practices in Lao PDR. The first method utilises proven local cultivation techniques to properly manage and maintain proper soil agronomic practices in order to keep high nutrient levels in the ground.

The second method utilises auto-flowering seeds to potentially grow up to 5 outdoor crops per year using a combination of greenhouses and outdoor broad-acre plots. In the third method, greenhouses will be utilised to produce high quality germinated flowers, with perforated polyethylene sleeve covers, producing multiple crops, up to 5 times per year. Cann Global Asia target is to produce significant volumes of high CBD hemp at very low cost

to be able to competitively supply the Asian and Global markets with quality products at an affordable cost.

EXTRACTION PLANT

CGA plans to establish and operate an extraction and manufacturing plant in Laos.

Under the Deed of Agreement, SUN will provide, at the request of CGA, the following Services:

- Provide the licenses, permits, etc for the Extraction Plant to be able to legally operate.
- Provide the physical security for the Extraction Plant.
- Provide the Compliance Officers for the Extraction Plant. The Compliance Officers will ensure that the Extraction Plant operates in accordance with the SOPs.
- Provide or arrange an independent laboratory for testing biomass and products.
- Coordinate and/or undertaking the delivery of hemp biomass to the plant. SUN will ensure that only biomass that is approved by the Parties is delivered to the Extraction Plant.
- Coordinate and/or undertake the delivery of products from the Extraction Plant. SUN will ensure that the products are securely delivered to the destination.
- When requested by CGA, export the products.

COMMERCIAL ARRANGEMENTS

- CGA will pay SUN 10% of the gross profit of the products that are sold locally, or exported and sold, through their licenses.

Cann Global Asia also intends to use an innovative extraction technology to process the hemp. The proprietary extractor under consideration is an automated, continuous flow system. Largely due to expected economies of scale, and from operational data and statistics, CGA intends that the extraction plant will have the potential for a fully loaded operational cost that is significantly lower than the cost of the major competing technologies of cold ethanol extraction and CO² supercritical extraction.

David Evans B.Sc. and Christopher Waldron B.Sc., as the management partners of CGA, have agreed to oversee all of CGA's operations and business activities in Laos, Cambodia and Thailand. CGB is the majority shareholder in CGA with 55%. David Evans and Christopher Waldron are the minority shareholders of CGA with 22.5% respectively.

Christopher Waldron said, *“I believe that South East Asia will become one of the World’s prime growing areas for Cannabis and hemp. The ideal growing conditions combined with state-of-the-art extraction and manufacturing technology allows for high quality products to be profitably produced even when the expected dramatic price falls occur for wholesale and retail products.”*

David Evans and Christopher Waldron have been on the ground in South East Asia for over three years undertaking business development activities for Medical Cannabis and CBD Hemp industries.

David Evans B.Sc. has over 25 years work experience establishing and operating businesses in Australia and South East Asia. David has worked in the cannabis industry in South East Asia since 2016. David Evans was instrumental in introducing CGB to the cannabis industry in 2015 and was responsible for brokering the initial investment and acquisition of Medical Cannabis Limited (MCL) by CGB (formerly Queensland Bauxite Limited).

Chris Waldron B.Sc. has over 10 years work experience in managing large scale implementation projects. He also has over 10 years work experience managing large IT operations in Australia for the Federal Government. Chris has worked in the Cannabis industry in South East Asia since 2016.

Moving Forward

Cann Global Asia is actively seeking participation in Medical Cannabis operations in Thailand. In conjunction with hospitals, universities, and Thai Traditional Medicine practitioners, Cann Global Asia is seeking to provide extraction and manufacturing services for pharmaceutical grade products for retail in Thailand. The Company is anticipating to make an announcement regarding Thailand before the end of 2019.

Sholom Feldman, Managing Director of CGB commented *“We are continually seeking out opportunities to increase shareholder wealth. This further Asian development should do just that, as CGA aggressively pioneers forward to create and capture the CBD hemp products and medicinal marijuana markets in South East Asia.*

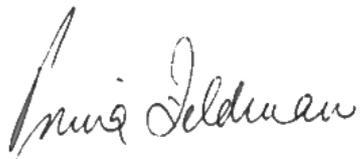
“We are very pleased to move into this next exciting phase of operations in Asia with the establishment of Cann Global Asia Pty Ltd and the signing of a Deed of Agreement with SUN.

“For the past 3 years, David and Chris have been involved in establishing business relationships, opening dialogue with governments and preparing operations centres in Laos, Cambodia and Thailand, as legislation for the legalization of Hemp, CBD and THC Cannabis have been passing through each country’s legislative approval process.

“CGB recognised that with many new companies coming onto the market in the Industrial hemp and CBD/THC Cannabis sector that it would be ideal, in addition to our current successful

Australian operations, to expand our current business operations to include an established cultivation business in Asia that should be able to produce quality raw stock at even lower per gram pricing in order to be even more competitive in this new and burgeoning medical Cannabis and industrial Hemp industry.

“The Board has been waiting for the approval processes to complete, operation facilities/properties to become available and necessary licenses acquired to move into the next stage of our operations by bringing online our ‘third’ developing vertically integrated business and new subsidiary, Cann Global Asia Pty Ltd. We are very confident that we will be the first Australian company to have a full ‘seed to product’ Cannabis business established in Laos. We are very confident that we now have all the foundation pieces in place in Australia and South-East Asia in order to establish Cann Global Ltd as a serious and major Cannabis world player and that we are focused on reaching our milestones of growing revenues to return value in shareholder wealth in the years to come.”



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

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