



CANN GLOBAL LIMITED ENTERS INTO A STRATEGIC ALLIANCE WITH TGA & GMP APPROVED MANUFACTURER, BIOHEALTH PHARMACEUTICALS

February 8 2019

The Board of Cann Global Limited (“The Company” “ASX: CGB”) is very pleased to announce that a materially strategic memorandum of understanding (MOU) has been entered into with an Australian TGA & GMP approved pharmaceutical company, Biohealth Pharmaceuticals (BioHealth). This strategic alliance will assist Cann Global Limited to move its production schedule of Medical Cannabis formulations and nutraceutical Hemp Food consumables forward to 1H 2019, focusing on potentially lucrative short-term revenues to further establish CGB in the emerging Cannabis industries.

BioHealth Pharmaceuticals is one of a few in an elite group of TGA GMP approved Australian Pharmaceutical companies registered to produce and manufacture pharmaceuticals and complementary medicines in Australia.

Establishing a partnership with Bio Health

The MOU between Bio Health and Cann Global is entered into to assist Cann Global to produce in the short-term high volumes of product to distribute into the Australian and Asian marketplaces, initially targeting the established markets of Hong Kong, Japan and Korea. Further opportunities exist to leverage relationships with chemists, health food conglomerates and supermarket chains in the region.

Peter Edwards, the Production and Development Manager of Cann Global’s Food Division said, “*Bio Health Pharmaceuticals are clearly a perfect fit with Cann Global. BioHealth pharmaceuticals is a genuinely dynamic company, innovative, Asian focused, well respected and have impeccable regulatory credentials. High quality Pharmaceutical and Nutraceutical manufacturing practices are available to Cann Global right now, rather than later.*”

“In addition to now having the ability to immediately mass produce the Canntab and Pharmocann medical Cannabis products, together, we are about to produce high volume co-branded nutraceutical products under the Bio Health Pharmaceuticals and VitaHemp banners, initially targeting mature Hemp markets in Hong Kong, Japan & Korea. There are positive opportunities for both companies in existing markets, whilst exploring new, particularly large Asian chemist and health food conglomerates, including in the massive Chinese markets.”

Highlights:

- BioHealth will manufacture from its facilities in Sydney our CannTab Medical Cannabis formulations and proprietary medical products, the Pharmocann range of medical products, and the full range of Hemp Seed oil capsules and nutraceuticals, on commercial terms as a contract manufacturer of these products
- CannTab and Pharmocann Executives to visit the Manufacturing facilities to oversee the production of their respective proprietary range of tablets and products
- Cann Global will manage the business plan to manufacture and distribute the Canntab and Pharmocann products in Australia and Asia
- Further consideration of possible co-branding Hemp oil nutraceuticals with Gel and Vegecap Hemp Seed and CBD oil tablets for the Australian and International export market

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Highlights (continued):

- This new arrangement will return a multi-million-dollar saving to the Company in manufacturing costs, due to state of the art existing on-site pharmaceutical infrastructure at the BioHealth facilities. This is also expected, in turn, to save the Company the potential additional delay of a year or two needed to secure the appropriate TGA and GMP licenses which would have otherwise been required for a new manufacturing facility as was previously planned with Medcan
- The new arrangements announced today are in line with the Board's commitment to seek high return, short term payback investments

Accelerating the production of Canntab pain relief products in Australia

Our Canadian partner CannTab, with whom Cann Global hold the Australian and Asian distribution rights of their unique proprietary products, will work with BioHealth to ensure the appropriate production of the Canntab product in Australia. BioHealth has all the machinery and infrastructure in place to enable production to begin in the short term.

Pharmacann partnership in medical cannabis skincare products

Bio Health's pharmaceutical facilities have in place, existing infrastructure that can process and package skincare products in large volumes. This will enable Cann Global to immediately manufacture and distribute the Israeli based medical cannabis company Pharmacann's skin care range of products. As previously announced to market, CGB have entered into a partnership with Pharmacann to manufacture their product in Australia and distribute the product globally.

Medical cannabis skincare products offer a variety of benefits at price points to benefit most consumer groups and the board is excited to produce these beneficial products in Australia.

In addition to the anticipated potential of the medical products, Cannabis based nutraceuticals are fast becoming the Top Selling skin care products sought after by discerning buyers of nutraceuticals in specialist shops throughout Australasia.

The MOU is intended to be replaced by a more formal and longer-term agreement prior to its current expiry date of 30 June 2019.

Restructure of Transactions and Use of Funds

In the interest of shareholders, the Board, in conjunction with Medcan Australia Pty Ltd (Medcan), have agreed to reallocate funds from the longer-term capital investments to investments with a shorter payback period. The reallocation of the use of funds will see significant funding spent directly on inventory and manufacturing and distributing medical cannabis and nutritional hemp products, instead of allocation towards the capital costs of the fit out of a production and GMP manufacturing facility. As a result, the Company will not be allocating any funds in the short term towards the Medcan facility fitout, therefore the Company will also not be issuing the shareholders of Medcan with the 250,000,000 shares to acquire Medcan.



Medcan to facilitate partnerships

As previously announced, CGB had planned to acquire 100% of Medcan in return for an issue of 250,000,000 shares in CGB. However, in the best interests of shareholders, focusing on achieving larger short-term revenues pursuant to the new arrangement with BioHealth, CGB has now entered into a revised agreement pursuant to which Medcan has agreed to facilitate the manufacture, importing and exporting of cannabis products and/or ingredients to enable CGB to meet its business objectives (Revised Medcan Agreement). As a result of the new agreement, the previously contemplated formal acquisition will not take place and the 250,000,000 shares previously allocated for the acquisition will not be issued.

Under the Revised Medcan Agreement, and subject to the terms and regulations of its Cannabis ODC licences,

Medcan will facilitate:

- the import and export of products under CGB's arrangements with third parties (including CannTab Therapeutics Ltd (CannTab)) and Pharmocann Ltd (Pharmocann)) as well as any future products that CGB may want to manufacture or distribute;
- the manufacture of CGB's products (using either its own facility or the facility of third parties);
- The storage of and growing of CGB's unique genetics and seed bank; and
- use of a designated area within its facility for a lab for genetic development for CGB, and for manufacturing of oil extraction for CGB

In consideration for these manufacturing, import/export and other services to be provided by Medcan, CGB will pay Medcan's out of pocket expenses associated with the provision of these services and will in addition issue a total of 18 million CGB shares, through the quarterly issue of 2.25 million shares (in aggregate) to the management of Medcan over a 24-month period.

Relisting Update

As this new arrangement with BioHealth and the Revised Medcan Agreement is a material change to the previously announced transaction, the Company is currently in consultation with the ASX on what is now required to complete the re-compliance to enable CGB shares to trade again on the ASX. The Company will make any necessary further announcements to the market once it has formally heard back from the ASX, however the ASX has advised the Company that it will need to seek shareholder approval for the wider transaction as well as re-apply for any necessary waivers from the ASX. It is noted that the material changes are positive steps as the Company will now not be required to fund the multi millions of dollars for a new production and manufacturing facility nor spend potentially up to 2 years securing the appropriate TGA and GMP licences which would have been required for a new manufacturing facility.

Pnina Feldman Executive Chairperson comments:

"The Board had to weigh the disadvantage to the shareholders of a further delay of the relisting against the advantage of this new partnership which would save the company multi millions of dollars in cash and shares, and facilitate a much quicker and easily expansive cash flow. The latter was the obvious choice for the sake of the company and its shareholders."

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"On behalf of the Board, I would like to thank all shareholders for their patience, loyalty and support of the company in this exciting and transformational period for our Company."

Pnina Feldman
Executive Chairperson
Cann Global Limited (ASX:CGB)

About CANN GLOBAL LIMITED

Cann Global Limited is a driving force in the medical Cannabis and nutritional hemp industries. Our strength comes from our team's core competencies and expertise and our solid and strategic partnerships with experts in Australia, Israel and Canada. We believe in building a stronger industry together. We are working under the provision of legislations to ensure that the future in Medical Cannabis and Natural Foods will allow medical practitioners, patients and consumers to gain access to the right information, as well as the safest, highest quality, most effective and sustainable products. Part of our work is to keep researching and educating. We are part of a worldwide movement, the return to Nature. This movement is more than just a phenomenon, it is a necessity. At Cann Global Limited, we are committed to leading a movement, not just a business.

About BioHealth

Established in 2010, Bio Health Pharmaceuticals is a TGA and ACO licensed, GMP manufacturer, located in Silverwater, New South Wales, approximately 12 km from Sydney CBD.

Bio Health specialise in complementary medicines, health and skin care products. Our fully-equipped facility is able to research, develop, and manufacturer safe, reliable and affordable products for existing markets, as well as OEM customers, throughout Australia and overseas. We aim to deliver operational excellence through teamwork, quality assurance and strong service focus.

About Medcan

"To provide reliable access to patient specific Medicinal Cannabis products".

Founded with a single vision to provide Australian patients with a high quality, fair priced product, Medcan Australia is positioned to be a front runner in the Australia Medicinal Cannabis Industry. Medcan is one of the very few companies who currently hold a suite of licenses from the Office of Drug Control to Cultivate, Produce, Manufacture, Import and Export medical cannabis.

Individual Patients have specific needs and requirements and Medcan aim to facilitate and provide specific products based on a patient's specific set of circumstances.

About CannTab

"Putting the 'medical' into 'medical cannabis!'"

We are Science! We are Performance! We are Compassion!

CannTab have developed a Product line of solid oral dose Delivery systems including extended release (XR), Flash milt colour immediate release, Modified release and bi-layered tablet solutions That provide a variety of cannabinoids and terpenoid blends in exacting dosages. We understand the growing cannabis health and wellness market and are positioned as the premier solution for medical oral dose administration. Safe, discreet, accurate and reliable. Lead by a team of professionals with experience needed to bring these products to market.

"We believe the ultimate solution to the delivery of Cannabis will be through a hard pill."

About Pharmocann

Pharmocann, one of the pioneers of Israeli medical cannabis farms has been established in 2008.

Located in the valley of Jezreel, near Galilee in the north of Israel, at the height of 350 meters above sea level, it is ideally situated for the growth of Cannabis. The farm extends over 8 acres, offering hothouses for growth and flowering of cannabis plants, a research and developing hothouse for cannabis strains and all the facilities required for the cultivating, harvesting and producing the unique strands that our farm is famous for nationwide.

Servicing a community of over 4,500 patients monthly and yielding about 3.5 tons of the highest quality medical cannabis yearly, Pharmocann has acquired a vast knowledge and experience that enables the firm to leap forward, towards becoming a major player in the international medical cannabis market.