



CANNAPONICS
LIMITED

CROWD-SOURCED FUNDING OFFER DOCUMENT

DATED 21 MAY 2024

OFFER OF FULLY PAID ORDINARY SHARES IN CANNAPONICS LIMITED AT \$0.40 PER SHARE TO RAISE A MAXIMUM OF \$3,000,000

This crowd-sourced funding (CSF) offer document relates to the Offer of fully paid ordinary shares in Cannaponics Limited. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

ISSUER

Cannaponics Limited
Ltd ACN 637 439
153

INTERMEDIARY

Birchal Financial Services Pty
Ltd ACN 621 812 646 AFSL
502618



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Section 1: Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.



Section 2: Information about the Company

2.1 Letter from the founder

Dear Prospective Shareholders,

Thank you for your support in making history in the Australian Medicinal Cannabis Industry. I am the founder of Cannaponics, and we are Australian owned, Australian grown, providing Australian jobs and building this industry right here on our home turf. Many of you rallied behind us as we crushed records to be 1 of only 2 campaigns in the history of crowd sourced funding to reach the maximum \$5m target. We grew our community of supporters towards our mission to produce clean, green premium medicinal cannabis at scale. Within this beautiful Western Australian landscape, where we have one of the most optimal climates for growing Medicinal Cannabis.

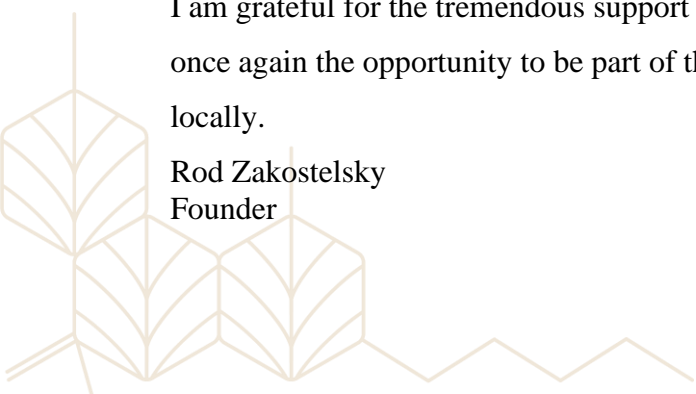
From my initial vision back in 2019, I was inspired by the infamous story of a Parkinson's patient named Jill. I travelled to the US to meet with leading industry players and experts. Envisioning the "Circular Economy Model", being fully self-sufficient and sustainable. It would then be the foundation of the operation which would address the need for high quality products that are affordable, with the latest in technology to produce at scale.

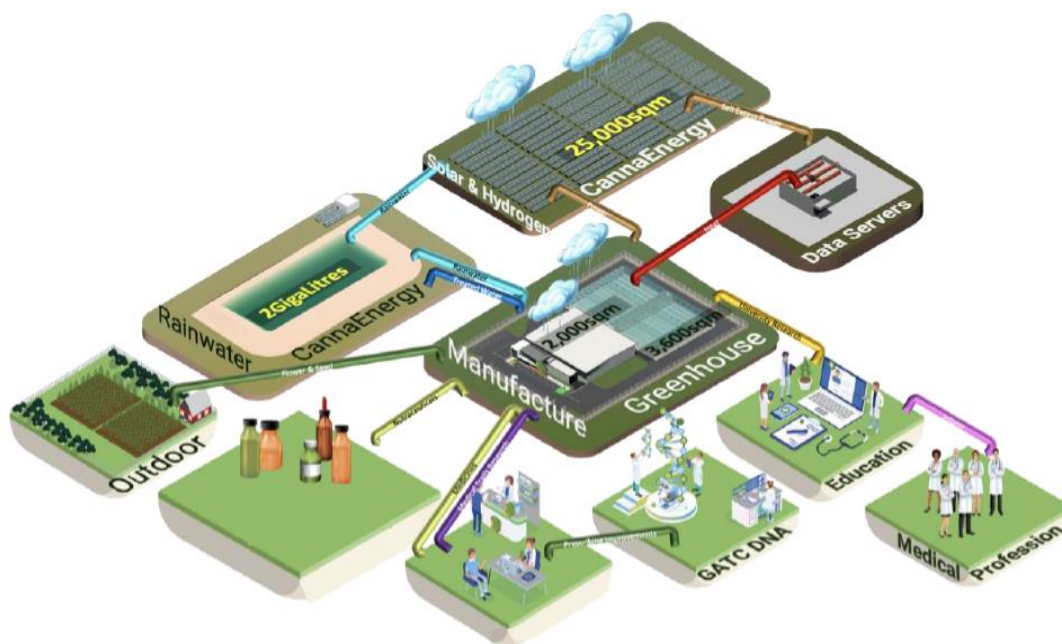
Our greenhouse is now fully outfitted, our 15 million litre dam is now completely ready to supply our greenhouse, our manufacturing facility is taking shape with state-of-the-art control systems and all equipment has arrived for our 1Megawatt solar farm.

I personally want to make it known to existing and new shareholders that we are super focused on our true North to get to flower production and contract manufacturing. We will complete the setup of our advanced manufacturing facility including validating our world-class EU-GMP manufacturing arm, plus our R&D biotechnology precinct. Cannaponics' goal is to fill the gap in current domestic production and we're now raising funds to accelerate our path to market. Through our renewable energy systems, we're rapidly diversifying our distribution & extraction of premium flower to become an integrated, globally accredited, and sustainable medicinal cannabis company.

I am grateful for the tremendous support from our many shareholders, and I am pleased to offer once again the opportunity to be part of this trailblazing company for Medicinal Cannabis done locally.

Rod Zakostelsky
Founder





Circular Economy – Cannaponics Limited

2.2 Scorecard

Last year we had a successful Birchal Crowd Sourced Funding raise to the maximum of AUD\$5 million. We have made excellent some progress towards the commitments we have made and rated our performance in the following scorecard:

Objective from last offer Document	Progress	Rating
Validation, Laboratory and advanced Equipment	We have purchased the advanced equipment. We are on track to complete validation of the equipment once the facility is constructed.	✓
Construction of the 1 MW Solar Facility	The mounting equipment has arrived. Construction of the panels to commence shortly.	✓

2.3 Company Details

This offer of shares is made by Cannaponics Ltd ACN 637 439 153 (Company).

Company name	Cannaponics Limited
ACN	637 439 153
Date of Incorporation	13 November 2019
Registered Office and Principal Place of Business	Suite 5, 89 Erindale Road, Balcatta WA 6021
Directors	Mr Rodney Zakostelsky Prof. Michael Nugyen Mr William Safar
Company Secretary	Mr Willie Ooi
Subsidiaries	Canna Energy Pty Ltd (100% wholly owned) Cannaponics Holdings Pty Ltd (100% wholly owned) Collie Property Group Pty Ltd as trustee for Collie Property Trust (80% wholly owned) The Club Hotel Collie Pty Ltd (100% wholly owned)
Share Registry	Link Market Services https://www.linkmarketservices.com.au/
Website	www.cannaponics.com.au



2.4 Our Business

2.4.1 Business Overview

Cannaponics Limited is an Australian medicinal cannabis manufacturer and grower. The company prides itself on its vertical integration, which emphasizes sustainability, supply chain control, and cost management. Although production has not yet commenced, the completion of its facility is imminent, setting the stage for the initiation of production. Located on 165 acres of prime agricultural and mixed-use industrial land, Cannaponics is dedicated to the cultivation and manufacture of regulated medicinal cannabis. The facility, situated in the Southwest of Western Australia, benefits from an optimal climate characterized by abundant sunshine, a warm temperate environment, substantial rainfall, and relatively low humidity¹.

Market Challenges and Strategic Goals Cannaponics aims to significantly diminish the reliance on imported medicinal cannabis within the Australian market. As a nascent industry in Australia lacking significant domestic production, the challenge lies in becoming a cost-effective producer capable of competing with expensive imported products, compounded by freight costs and AUD/USD exchange rate volatility. To meet Australian regulatory requirements, all products must adhere to Good Manufacturing Practice (GMP) standards. Moreover, the company is poised to capitalize on expanding international markets, with recent deregulations in Japan² and the legalization of recreational use in Germany³.

Cost Management Innovations Cannaponics actively addresses the three principal costs of cannabis production: power, water, and labour.

- **Water Efficiency:** The company has constructed a 15 Megalitre dam, complete with drainage earthworks for continuous harvesting and water recycling, along with a technical water shed for water distillation and purification.
- **Energy Efficiency:** To mitigate power costs, Cannaponics plans to establish a 1MW solar farm, supplemented potentially by a backup battery system.
- **Labour Efficiency:** Labour costs are managed using advanced automation technologies

¹ Growing Industrial Hemp (Cannabis sativa) in Southern Western Australia – Department of Primary Industries and Regional Development (2022)

² Japan's parliament passes bill to legalize cannabis-derived medicines – Japan Times (2023).

³ The Rising Star: Evaluating the value of the German Cannabis Market – Pulse, Cree C. (2024)

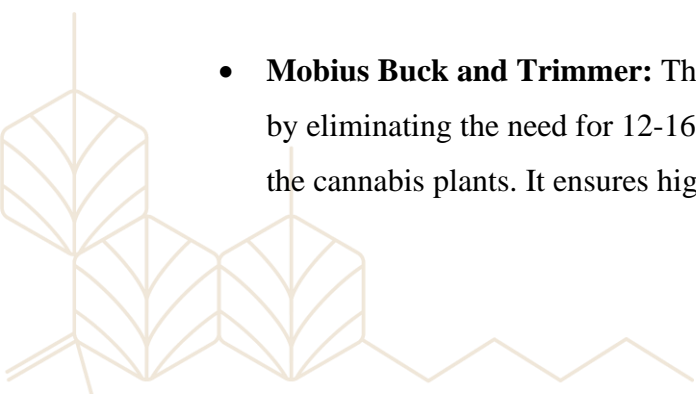
such as the AI-capable Argus Control System and Mobius Buck and Trimmer, which collectively replace the labour of up to 16 full-time staff.

Technological Advancements

Cannaponics is deeply invested in a range of cutting-edge technologies that not only enhance production efficiency and product quality but also significantly advance its market position:

Production Technologies:

- **Enwave Revtech Dryer:** This state-of-the-art frictionless microwave dryer drastically reduces drying time from the traditional 7-12 days to just 4 hours. By doing so, it ensures the preservation of the cannabis' freshness, high-quality, and metabolite profile while significantly reducing the risk of microbial contamination, thus eliminating the need for gamma irradiation processes.
- **Devex 100 Cryo-ethanol Extraction Machine:** This advanced extraction equipment efficiently processes unused cannabis biomass into 7,000 ml of valuable broad-spectrum oil concentrate per 8-hour shift. The machine requires only one operator, streamlining production and minimizing labour costs. Each millilitre of this concentrate can be further processed into 10 bottles (tinctures), retails for approximately \$130-\$150, significantly enhancing profitability.
- **Nano Emulsion Technology:** By leveraging licensed nano-emulsion technology, Cannaponics enhances the bioavailability and efficacy of cannabis products, making them both more effective and potentially more affordable. This technology enables the cannabis extracts to be more readily absorbed by the body, offering an improved therapeutic profile.
- **Automation in Cultivation:** A1 Grow Irrigation and Fertigation System: Integrated with the AI-capable Argus control system, this sophisticated technology optimally manages the greenhouse climate, irrigation, and nutrient delivery, reducing the reliance on manual labour.
- **Mobius Buck and Trimmer:** This automation machinery saves significant labour costs by eliminating the need for 12-16 people who would otherwise manually trim and sort the cannabis plants. It ensures higher quality and consistency in product preparation



while also automatically sorting the cannabis buds for further processing.

Cannaponics' commitment to technological innovation is evidenced by its strategic investments, which not only reduce operational costs but also enhance the overall quality and efficiency of production. These advancements position Cannaponics as a leader in the Australian medicinal cannabis market, with significant operational and competitive advantages that underscore its commitment to innovation and quality. The company has already secured five offtake agreements and three letters of intent and is in advanced discussions to supply the largest two wholesalers in Australia.

Economic Impact and Future Outlook Cannaponics is committed to contributing to the Australian economy by supporting local jobs and exporting 'Made in Australia' products.

These initiatives underscore Cannaponics' role as a key player in Australia's burgeoning medicinal cannabis market.



2.4.2 Achievements and Milestone

2018:

- **Dec 2018:** Business Plan developed.

2019:

- **Sep 2019:** Placed deposit for farmland in Collie, WA Australia.
- **Dec 2019:** Raised funds for farmland purchase in Collie, WA. Finalized farmland purchase with Land Corp. Submitted ODC License application.

2020:

- **Jan 2020:** Submitted Collie Futures Grant application.
- **Jul 2020:** Raised first round of seed capital during pandemic. First draft of Facility design completed.

2021:

- **Jan 2021:** Raised second round of seed capital post-pandemic.
- **Feb 2021:** Secured partnerships with key research and education facilities. Awarded \$2m Collie Futures Industry Development funding.
- **Mar 2021:** Office of Drug Control Licenses granted. DA Approval for site earthworks.
- **Jun 2021:** Secured partnership with DC Two (ASX:DC2) Modular IT Data Centers. Secured partnership with EnWave Technology. Held official 'Sod Turning' event with attendance & support from WA State Government. Site construction officially begins.

2022:

- **Jan 2022:** Off-take negotiations in progress. Earthworks for 4,000 sqm greenhouse completed. Greenhouse construction starts. Total money raised to date \$6.5m includes \$2m Grant from WA State Government. Listed GATC DNA Testing kits on the ARTG.
- **Aug 2022:** Greenhouse structure completed. Enwave Microwave Dryer delivered to site.
- **Nov 2022:** Installation of solar power and battery system for power.

2023:

- **April 2023:** Cannaponics hosts its first Employment Opportunity Townhall in Collie.

- **May 2023:** Record Breaking \$5m Birchall CSF Raise. Sample Grow benches arrived.
- **June 2023:** Grow benches Approved for Purchase. Earth Works For drainage Commences. PO for Mobius Tandem Trimming system issued.
- **July 2023:** A1 Fertigation is installed below ground in Greenhouse.
- **August 2023:** Foundations for Manufacturing facility and WTS are poured. Conduit is laid for electrical, plumbing pipes are positioned underground in anticipation for concrete floors.
- **September 2023:** Cannaponics pours Concrete pads (Floors) in Greenhouse and Manufacturing facility and WTS (Water tech shed). Hill has been cleared for 1 megawatt solar farm.
- **October 2023:** Tilt panels poured for manufacturing facility.

2024:

- **Jan 2024:** Pre-Work begins for Western Power transformer installation for mains power. Earthworks Dam begins. Greenhouse floors are sealed marking greenhouse completion.
- **Feb 2024:** Western power completes Transformer installation our site Now has Mains Power. Tilt Panels Erected for Manufacturing facility. Steel Arrives for Roof bracing and WTS Structure. Benches for Greenhouse are assembled.
- **March 2024:** Completion of Headhouse facility structure. WTS is framed.
- **April 2024:** Fire ring main site survey and plans completed. Dam is completed, lined, and filled with water (15 million litres). Steel internal walls arrive onsite. Steel for Roof Lands on site.
- **May 2024:** Pre-works on roof installations begin for manufacturing facility and WTS. Ring main Trenches being dug.



2.4.3 Mission and Vision Statement

PEOPLE, PLANET, PROFITS—the Cannaponics Way

Commitment to People:

Enhancing Patient Outcomes: Prioritizing the well-being of individuals through products that promote health and social equity.

Community Engagement: Investing in local jobs and suppliers to enrich the Australian community.

Stewardship of the Planet:

Sustainable Operations: Emphasizing a circular economy to minimize environmental impact and ensure long-term sustainability.

Environmental Responsibility: Implementing green practices to maintain ecological health.

Ethical Approach to Profits:

Transparent Goals: Clearly stating our aim to use profits for industry innovation and improvement.

Reinvestment for Change: Profits support ongoing research, product enhancement, and community initiatives, empowering stakeholders to make impactful decisions.

Local and Global Vision:

Australian Owned: Dedicated to national growth and supporting local economies.

"Cannabis Done Differently and Locally in Australia."



2.4.4 Overview of Products and Services

Cannaponics Limited plans to offer a comprehensive range of cannabis-based products and services, tailored to meet the needs of both the Australian market and international clients.

Dry Flower Production: We plan to produce high-quality dry flower, primarily sold in bulk to wholesalers and brands. Our selection includes genetics popular in the current Australian market, processed using our advanced Enwave Rev-tech Microwave Dryer.

Cannabis Oil Concentrates: Utilizing our Devex 100 machine, we plan to produce broad-spectrum oil concentrates. Additionally, we plan to expand our capabilities to include the production of CBD-only oils and other specialized isolates or distillates.

GMP Packing Facility: We plan to build a GMP-compliant packing facility to enhance our offerings. This facility will also provide toll packing services to third-party producers, complementing our existing toll drying and extraction services.

Innovative Formulations: We have a license to produce nano-emulsion formulations (New Age NanoTech LLC), we are exploring opportunities to create unique water-soluble formulation products, alongside potential edibles.

Targeted Therapeutic Products: We are developing genetics and products targeted for specific therapeutic needs under research in Australia, such as those for Rett syndrome, Autism Spectrum Disorder, Multiple Sclerosis, cancer, and Parkinson's disease.

Raw Cannabis Components: We are also exploring the market for raw cannabis components, such as anti-inflammatory agents for topical applications.

By continuously enhancing our product line and service offerings, Cannaponics Limited is committed to innovation and excellence in the cannabis industry, ensuring high standards and reliability for our clients and stakeholders.



2.5 Overview of Industry and Competitive Landscape

The Australian medicinal cannabis market is still in its early stages compared to the global landscape. Currently, most products sold in Australia are imported, predominantly from Canada and increasingly from Colombia. Australia is recognized as one of the fastest-growing medicinal cannabis markets worldwide. There is a growing demand for domestic production over imported products due to perceived quality and supply stability.

The Canadian market, benefiting from an earlier start, has provided its growers with significant industry experience. In contrast, Australia has around 40 cannabis companies engaged in various segments of the industry including research, cultivation, manufacturing, importing, wholesaling, and distribution.

Regulation in Australia is stringent, with product quality required to meet the high standards of EU GMP (European Union Good Manufacturing Practice). These rigorous regulations pose a barrier to entry, necessitating substantial compliance efforts and capital investment in facilities and equipment. However, this high regulatory environment not only adds costs but also presents an opportunity, as Australian products are renowned globally for their quality, cleanliness, and safety.

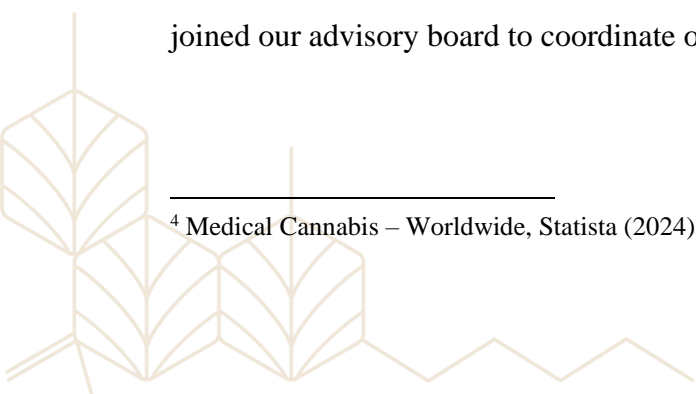
Internationally, the medicinal cannabis market is expected to see significant growth, with an estimated value of USD \$20.24 billion by 2024⁴. This growth is supported by a trend towards deregulation or lessened restrictions in various global markets.

2.6 Cannaponics Limited Key Differentiators:

Integrated Growing and Manufacturing Model – This model allows Cannaponics Limited to control costs and ensure high quality.

Expertise – Our team includes several growers and academic experts. Our Director of Cultivation, Mr. Kenneth Langsford, is a pioneer of commercial medicinal cannabis in Canada with 22 years of experience. Additionally, Associate Professor Dr. Heng Chooi, a senior lecturer in Biology and Genetics at the University of Western Australia (UWA), has recently joined our advisory board to coordinate our R&D program.

⁴ Medical Cannabis – Worldwide, Statista (2024)



Climate and Environment – South-Western Australia offers an optimal climate⁵ for growing medicinal cannabis, featuring good rainfall, a temperate climate, and ample sun exposure. The site includes completed earthworks and a drainage package that channels water into a 15 MW dam, ensuring self-sufficiency in water. The location also has very low flood and fire risks, with substantial fire breaks and a comprehensive fire management plan in place.

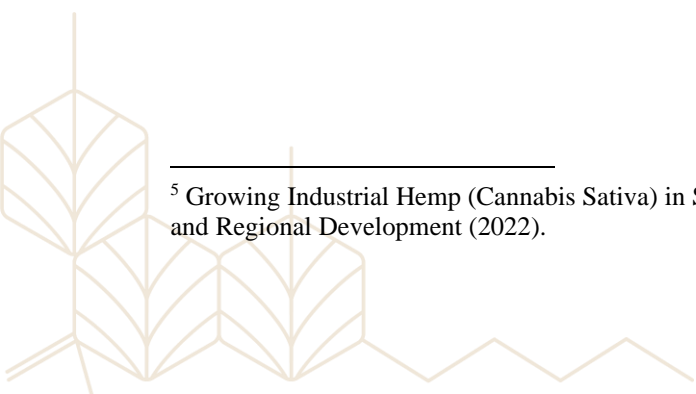
Renewable Energy Approach – As part of our commitment to environmental sustainability and cost control, Cannaponics plans to construct a 1MW solar facility with limited battery backup to power the site. Cannaponics is already operating on standalone battery and solar power during the construction phase.

Unique Growing Methodology – Our greenhouse utilizes state-of-the-art technology, including the A1 Grow System for fertigation and irrigation, controlled by an AI-capable Argus Control system. The climate system, provided by Ammerlaan Systems, is completely isolated and contained within six zones. We plan to implement a unique perpetual growing methodology pioneered by our head grower.

Automation in Cultivation, Extraction, and Manufacturing – Cannaponics uses the latest EU GMP-compliant Enwave Revtech microwave dryer, which can dry cannabis within 4 hours to a finished product. This technology not only saves on labour and space compared to traditional curing methods, which can take 7-12 days and may degrade quality and cleanliness, but it also retains more of the plant's metabolites and nutrient profile.

The GMP-compliant Devex 100 Cryo Ethanol Extraction Machine allows one person per shift to replace multiple personnel and machines, producing a broad-spectrum oil concentrate. This concentrate is the precursor to further value-added products, such as isolates, distillates, and nano-emulsion formulations. Our licensed nano-emulsion has a two-year shelf life/stability and can improve absorption and effectiveness. Finally, our Mobius Trimmer significantly reduces the personnel required to sort, buck, and trim the product by hand.

⁵ Growing Industrial Hemp (Cannabis Sativa) in Southern Western Australia – Department of Primary Industries and Regional Development (2022).



2.7 Business and Revenue Model

Cannaponics Limited: A Business-to-Business Model

Cannaponics Limited operates on a primarily Business to Business (B2B) model, selling directly to wholesalers and distributors. The revenue model emphasizes a domestic distribution focus, accounting for approximately 60-70%, with the remaining 30-40% aimed at exports.

Key Value Drivers

Our business is driven by the quality of our product and cost efficiency. Our sales channels are direct to B2B.

Business Components and Vertical Integration

Our operations encompass a range of activities including growing from seed, cloning, cultivation, drying, and extraction. We also handle GMP packaging and distribution to wholesalers and other distributors. Cannaponics Limited operates as a vertically integrated producer of medicinal cannabis.

Cross-Functional Teams and Staff Development

Cannaponics Limited is implementing cross-functional teams to enhance flexibility and ensure redundancy, minimizing dependency on key personnel. We focus on recruiting staff based on attitude and aptitude, training them for excellence, and rewarding performance. Technical staff are cross-trained to cover various roles as necessary.

Outsourcing and Partnerships

We currently outsource project management, product testing, advertising, and information technology.

Licensing and Future Plans

We currently hold a license for nano-emulsion formulation, which includes worldwide export capabilities, facilitating water solubility. Additionally, we hold a license for GATC DNA testing; to determine the best cannabis formulations for pain, anxiety, and sleep disorders.



Major Assets

Our major assets include:

- 165 acres of land in South-Western Australia.
- A 4,000 sqm greenhouse equipped with an HVAC climate system, supplemental lighting, an A1 growing system for irrigation and fertigation, benches, and the Argus Control System.
- Enwave Microwave Rev-tec dryer.
- Devex 100 Cryo Ethanol Extraction.
- Headhouse building.
- Water Technical Shed.
- Tractor, scissor lift, and vehicles.
- Stand-alone solar and battery backup system.
- Scale and Expansion opportunities

We own 165 acres of land in the Southwest of Western Australia. Our Greenhouse is a large 4,000 sqm with 6 zones that can produce up to 10 Ton of dry flower a year (currently valued at AUD\$30 million). Currently licensed to produce up to 7 hectares. On our initial indoor production, we plan to be looking to expand production to outdoor relatively quickly and doubling production year on year.



2.8 Business Strategy

In the next six months Cannaponics Limited plan to approach existing distributors and wholesalers. Cannaponics plans to supply dry flower as well as Broad-spectrum Concentrate oil. Also provide GMP packaging services. Stage 2-3 would see Cannaponics Limited looking to provide diluted final dose products. Distillate, Isolate and nano-emulsion for products to soluble in water that could allow for unique cannabis formulation with enhanced solubility dosage that may be more readily absorbed by patients. Stage 3 plans to produce edibles and other types of products.

Cananponic's Limited also wishes to a be Cannabis compounds supplier for example CBD or Terpenes for Nutraceutical applications including Topicals, Creams etc. Extending the product line beyond Medicinal applications.

Cannaponics Limited already has 5 sales offtake agreements but wishes to continue building such agreements on better pricing terms. The nature of the offtake agreements is non-binding and subject to product testing. It also has 3 Letter of Intents to supply as well.

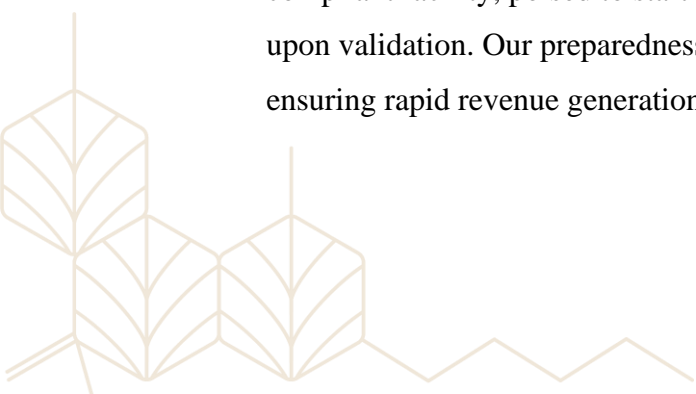
We hope to reach our objectives in the short term, with operations planned for Quarter 2 of 2025. R&D is currently aimed at improving efficiency and cost of production. This includes changing the various growing variables like Sun exposure, Carbon dioxide, Nitrogen levels, Nutrient mix, grow medium, Ph Levels, Climate and Temperature for optimum growing.

R&D projects in future would also look at experimenting with plant genetic breeding to produce the best outcome for patients.

Our main strategy is to fill the imported product demand that currently exists in the markets, whilst also developing a network for international export opportunities. This would be facilitated by trade and industry shows as well as word of mouth from existing customers.

Revenue Streams

- Contract Manufacturing Cannaponics Limited is finalizing construction of our GMP-compliant facility, poised to start contract manufacturing for third parties immediately upon validation. Our preparedness includes established commercial agreements, ensuring rapid revenue generation as operations commence.

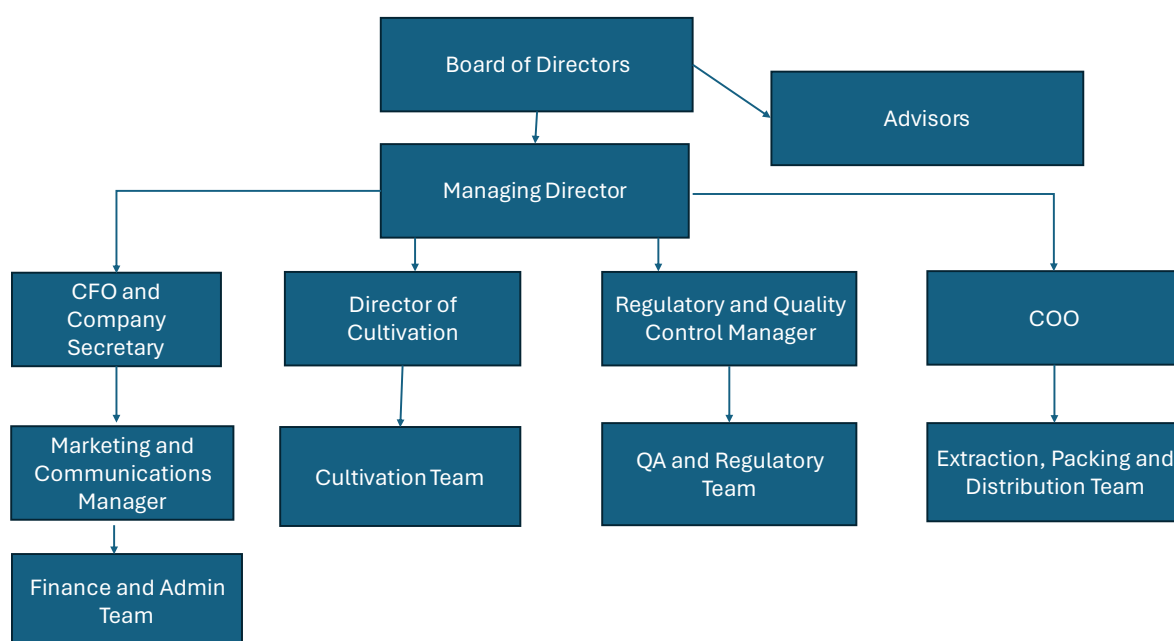


- **Production & Manufacture of Premium Flower and Oil** Our facility's imminent completion positions us to quickly begin producing high-quality cannabis flower and oil. With five existing sales offtake agreements and ongoing negotiations for enhanced terms, we are ready to serve both domestic and international markets, ensuring competitive advantage and swift market entry.

These strategies are designed to solidify Cannaponics Limited as a front-runner in the medicinal cannabis industry, leveraging our advanced capabilities to meet market demand right from the start.

2.9 Our Team

2.9.1 Organisational structure



2.9.2 Directors



Rod Zakostelsky
Role: Managing Director and CEO
Description of Duties: Founder and high-level owner of Cannaponics Ltd. Management of all aspects of Cannaponics Ltd, from financial management, oversight, planning development, team structure, board structure and project construction. Future proofing vision by having Cannaponics as the front runner for the industry standard of medicinal cannabis and distribution relationships.
Skills and Experience: Rod Zakostelsky is a passionate and driven businessman with over 22 years of business ownership and operation experience. Rod has been involved in multiple sectors including mining, health, construction, and personal growth and has extensive experience in developing, implementing, managing, auditing and safety systems. Rod has created automotive and machinery startups which have grown tenfold throughout Australia and then been acquired by large corporations due the competitive nature, business strategy and big vision thinking. Rod and his team have raised all equity in this project including the \$2million government grant. Rod possesses excellent team-building skills and thrives in situations that demand focused, collaborative efforts to achieve goals, enjoys a competitive team environment having been involved with professional sport in the past.



William Safar
Role: Non-executive Director
Description of Duties: Provide board oversight and advice, particularly in Pharmaceutical Manufacturing.
Skills and Experience: <p>William has operated retail pharmacies in Western Australia, the majority of which have been greenfield sites, which now fall under part of the Medsolutions Group. One of Western Australia's leading compounding pharmacy and medical groups.</p> <p>William is a qualified Pharmacist and a graduate from Curtin University. William has completed further studies to become an accredited practitioner in Home Medication Reviews, which bridge between community pharmacy, general practice and providing insights on how pharmacists and general practitioners can work and collaborate for better patient outcomes.</p> <p>William set up the Serpentine Medical Centre, a premier center for Cannabis Medicine practice and has been involved in educating General Medical Practitioners on Medicinal Cannabis in Western Australia. William's technical expertise is useful to spearhead Cannaponics' extractive, manufacturing of medicinal cannabis, quality pharmaceutical processes, product development and distribution.</p>



Prof. Michael Nguyen

Role:

Non-Executive Director

Description of Duties:

Provide board oversight and advice.

Skills and Experience:

Associate Professor Dr Michael Nguyen is a leading Australian cardiologist based in Perth who has dedicated his career to the care of his patients, medical research and teaching and mentoring. Dr Nguyen has been on the advisory boards for several cardiovascular device and pharmaceutical companies including Boston Scientific, Medtronic and Abbott Vascular.

Currently Director of Clinical Trials and Research in the Department of Cardiology at Fiona Stanley Hospital, a key opinion leader in the Asia-Pacific region supporting start-ups in the medical technology space and transition technology. Michael is a lead investor for VitalTrace, director of a thriving sales and distribution company Tyrelive Australia Pty Ltd., a Founding Director of the Fund WA, a fund focusing on early-stage businesses and he started one of the busiest cardiology companies in WA, Access Cardiology Pty Ltd..

Prof. Dr Michael Nguyen is a strong internationally renowned advocate for Cannaponics Limited, with extensive experience in medical research and clinical trials.

2.9.3 Senior Managers



Willie Ooi

Role:

Chief Financial Officer and Company Secretary – Senior Manager

Description of Duties:

Financial Management, Commercial matters, and Administration.

Skills and Experience:

Willie Ooi is a seasoned accountant with 16 years of industry experience in senior finance roles. Willie previously worked as a senior consultant and accountant at KPMG specializing in taxation, system implementation and internal/external auditing.

Willie has served as the treasurer, financial controller, and CFO for multiple Australian companies throughout his career, having had experience in investment banking as a fixed income analyst at Credit Suisse.

Additionally, Willie has served as the Chair of the National Committee for Australia and New Zealand, representing Chartered Accountants in the corporate sector, and advising on related issues, and is also a Fellow Chartered Secretary of the Corporate Governance Institute.



Kenneth Langford
<i>Role:</i> Director of Cultivation – Senior Manager
<i>Description of Duties:</i> Head of cultivation and cannabis production
<i>Skills and Experience:</i> <p>Kenneth Langford is known as one of North America’s prominent medicinal cannabis growers and commercial cannabis pioneers and has been growing cannabis legally in Canada since 2003. Kenneth has been breeding his own varieties since 2005, is an expert in cannabis breeding programs, a leader in perpetual harvest, remaining an innovator in improving industrial scale cannabis growth efficiencies.</p> <p>In 2011, as Co-Founder and Chief Innovation Officer of the Peace Naturals Project, now the crown jewel of the \$2.49 billion Cronos Group, Kenneth navigated the Canadian Cannabis Regulations to achieve the first newly granted commercial medicinal cannabis licenses in Canada. Kenneth played a key role at Agripharm, streamlining processes in cultivation, harvesting, trimming, and drying, improving the quality framework, and adding significant value to the \$480 million sale of Agripharm to Canopy Growth in 2016.</p> <p>Kenneth is committed to developing industrial scale cannabis cultivation systems that comply with the GACP. The Cannaponics cultivation team, under Kenneth’s leadership, is set to produce exceptionally high-grade crops with significant yields, supporting optimal business performance.</p>

2.9.4 Managers



Pamella Zakostelsky

Role:

Media Brand Communications

Description of Duties:

Brand Voice, Marketing and Media Communications

Skills and Expertise:

Pam oversees the brand and media communication within Cannaponics. Commissioning her international expertise and knowledge of 25 years in the Integrative Health Industry particularly within the realm of Product Formulation and Manufacturing. Pam has owned and run Award winning Integrative Health Clinic Aromasea, Naturopathic Clinic and Day Spa and created International Supplement brand Miss Vitality and Hemponics Australia which were acquired by Global Pharmaceutical Company, Avacare.

As a Holistic Health Leader and Keynote speaker she is passionate about the commercialisation of Plant based Medicine's and their benefit to patients. Pam's career spans over 2 Decades in the Health, Wellbeing and Spa industry and is a founding partner in Cannaponics Limited.

**Lee Seet*****Role:***

Quality And Regulatory Manager

Description of Duties:

Regulatory Affairs and Quality Assurance Manager

Skills and Experience:

Lee manages all aspects of Quality and compliance, a highly important role for Cannaponics. As a quality and compliance specialist Lee has worked in a range of global and small-medium pharmaceutical and cosmetic industries, both in Australia and internationally (United States and Southeast Asia). With over 15 years of experience in the industry, she has developed a wide range of expertise in areas such as sterile and non-sterile manufacturing, disinfectants, radiopharmaceuticals, and medicinal cannabis.

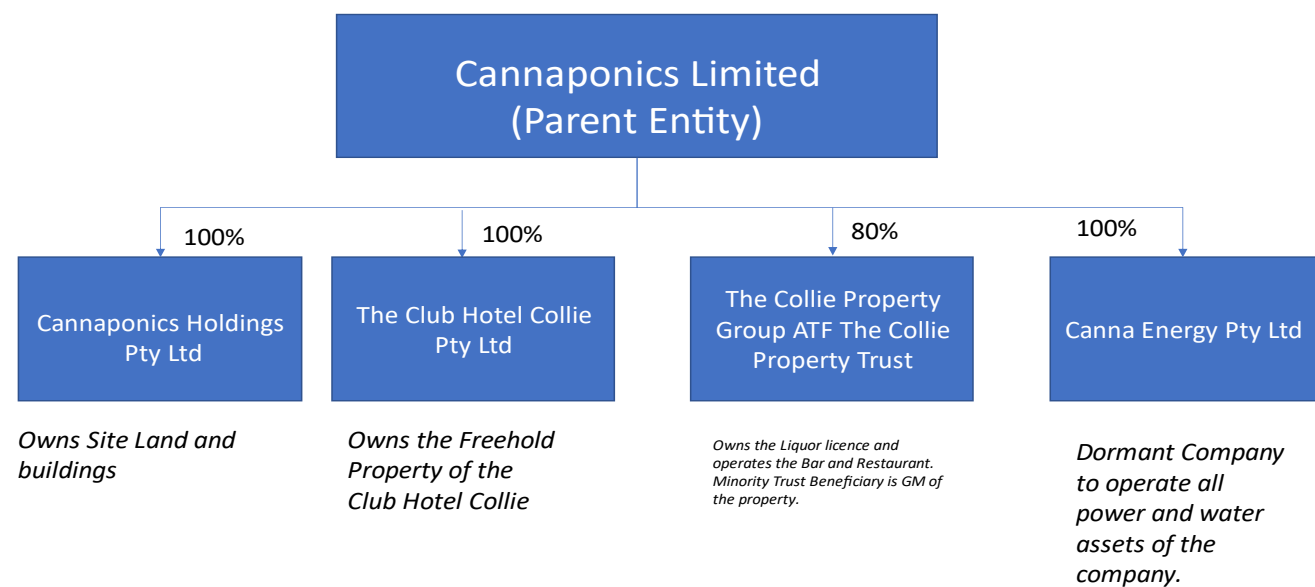
Lee is known for her ability to deliver on compliance projects, work effectively in team settings, and handle changing priorities in deadline-driven environments. Lee's particular area of interest is in Lean Quality Manufacturing and would hopefully like to complete her black belt in Six Sigma, currently standing at green belt. Lee has a bachelor's degree as an Industrial Chemist and has worked for GlaxoSmithKline (GSK) and Little Green Pharma (LGP).

2.9.5 Advisors



Yit Heng Chooi
<i>Role:</i> Professor in Biotechnology Research
<i>Description of Duties:</i> Product and Technology Advisor in Research
<i>Skills and Experience:</i> <p>Associate Professor Heng Chooi completed his PhD at RMIT University in Melbourne in 2009 and worked as a postdoctoral researcher at the University of California, Los Angeles (UCLA) in USA from 2009-2013. Heng moved to Australia and achieved an ARC Discovery Early Career Research Award (DECRA) and became a Fellow at the Research School of Biology, Australian National University in 2013. In 2015-2016, he joined the faculty at the School of Molecular Sciences, University of Western Australia and was awarded a prestigious ARC Future Fellowship.</p> <p>Heng's research focus on biosynthesis of specialised metabolites involves the understanding of metabolite roles within plant and animal fungal disease development, and enzyme and drug discovery via genome mining, with his work spanning the fields of genomics, genetics, synthetic biology, chemical biology, and natural product chemistry. Heng has published ~90 papers and held 3 patents. Collaborating with many industries, Dr Chooi has recently been awarded the prestigious inaugural ARC Mid-Career Industry Fellowship in 2023.</p>

2.10 Group Structure



2.11 Capital Structure

2.11.1 Issued capital (before and after the Offer)

As at the date of this Offer Document, the Company has 194,626,936 ordinary shares on issue.

Table 1: Issued capital of the Company before the Offer

Shareholder	Share Type	Shares	Options	Rights
Founders	Ordinary	64,600,000 (33.19%)	-	15,000,000 (68.8%)
Round 1	Ordinary	3,000,000 (1.54%)	-	-
Round 2	Ordinary	28,450,000 (14.64%)	-	2,000,000 (0.09%)
Round 3	Ordinary	6,032,664 (3.1%)	-	-
Round 4	Ordinary	16,217,500 (8.3%)	100,000 (100%)	5,000,000 (22.2%)
Round 5	Ordinary	76,326,772 (39.21%)	-	-
Total		194,626,936 (100%)	100,000 (100%)	22,000,000 (100%)



Table 2: Issued capital of the Company following the Offer (on a fully diluted basis)

Shares	Minimum Subscription	Maximum Subscription
Existing Ordinary Shares	130,026,936 (66.6%)	130,026,936 (66.6%)
Existing Founder Shares	64,600,000 (33.1%)	64,600,000 (33.1%)
Offer Shares	625,000 (0.3%)	7,500,000 (3.8%)
Total Shares	195,251,936 (100%)	202,126,936 (100%)

Note: Existing shareholders may elect to make an application for shares under this CSF offer.

Performance Rights Per Contract based on Performance Criteria

Position	Share Benefits	Conditions
Managing Director	15,000,000 Performance Rights	a) Successful listing on ASX; b) Achievement of market capitalisation which is 2 x the market capitalisation at listing; and; c) Cultivation and manufacture production output levels per unit time relating to revenue and net profit – to be defined and agreed upon
Chief Financial Officer	2,000,000 Performance Rights	
Director of Cultivation	5,000,000 Performance Rights	Pro-rata over 6 years of service.
Total	22,000,000 Performance Rights	

2.11.2 Rights and liabilities associated with securities.

As at the date of this Offer, the only class of shares on issue are ordinary shares. Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares

The rights and liabilities associated with the ordinary shares are set out in the Company's constitution, including:

All ordinary shares have the same voting rights and the same rights to receive dividends.

Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.

The Board has the discretion to approve and the power to refuse a transfer of shares to a third party.

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 below.

Performance Rights

Performance rights (and or shares) have not been issued until performance conditions or criteria have been met. Rights can be converted for Ordinary Shares, upon election to convert (once the rights are vested per meeting performance criteria).

Shareholders Agreement

Other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of the Company.

2.11.3 Sources of financing, including debt financing and other financing

To date, the business has been funded through a combination of debt, equity, and grants.

Equity

To date, the Company has raised approximately \$16,066,350 from professional investors and crowd sourced funding. See section 2.6.1 for more information.

Debt funding

As at the date of this Offer, the Company has the following outstanding loans:

- Description – R&D Rebate backed funding for Equipment Purchases
 - Principal amount borrowed - \$1,500,000
 - Committed limits where debt is undrawn - \$1,500,000
 - Amount outstanding - \$1,500,000
 - Interest - 19% fixed
 - Repayment date - 31 May 2024
 - Repayment Funds - This will be paid by proceeds from the 2023 R&D Rebate claim.
 - Security – 2023 R&D Rebate / Grant claim and the equipment that was purchased being the Devex 100 and Enwave Dryer.
 - Reconciliation to the Balance sheet 30 June 2023 and Interim 31 December 2023
- Description – Various Equipment Lease – Tractor and Utility Vehicles.
 - Principal amount borrowed - \$217,897
 - Committed limits where debt is undrawn - \$217,897
 - Amount outstanding - \$112,541
 - Interest – 6.41% fixed
 - Repayment date – 16 August 2025
 - Security – Secured against the equipment being financed.
 - Repayment Funds – This debt is being paid currently through shareholder funds.
 - Reconciliation to Balance sheet – These still exist as of the balance sheets 31 December 2023 and have been amortised repayments and interest are the movements from period to period.

Grant funding

The Company has received approximately \$3,888,477 in Federal and State Government grants to date.

2.12 Key risks facing the business

An investment in the Company should be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to sell quickly or easily your shares).

Risk	Description
Cash flow risk	The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, prospects, and its ability to meet its business objectives.
Funding risk	<p>The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all the required funding and therefore not achieve all its business objectives.</p> <p>The Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.</p>
Competition risk	The Company operates in a highly competitive market, with several known competitors, and high barriers to entry that could give rise to new and unknown competitors. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability, and prospects of the business.
Insolvency risk	The Company is not yet profitable. The company is seeking to obtain further funding to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all.

Key person risk	As an early-stage business, the Company is susceptible to the loss of key team members as they are considered critical to the continued success of the Company. If a key team member was lost, due to illness for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives.
Technology risk	The Company uses several sales, marketing, and member communication technology solutions. Despite the Company's measures to effectively manage these systems and risks, if any of these technologies were to fail without notice, it could interrupt the Company's ability to sell or communicate with customers, which could have a direct impact on revenue and profitability.
Startup risk	<p>The Company is a pre-revenue startup, with a limited operating history and will build the business with the funds raised through this crowd-sourced funding offer.</p> <p>As an early-stage business, the Company is subject to all the risks associated with early-stage companies, including uncertainty around the volume and origin of revenue streams, size and existence of repeat customers, and risks associated with evolving technology. In particular, the Company is not yet profitable and is yet to generate revenue through certain anticipated revenue streams.</p> <p>The commercial success of the business will depend on many factors including the Company's ability to attract and retain quality staff and loyal customers</p>
Brand risk	If the Company does not maintain consistent levels of quality and service in its offering, the Company's brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service.
Business model risk	The Company is at pre-production and pre-revenue stage of the business cycle. As such, it carries the risks of a start-up business. Given the limited trading history of the company, no assurance can be given that the Company will achieve commercial viability through the implementation of its business plan.

Regulatory risk	<p>The Company has received Medicinal Cannabis Single License for Cultivation, Production, Research and Manufacturing. Our growth strategy depends on obtaining a permit from the Office and drug control (ODC) and GMP Packing licence by Therapeutic Goods Administration (TGA) once our headhouse facility is completed. This will be either a yes or no to the approved design and plans, if it is a no, it will be the list of deficiencies to the approved plan that needs to be addressed to continue.</p> <p>There is no guarantee that we will receive all necessary regulatory approvals and we cannot predict with certainty the timelines for such approvals, or whether other requirements may be imposed by regulatory authorities (e.g. further requirements to prove the effectiveness of our product).</p>
Intellectual property risk	<p>The protection of the Company's intellectual property is somewhat critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a small risk that other companies will copy our product and technology, which could somewhat affect our ability to compete in the market.</p>
Disaster Risk	<p>Very small risk of catastrophic flooding or fire. It has relatively stable tectonic plates. Good fire management with substantial clearing of the nearby forest. Has not flooded over several decades or is not prone to flooding.</p>
Product Risk	<p>Issue with quality and potential recall or adverse to the consumer. This is mitigated by strenuous quality and testing of the products that is regulated by the TGA. Also, the conditions for sanitization and the product that needs to be treated with Microwave dryer to ensure it meets certificate of quality for medicinal consumption.</p>
Price risk	<p>There is a small chance of price risk, as new entrants come in, but we see the market booming for Medicinal Cannabis for at least 5 years with the potential for the market to go recreation in Australia. We anticipate such a market to be continually highly regulated for safety and quality, with high barriers to entry.</p>
Pest, wind, and Crop Failure	<p>The Greenhouse is a controlled environment and avoids this risk but there is a small risk from this factor to outdoor grow that can be mitigated.</p>
Security Risk	<p>Cannaponics Ltd will be operating strict security guidelines of the ODC that would require high security being double fencing, video and infra-red sensor surveillance and electronically monitored security doors and gates. The facility will need to always have some man security.</p>

2.13 Financial information

Below are the consolidated financial statements of the Company and its controlled subsidiaries for the financial years ended 30 June 2022 and 30 June 2023, which have been prepared in accordance with the Accounting Standards. The financials statements are audited by RSM and in the prior year by BDO.

Unaudited Interim Consolidated Financial information for the six months ended 31 December 2024 have also been included. The information has been prepared on a consistent basis based on management accounts, and accordingly may be subject to change.



2.13.1 Balance sheet

Statement of financial position

as at 30 June 2023 and 2022 (Audited) and interim half year at 31 December 2023 (Unaudited)

	Consolidated		
	HY 2024 (Unaudited)	FY 2023 (Audited)	FY 2022 (Audited)
	\$	\$	\$
<i>Current assets</i>			
Cash and cash equivalents	434,651	4,352,858	188,307
Trade and other receivables	59,963	380,940	249,022
Inventories	-	-	58,495
Prepayments	500,000	23,453	-
Total current assets	994,614	4,757,251	495,824
<i>Non-current assets</i>			
Term Deposit	248,187	-	-
Property, Plant, and equipment	9,252,294	6,783,672	5,547,471
Intangible Assets	31,182	31,224	38,616
Total non-current assets	9,531,663	6,814,896	5,586,087
Total assets	10,526,277	11,572,147	6,081,911
<i>Current liabilities</i>			
Trade and other payables	238,117	480,759	576,927
Derivative financial liabilities	-	-	18,565
Borrowings	1,636,916	1,649,989	1,681,928
Total current liabilities	1,875,033	2,130,748	2,277,420
<i>Non-current liabilities</i>			
Deferred tax liability	639,622	1,161,467	524,222
Borrowings	-	141,731	1,716,060
Total non-current liabilities	639,622	1,303,198	2,240,282
Total liabilities	2,514,655	3,433,946	4,517,702
Net assets	8,011,622	8,138,201	1,564,209
<i>Equity</i>			
Issued capital	15,265,251	14,900,176	4,933,550
Accumulated Losses	(7,253,628)	(6,761,975)	(3,365,146)
Non-controlling interest	-	-	(4,195)
Total equity	8,011,622	8,138,201	1,564,209

The statement of financial position are to be read with the Management Financial Commentary

2.13.2 Profit and Loss Statement

Statement of profit or loss and other comprehensive income

for the year ended 30 June 2023 and 2022 (audited) and interim half year ended 31 December 2023 (Unaudited)

	Consolidated		
	HY 2024 (Unaudited) \$	FY 2023 (Audited) \$	FY 2022 (Audited) \$
<i>Revenue from continuing operations</i>			
Revenue	-	106,648	211,179
Other Income	5,532	18,201	256,720
Total Revenue	5,532	124,849	467,899
Costs of Goods Sold	(5,399)	(62,423)	(82,811)
Total Cost of Goods Sold	(5,399)	(62,423)	(82,811)
Gross Profit	133	62,426	385,088
Depreciation and amortisation	(116,638)	(419,141)	(105,107)
Employment costs	(534,973)	(1,260,106)	(1,017,220)
Finance costs	(111,461)	(371,673)	(121,011)
Occupancy costs	(36,255)	(37,371)	(113,971)
Professional fees	(227,741)	(329,288)	(448,419)
Public relations, marketing and advertising	(50,990)	(187,123)	(33,654)
Other expenses	(181,801)	(217,308)	(283,562)
Loss before tax	(1,259,726)	(2,759,584)	(1,737,856)
Income tax expense	(115,400)	(637,245)	(524,222)
Net loss for the year	(1,375,126)	(3,396,829)	(2,262,078)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-
Total comprehensive loss for the year, net of tax	(1,375,126)	(3,396,829)	(2,262,078)
Loss for the year is attributable to:			
- Parent entity	(1,375,126)	(3,396,829)	(2,262,078)
- Non-controlling interest	-	4,195	(27)
Total loss for the year	(1,375,126)	(3,392,634)	(2,262,105)
Total comprehensive loss attributable to:			
- Parent entity	(1,375,126)	(3,396,829)	(2,262,078)
- Non-controlling interest	-	4,195	(27)
Total comprehensive loss	(1,375,126)	(3,392,634)	(2,262,105)

The statement of profit or loss and other comprehensive income are to be read with the Management Financial Commentary.

2.13.3 Statement of Changes in Equity

Statement of changes in equity

for the year ended 30 June 2023 and interim half year at 31 December 2023 (Unaudited)

	Issued Capital \$	Accumulated Losses \$	Consolidated Non-controlling Interests \$	Total \$
Consolidated				
Balance at 1 July 2021	1,955,237	(1,103,068)	(4,168)	848,001
Loss for the year attributable to owners & non-controlling interest	-	(2,262,078)	(27)	(2,262,105)
Total comprehensive loss for the year attributable to owners	-	(2,262,078)	(27)	(2,262,105)
<i>Transaction with owners, directly in equity</i>				
Shares issued during the year, net of transaction costs	2,978,313	-	-	2,978,313
Balance at 30 June 2022 (Audited)	4,933,550	(3,365,146)	(4,195)	1,564,209
Consolidated				
Balance at 1 July 2022	4,933,550	(3,365,146)	(4,195)	1,564,209
Loss for the year attributable to owners & non-controlling interest	-	(3,396,829)	4,195	(3,392,634)
Total comprehensive loss for the year attributable to owners	-	(3,396,829)	4,915	(3,392,634)
<i>Transaction with owners, directly in equity</i>				
Shares issued during the year, net of transaction costs	9,966,626	-	-	9,966,626
Balance at 30 June 2023 (Audited)	14,900,176	(6,761,975)	-	8,138,201
Consolidated				
Balance at 1 July 2023 (Audited)	14,900,176	(6,761,975)	-	8,138,201
Loss for the year attributable to owners & non-controlling interest (Unaudited)	-	(1,375,126)	-	6,763,075
Total comprehensive loss for the year attributable to owners (Unaudited)	-	(8,137,101)	-	6,763,075
<i>Transaction with owners, directly in equity</i>				
Shares issued during the year, net of transaction costs (Unaudited)	1,248,547	-	-	1,248,547
Balance at 31 December 2023 (Unaudited)	16,148,723	(8,137,101)	-	8,011,622

The statement of changes in equity is to be read with the Management Financial Commentary.

2.13.4 Cashflow Statement

Statement of cash flows

for the year ended 30 June 2023, 2022 (Audited) and half year ended 31 December 2023 (Unaudited)

	Consolidated		
	HY 2024 (Unaudited) \$	FY 2023 (Audited) \$	FY 2022 (Audited) \$
<i>Cash flows from operating activities</i>			
Receipts from customers (inclusive of GST)	-	553,294	554,225
Payments to suppliers and employees (inclusive of GST)	(583,955)	(2,096,243)	(2,762,186)
Net cash used in operating activities	(583,955)	(1,542,949)	(2,207,961)
<i>Cash flows from investing activities</i>			
Purchase of plant and equipment	(3,704,754)	(5,237,192)	(4,869,921)
Purchase of intangible assets	-	-	(38,616)
Term deposit at bank	-	(248,187)	-
Cash received from Grants	5,427	3,204,194	880,147
Net cash used in investing activities	(3,699,327)	(2,281,185)	(4,028,390)
<i>Cash flows from financing activities</i>			
Net proceeds from issue of shares	365,075	10,269,424	2,978,313
Proceeds from borrowings	-	2,405,335	3,109,586
Repayment of loans and convertible notes	-	(4,383,276)	-
Capital raising costs	-	(302,798)	(1,910)
Net cash from financing activities	365,075	7,988,685	6,085,989
Net increase / (decrease) in cash and cash equivalents	(3,918,207)	4,164,551	(150,362)
Cash and cash equivalents at the beginning of the year	4,352,858	188,307	338,669
Cash and cash equivalents at the end of the year	434,651	4,352,858	188,307

The statement of cashflows are to be read with the Management Financial Commentary.

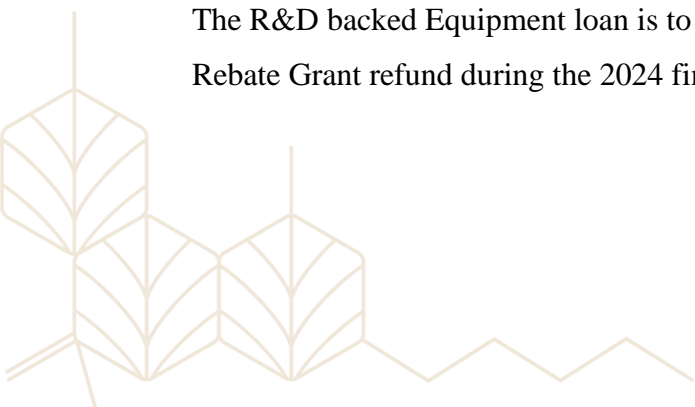
2.13.5 Management comments on historical performance and outlook

No substantial sales were recorded in the 30 June 2023 financial year as the company has not commenced growing and manufacturing Medicinal Cannabis. However, in 2022 shows some revenue from selling dirt and water label nutraceuticals range (Hemponics Australia) that we have divested in October 2022, to concentrate on building our Medicinal Cannabis growing and manufacturing facility.

The bulk of funds raised has been used to purchase assets. Other expenses like Salaries, Consultants, and various other expenses were to be used for design, planning as well as coordinating the construction of the facility. Marketing and other fund-raising fees were incurred to raise capital.

On the 12 of February 2024, Cannaponics Limited purchased the Freehold of the Club Hotel Collie through its 100% owned subsidiary the Club Hotel Collie Pty Ltd for \$540,000. The Leasehold was purchased for \$110,000 plus stock of \$135,000 by its separate entity the Collie Property Group as the trustee for the Collie Property Trust another subsidiary 80% owned by Cannaponics which manages the Hotel Operations. The purchase price of the property and stock was financed by P&N Bank for 70% LVR. Since then, the property has repaid Cannaponics Limited for 30% contribution towards the purchases and self-financing the loan with its internal cashflows. As of 30th of April the Club hotel has recorded (unaudited) revenue of \$631,270. A net profit before tax of \$207,543. The reason for purchasing the hotel was to secure accommodation in the nearby town which is currently experiencing severe shortages in accommodation for our construction workers that we are unable to obtain locally and in the future for our technical staff that are based in Perth, Western Australia. These would be future staff members with specific skills and qualifications that we are unable to hire locally. On the 23rd of March Knight Frank valued the Club Hotel at \$800,000 ex GST on Walk in Walk Out Basis.

The R&D backed Equipment loan is to be repaid through proceeds from the 2023 R&D Rebate Grant refund during the 2024 financial year.



Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty, and unexpected events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by the Company and has not been validated by an independent third party. Therefore, they will not be disclosed in this document.



Section 3: Information about the Offer

3.1 Terms of the Offer

The Company is offering up to 7,500,000 shares at an issue price of \$0.40 per share to raise up to \$3,000,000. The key terms and conditions of the Offer are set out below.

Terms	Details
Shares	Fully paid ordinary shares
Price	\$0.40 per share
Minimum Subscription	\$250,000
Maximum Subscription	\$3,000,000
Opening date	21st May 2024
Closing date	6th June 2024

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Retail investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

3.2 Use of Funds

With the funds raised under the CSF Offer, we plan to continue to invest and accelerate towards our business goals:

- Complete the setup of our advanced manufacturing facility and in-house laboratory, including validating our EU-GMP manufacturing arm.
- Complete our R&D biotechnology precinct.
- Orchestrate our unique Cannabis Mining process, allowing us to extract and distribute the exceptional qualities of the cannabis plant to supply local wholesalers. This includes specifically extracting individual compounds to supply as raw materials for various nutraceutical benefits.

Intended use	Minimum Subscription	Maximum Subscription
Complete the setup of our advanced manufacturing facility and in-house laboratory, including validating our EU-GMP manufacturing arm.	\$ 232,200	\$1,000,000
Complete our R&D biotechnology precinct.	\$0	\$1,000,000
Orchestrate our unique Cannabis Mining process, allowing us to extract and distribute the exceptional qualities of the cannabis plant to supply local wholesalers.	\$0	\$817,200
Offer costs	\$17,800	\$182,800
Total	\$250,000	\$3,000,000

The Offer costs includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchall Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs. The Offer costs are exclusive of GST.

Other than as specified above, no other payments from the funds raised are to be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

We expect that the Maximum Subscription amount to be sufficient to meet the Company's short-term objectives over the next 12 months.

If this CSF Offer is unsuccessful, or if only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12 months. In such circumstances, the Company may consider alternative sources of funding, such as undertaking a further CSF offer under the CSF regime or other debt or equity funding. Until additional funding is obtained, we would scale back or pause intended objectives and continue to focus our cash resources on getting to operations.

3.3 Rights associated with the shares.

The company is a public unlisted company as it has more than 50 shareholders. It is limited by shares. It is not listed on any stock exchange. It is required to be audited each year. The company is required to hold an Annual General Meeting (AGM) for all shareholders. The company has one class of shares being ordinary shares. Each shareholder is entitled to one voting right per share. With the consent of 5% of the shareholders can call ordinary shareholders' meeting and propose a resolution for the company to effect broad changes like appoint Board of Directors, accept remuneration changes to the Board of Director or changes to shareholder rights issues and company constitution. Should the company declare a dividend distribution. Each shareholder is entitled to a dividend distribution per share.

Immediately after issue, the shares under this Offer will be fully paid ordinary shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

Shareholders Agreement

Other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of the Company.

3.3.1 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently more than its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

The company's dividend policy is to distribute 50% of profits (after repaying any debt or commitments) as dividends. To reinvest the remaining profits into the company expansion and improvement.

3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

3.3.4 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%).

3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to shareholders after secured and unsecured creditors of the Company.

3.3.6 Restrictions on sale and transfer

Exit provisions

The Board may propose an Exit Event including an IPO, share sale, asset sale or another transaction which results in a change of control, or which the Board determines is an Exit Event. A Substantial Shareholder Majority must approve the Exit Proposal. If an Exit Proposal is approved by a Substantial Shareholder Majority, all Shareholders (and Directors) must exercise all rights and do all things to enable the Exit Event to occur.

Pre-emptive rights on transfer

If a Substantial Shareholder provides a notice to transfer its shares (other than as a permitted disposal), the Company must first offer each other Substantial Shareholder the right to purchase those shares. The Board may vary this procedure, provided that each Substantial Shareholder has an opportunity to acquire their pro rata entitlement to the Sale Shares and there is no material adverse impact on a Substantial Shareholder. The Constitution also includes carve outs for CSF offers and capital raisings up to 100% of the capital of the Company.



Escrow arrangements in an IPO

If an Exit Proposal is approved under the Constitution and that Exit Proposal involves an IPO, each shareholder agrees to enter any required escrow arrangements as may be required by law, the rules of the relevant stock exchange, or as may be recommended by the relevant financial adviser to enable the success of the IPO.

Discretion to refuse to register a transfer of shares

The Board has the discretion to approve or the power to refuse a transfer of shares to a third party.

On-sale restrictions under the Corporations Act

Shares acquired under the Offer may not be on-sold within 12 months of their issue without a prospectus or other disclosure document unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sales to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

3.3.7 Pre-emptive rights / anti-dilution on issue of shares

There are no pre-emptive rights or anti-dilution on the issue of shares.

3.3.8 Amendments to the Constitution

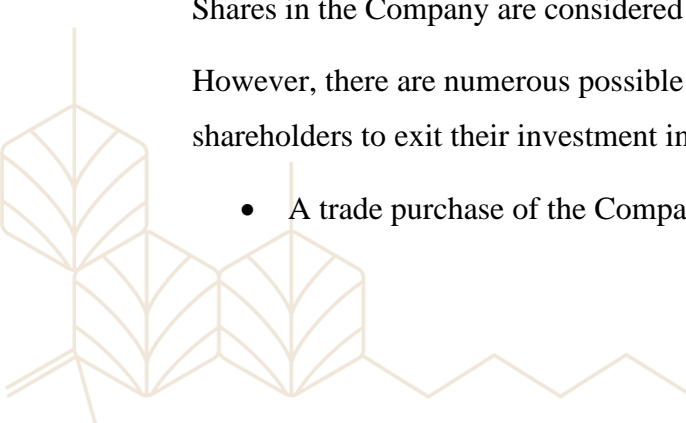
To vary the Constitution or adopt a new constitution, the Company must pass a special resolution at a general meeting. At least 75% of the voting members of the Company must vote in favour of the resolution for it to pass.

3.4 What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold.

However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include:

- A trade purchase of the Company



- A listing on a registered stock exchange (e.g. the ASX)
- A private equity investment in the Company
- A share buy-back by the Company
- There is no guarantee that any of the exit options will eventuate.

3.5 Details of previous CSF offers

On 21st May 2023, the Company made a CSF Offer on the Intermediary's platform.

Under that CSF Offer, the Company offered up to 14,285,714 ordinary shares at a \$0.35 share price. The CSF Offer was successfully completed, and the maximum subscription amount was raised.

Under that CSF Offer, the directors of the Company were Rod Zakostelsky, William Safar, Tamara O'Connor, and Prof. Michael Nguyen.



Section 4: Information about investor rights

4.1 Cooling-off rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (Cooling-off Period).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

4.3 Unlisted Public company corporate governance obligations

4.3.1 Annual general meetings

The Company is required to hold an annual general meeting (AGM) at least once in every calendar year and within 5 months from the end of the Company's financial year, being 30 June.

At the AGM, shareholders will be provided with an opportunity to directly question the directors and management in an open forum about the management, business operations, financial position, or performance of the Company.

4.3.2 Annual report

The Company is required to prepare an annual financial report and directors' reports at the end of each financial year and lodge these with ASIC (within four months of the financial year end). The Company has a 30 June year end, and its financial reports must be lodged by 31 October each year

The Company is required to have its financial reports audited, which provides independent oversight over the financial affairs of the Company.

The directors of the Company are also required to make a declaration that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

4.3.3 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report at the following address info@cannaponics.com.au on the Company's share registry website at the following address www.linkmarketservices.com.au (free of charge) or can purchase the report from ASIC.



4.4 Company updates

The Company will provide regular updates to investors on the Company's website at the following address www.cannaponnics.com.au via the Company's share registry website at the following address www.linkmarketservices.com.au and via the Intermediary's platform.

The company also emails a monthly newsletter to its shareholders.



Glossary

Company means Cannaponics Limited ACN 637 439 153.

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which a retail investor has a right to withdraw their application and be repaid their application money.

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act.

Intermediary means Birchall Financial Services Pty Ltd ACN 621 812 646 AFSL 502618.

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription is subject to rounding based on the share price of the Offer.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription is subject to rounding based on the share price of the Offer.

Offer means an offer of fully paid ordinary shares by the Company under this CSF offer document.

Retail investor has the meaning given to the term “retail client” under the Corporations Act

