

For personal use only

THC Global Group Limited

ACN 614 508 039

Notice of Extraordinary General Meeting and Explanatory Statement

- TIME:** 11.00am (Sydney Time)
- DATE:** 18 February 2021
- PLACE:** Physical: Bird & Bird, Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000
Virtual: Attendance via Lumi platform (refer to Notice)

This Notice and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

THC Global Group Limited

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Extraordinary General Meeting of Shareholders of THC Global Group Limited (**Company**) will be held at Bird & Bird, Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000 on 18 February 2021 at 11.00am (Sydney Time) for the purposes of transacting the following business (the **EGM**).

Due to COVID-19 related restrictions on public gatherings, in person attendance at the meeting venue will not be permitted, with shareholder participation in the EGM to instead be facilitated online via the Lumi platform.

Shareholders can access the Lumi platform to attend the meeting virtually at web.lumiagm.com using the meeting ID 303-552-708. Further instructions on how to attend the EGM online are attached to this Notice.

The Lumi platform enables shareholders to watch the meeting live, including any presentation materials, vote online during the meeting, and to put questions to the meeting. Voting on all resolutions will be conducted by poll.

Holding the meeting in this manner is compliant with both the *Corporations (Coronavirus Economic Response) Determination (No.3)* issued by the Commonwealth Treasurer on 21 September 2020 and the Company's Constitution.

Terms used in this Notice and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at the Extraordinary General Meeting.

1. RESOLUTION 1: CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

"That, for the purposes of Section 157(1)(a) of the Corporations Act, and for all other purposes, the name of the Company be changed from 'THC Global Group Limited' to 'Epsilon Healthcare Limited', with effect from the date that the Australian Securities and Investments Commission alters the details of the Company's registration."

There is no voting restriction in respect of Resolution 1.

2. RESOLUTION 2: REPLACEMENT CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

"That, for the purpose of section 136(2) of the Corporations Act and for all other purposes, the Company replaces its existing constitution and adopt a new constitution in its place in the form submitted to this meeting as signed by the Chair of the Meeting and as described in the Explanatory Memorandum."

There is no voting restriction in respect of Resolution 2.

3. RESOLUTION 3: REMOVAL OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of section 329(1) of the Corporations Act and for all other purposes, K.S. Black & Co be removed as the Company’s auditor effective from the conclusion of the Meeting.”

There is no voting restriction in respect of Resolution 3.

4. RESOLUTION 4: APPOINTMENT OF AUDITOR

To consider, and if thought to fit, to pass, with or without amendment, the following Resolution as an **special resolution**:

“That, subject to Resolution 3 being passed, for the purposes of section 327D of the Corporations Act and for all purposes, RSM Australia Partners, being qualified to act as auditor and having consented in writing to act as auditor, be appointed as the Company’s auditor effective from the conclusion of the Meeting and the Directors be authorised to fix the remuneration.”

There is no voting restriction in respect of Resolution 4.

5. RESOLUTION 5: RATIFICATION OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 9,134,486 Shares in the Company to the parties, for the purpose, and on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of, a person who participated in the issue or is a counterparty to the agreement being approved, or any associate of that person or those persons.

However, the Company will not disregard any votes cast in favour of the Resolution by:

- (a) a person who is acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the person who is the Chair of the Meeting acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a person who is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6: RATIFICATION OF CONSIDERATION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 2,479,175 Shares in the Company to the parties, for the purpose, and on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of, a person who participated in the issue or is a counterparty to the agreement being approved, or any associate of that person or those persons.

However, the Company will not disregard any votes cast in favour of the Resolution by:

- (d) a person who is acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- (e) the person who is the Chair of the Meeting acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (f) a person who is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7: RATIFICATION OF PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 11,000,000 Shares in the Company to the parties, for the purpose, and on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of, a person who participated in the issue or is a counterparty to the agreement being approved, or any associate of that person or those persons.

However, the Company will not disregard any votes cast in favour of the Resolution by:

- (a) a person who is acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the person who is the Chair of the Meeting acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a person who is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 8: ISSUE OF UNLISTED OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 3,000,000 Unlisted Options exercisable at \$0.35 expiring two years following their date of issue in the Company to the parties, for the purpose, and on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any associate of that person or those persons.

However, the Company will not disregard any votes cast in favour of the Resolution by:

- (a) a person who is acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or

- For personal use only
- (b) the person who is the Chair of the Meeting acting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
 - (c) a person who is a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

On behalf of the Board of Directors



Steven Xu
Chairman
8 January 2021

INFORMATION FOR SHAREHOLDERS WITH REGARD TO REGISTRATION, VOTING ARRANGEMENTS AND QUESTIONS

Pursuant to Regulation 7.11.37 of the Corporations Regulation 2001 (Cth) the persons eligible to vote at the Meeting are those who are registered Shareholders at 11.00 am (Sydney time) on 16 February 2021.

Voting in person: To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy: To vote by proxy, please complete and sign the enclosed Proxy Form and return it in accordance with the instructions set out in the Voting form so it is received no later than 11.00 am (Sydney time) on 16 February 2021.

Pursuant to section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, then in pursuant to section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

If a Proxy Form is signed by an attorney, the original or a certified copy of the power of attorney or other authority under which the Proxy Form is signed must be provided to the Company's share registry in the manner specified in the Proxy Form by no later than 11.00 am (Sydney time) on 16 February 2021.

Voting by corporate representative: A Shareholder or proxy which is a corporation and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative to vote at the Meeting. The appointment must comply with section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment and lodge it with the registration desk, unless it has been previously provided to the Company's share registry by the time and in the manner specified in the Proxy Form.

Voting by attorney: Pursuant to Clause 54.1 of the Company's Constitution a Shareholder entitled to attend and vote at the Meeting is entitled to appoint an attorney to attend and vote at the Meeting on the Shareholder's behalf. An attorney does not need to be a Shareholder. The power of attorney appointing the attorney must be signed and specify the name of each of the Shareholder, the Company and the attorney, and also specify the meeting(s) at which the appointment may be used. The appointment may be a standing one. To be effective, the power of attorney (or certified copy) must also be returned in the same manner and time as specified for Proxy Form or otherwise lodged at the registration desk on the day of the Meeting.

Key Management Personnel: the Chair of the meeting may vote an undirected proxy (ie. a proxy that does not specify how it is to be voted), provided the shareholder who has lodged the proxy has given informed consent, in the form of an express voting direction to the chair to exercise the undirected proxy, even if the resolution is connected with the remuneration of a member of Key Management Personnel (**Informed Consent**).

The Company recommends that shareholders consider the following options to ensure the validity of their votes:

- that shareholders direct proxies on a remuneration related resolution instead of leaving them undirected; or
- that shareholders nominate a proxy who is not a member of Key Management Personnel or any of their Closely Related Parties to vote on a remuneration related resolution; or
- that shareholders who wish to vest their undirected proxies in the chair on a remuneration related resolution ensure that they follow instructions provided on the proxy form in order to provide Informed Consent.

THC Global Group Limited

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Extraordinary General Meeting to be held at Bird & Bird, Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000 on 18 February 2021 at 11.00am (Sydney Time).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

ASX takes no responsibility for the contents of the Notice or the Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional adviser.

1. RESOLUTION 1: CHANGE OF COMPANY NAME

1.1 Background

Resolution 1 seeks approval for the Company to change its company name from 'THC Global Group Limited' to 'Epsilon Healthcare Limited'.

The Board is of the view that changing the Company's name to Epsilon Healthcare will better reflect the Company's current strategic position, and move away from the potentially negative connotations that the inclusion of the term "THC" has with respect to the medical and healthcare sector.

Pursuant to section 157(1)(a) of the Corporations Act, the Company may change its company name by special resolution, which requires the approval of at least 75% of the votes cast by Shareholders attending and entitled to vote at the Meeting.

This change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

If the name change is approved by Shareholders, the Company will lodge the relevant form with ASIC within 14 days of the Resolution being passed. The change of name will take effect when ASIC alters the details of the Company's registration.

If the name change is approved by Shareholders, the Company will seek to change its ASX code from THC to EPN. Details of the change in ASX code including the timetable for the change will be announced to the ASX following shareholder approval.

1.2 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2: REPLACEMENT CONSTITUTION

2.1 Background

The Company is seeking shareholder approval for the adoption of a new constitution for the Company. If approved by shareholders, the new constitution will be effective from the date of the Annual General Meeting.

The proposed Replacement Constitution is available in full on the Company's website and can also be requested from the Company by sending an email to corporate@thcl.com.au.

The existing constitution of the Company was adopted prior to and for the purpose of the Company's initial ASX Listing in May 2017. The regulatory landscape has evolved since that

time, including through changes to the Corporations Act 2001 (Cth) and the ASX Listing Rules and corporate governance practices generally. Accordingly, the Board considers that the existing constitution of the Company requires substantial updating and that it is more efficient to adopt a new constitution rather than to make a number of amendments to the existing constitution.

The Board considers that the effect of the repeal of the existing constitution and adoption of the proposed new constitution will not have a significant impact on Shareholders.

A summary of the material changes between the existing constitution and the proposed new constitution is set out below.

2.2 Summary of key proposed changes

The key differences between the existing constitution and the proposed new constitution are summarised below. This summary is not intended to be an exhaustive explanation of all the changes effected by the adoption of the proposed new constitution and Shareholders should refer to the text of the proposed new constitution which is available as set out above. References below are to the articles of the proposed new constitution unless otherwise stated.

(a) General meetings

Under the proposed new constitution:

- (i) the Board may introduce 'direct voting', which involves shareholders directly recording their vote electronically, or otherwise by approved means, before the meeting (rather than appointing a proxy or other representative to do so at the meeting). If the Board determines that votes may be cast by direct vote, article 17.18 empowers the Board to determine appropriate procedures for the implementation of direct voting, including as to the form, method and time requirements applicable; and
- (ii) the quorum for a meeting of members has been reduced under article 16.4 from 5 members (where there are more than 20 members) to 3 members present in person and entitled to vote at the meeting.

(b) Directors

Under the proposed new constitution the maximum aggregate remuneration to be provided to or for the benefit of the non-executive Directors for services rendered as directors is \$500,000 per annum.

(c) Proportional takeovers

The existing constitution contains an article that enables the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by a resolution of Shareholders, as permitted under section 648G of the Corporations Act. It should be noted that the proposed new constitution does not contain a similar procedure.

(d) Unmarketable parcels

The existing constitution contains a procedure for the sale of unmarketable parcels. Article 14 of the proposed new constitution will enable the Company to sell unmarketable parcels of shares. This procedure may be applied to a shareholder holding less than a marketable parcel of shares (currently to the value of \$500 or less), which may be sold for the benefit of that shareholder. Article 14 is permitted under and complies with ASX Listing Rule 15.13.

(e) Other miscellaneous changes

Under the proposed new constitution:

- (i) (**preference shares**) the terms of preference shares are specified in the proposed new constitution so that such preference shares may be issued and allotted without a special resolution of shareholders, as per the Corporations Act.
- (ii) (**electronic notices**) the notice provisions have been updated to allow notices to be given to electronic addresses and/ or online locations and the time periods for service amended accordingly; and

- (iii) **(definitions and interpretation)** various defined terms used are updated to reflect relevant name changes and the current Corporations Act and ASX Listing Rules.

2.3 Board recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

3. RESOLUTIONS 3 AND 4: REMOVAL AND APPOINTMENT OF AUDITOR

3.1 Background

On 8 December 2020 the Company received a notice under s329 of the Corporations Act from a group of shareholders comprising of Barcoo Holdings Pty Ltd and Meta Growth Corp Inc (together, the **Shareholder Group**), both being vendors of the Tetra Health business. This notice was of the Shareholder Group's intention to move a resolution to remove K.S. Black & Co as auditors of the Company and to nominate RSM Australia Partners to be appointed to replace them.

Section 329 of the Corporations Act provides that an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given. It should be noted that under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Following receipt of this notice, the Company has confirmed the consent of RSM Australia Partners to be appointed as the Company's auditors and has moved to have these resolutions considered at this meeting rather than having another meeting convened at a later date in accordance with the above.

Section 327D of the Corporations Act provides that the Company may immediately appoint an auditor to replace an auditor removed under section 329 of the Corporations Act.

If K.S. Black & Co is removed under Resolution 3, it is proposed that RSM Australia Partners be appointed as the Company's auditor effective from the conclusion of the Meeting. The nomination of RSM Australia Partners as auditor of the Company is provided to Shareholders in Annexure A to this Notice of General Meeting. RSM Australia Partners has given written consent to act as the Company's auditor in accordance with section 328A(1) of the Corporations Act.

If Resolution 3 and 4 are passed, the appointment of RSM Australia Partners as the Company's auditor will take effect at the close of this meeting.

3.2 Board recommendation

The Board unanimously recommends that shareholders vote in favour of Resolutions 3 and 4.

4. RESOLUTION 5: RATIFICATION OF PLACEMENT

4.1 Background

Resolution 5 seeks Shareholder approval to ratify the issue of 9,134,486 Shares (out of a total issue of 22,003,331 Shares, the balance of which being issued under the ASX's "Class Waiver Decision Temporary Extra Placement Capacity"), which was undertaken by way of a placement to institutional and sophisticated investors at \$0.30 per Share, as announced to the ASX on 22 June 2020 and issued on 29 June 2020.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Accordingly, under Resolution 5, the Company seeks from Shareholders approval for, and ratification of, the issue of a total of 9,134,486 Shares, so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of Equity Securities in the next 12 months.

In the event that Resolution 5 is not passed, the capacity of the Company to issue Shares under Listing Rule 7.1 will not be restored, and the ability to issue Shares under Listing Rule 7.1 will be reduced accordingly.

4.2 Listing Rule Requirements

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) Number of securities issued

Under Resolution 5, the Company seeks from Shareholders approval for, and ratification of, the issue of 9,134,486 Shares.

(b) The price at which the securities were issued

The Shares were issued for 30 cents per Share.

(c) Terms of the securities

The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company applied to ASX for official quotation of the Shares on 29 June 2020.

(d) The names of the persons to whom the entity issued the securities or the basis on which those persons were determined

The Shares the subject of this Resolution 5 were allotted to institutional and sophisticated investors who participated in the Company's equity raising, undertaken via the institutional placement, as announced to ASX on 22 June 2020 and issued on 29 June 2020.

(e) The use of the funds raised

The funds raised from the issue of the Shares the subject of this Resolution 5 will be used towards working capital for the Company's existing operations and supporting the acceleration of the Company's cannabis medicines manufacturing at its Southport facility, as further described in the Company's announcement dated 22 June 2020.

(f) Voting exclusion statement

A voting exclusion statement for Resolution 5 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

4.3 Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months, without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 5.

5. RESOLUTION 6: ISSUE OF CONSIDERATION SHARES

5.1 General

Resolution 6 seeks Shareholder approval to ratify the issue of 2,479,175 Shares to the vendors of Tetra Health on 30 October 2020, which was done using the Company's capacity

to issue securities without shareholder approval under Listing Rule 7.1. This issue was made as the third tranche of consideration due to the vendors of Tetra Health as contractually required under the acquisition agreement for Tetra Health.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Accordingly, under Resolution 6, the Company seeks from Shareholders approval for, and ratification of, the issue of a total of 2,479,175 Shares, so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of Equity Securities in the next 12 months.

In the event that Resolution 6 is not passed, the capacity of the Company to issue Shares under Listing Rule 7.1 will not be restored, and the ability to issue Shares under Listing Rule 7.1 will be reduced accordingly.

5.2 Listing Rule Requirements

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(g) Number of securities issued

Under Resolution 5, the Company seeks from Shareholders approval for, and ratification of, the issue of 2,479,175 Shares.

(h) The price at which the securities were issued

The Shares were issued for 25.21 cents per Share.

(i) Terms of the securities

The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company applied to ASX for official quotation of the Shares on 30 October 2020.

(j) The names of the persons to whom the entity issued the securities or the basis on which those persons were determined

The Shares the subject of this Resolution 5 were allotted to the vendors of Tetra Health, as announced to ASX on 12 May 2020 and issued on 30 October 2020.

(k) The use of the funds raised

The Shares were issued as part consideration for the acquisition of Tetra Health, as further described in the Company's announcement dated 12 May 2020.

(l) Voting exclusion statement

A voting exclusion statement for Resolution 6 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

5.3 Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months, without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 6.

6. RESOLUTION 7: RATIFICATION OF PLACEMENT

6.1 Background

Resolution 7 seeks Shareholder approval to ratify the issue of 11,000,000 Shares, which was undertaken by way of a placement to institutional and sophisticated investors at \$0.25 per Share, as announced to the ASX on 17 December 2020 and issued on 22 December 2020.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Accordingly, under Resolution 7, the Company seeks from Shareholders approval for, and ratification of, the issue of a total of 11,000,000 Shares, so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of Equity Securities in the next 12 months.

In the event that Resolution 7 is not passed, the capacity of the Company to issue Shares under Listing Rule 7.1 will not be restored, and the ability to issue Shares under Listing Rule 7.1 will be reduced accordingly.

6.2 Listing Rule Requirements

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) Number of securities issued

Under Resolution 7, the Company seeks from Shareholders approval for, and ratification of, the issue of 11,000,000 Shares.

(b) The price at which the securities were issued

The Shares were issued for 25 cents per Share.

(c) Terms of the securities

The Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company applied to ASX for official quotation of the Shares on 22 December 2020.

(d) The names of the persons to whom the entity issued the securities or the basis on which those persons were determined

The Shares the subject of this Resolution 7 were allotted to institutional and sophisticated investors who participated in the Company's equity raising, undertaken via the strategic and institutional placement, as announced to ASX on 17 December 2020 and issued on 22 December 2020.

(e) The use of the funds raised

The funds raised from the issue of the Shares the subject of this Resolution 7 were applied towards general working capital, including progressing previously announced initiatives including the development and launch of the Company's new software platform, Medimar, and expansion of manufacturing capabilities at the Southport Facility.

(f) Voting exclusion statement

A voting exclusion statement for Resolution 7 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

6.3 Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months, without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 7.

7. RESOLUTION 8: ISSUE OF UNLISTED OPTIONS

7.1 Background

Resolution 8 seeks Shareholder approval to issue 3,000,000 Unlisted Options exercisable at \$0.35 expiring two years from their date of issue (the **Unlisted Options**). The Unlisted Options are proposed to be issued to parties involved in the facilitation of the strategic and institutional placement conducted by the Company in December 2020.

Listing Rule 7.1 enables the Company to issue Equity Securities subject to shareholder approval without limiting any capacity the Company has to issue further Equity Securities without approval. The Company accordingly seeks approval under Listing Rule 7.1 for the issue of the Unlisted Options.

In the event that Resolution 8 is not passed, the Company will not issue the Unlisted Options to the relevant parties at this time, and will instead be required to compensate these parties by way of cash payments or other consideration for services rendered in facilitation of the strategic and institutional placement.

7.2 Listing Rule Requirements

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) Number of securities to be issued

Under Resolution 8, the Company seeks from Shareholders approval for the issue of 3,000,000 Unlisted Options exercisable at \$0.35 expiring two years from their date of issue.

(b) The price at which the securities to be issued

The Unlisted Options are not being issued for cash consideration.

(c) Date securities are to be issued

Subject to Shareholder approval, the Company will issue the securities within three months from the date of their approval at this Meeting (on or before 18 May 2021).

(d) Terms of the securities

The Unlisted Options are unlisted options each exercisable at \$0.35 any time on or before two years from their date of issue. For the exercise of each Unlisted Option the Company will issue one Share. Each Share will rank pari passu with existing Shares.

Whilst a summary of the terms is provided above, full terms of the Unlisted Options can be requested from the Company.

(e) The names of the persons to whom the entity issued the securities or the basis on which those persons were determined

The Unlisted Options the subject of this Resolution 7 are to be issued to parties involved in the facilitation of the strategic and institutional placement conducted by the Company in December 2020.

(f) The use of the funds raised

No funds will be raised from the issue of the Unlisted Options. However if all Unlisted Options are exercised, the Company will raise an additional \$1,050,000 which will be applied towards working capital.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 8 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

7.3 Board Recommendation

The Board believes that the approval of these issues is beneficial for the Company as it allows the Company to issue Unlisted Options in lieu of any additional cash consideration to parties involved in the facilitation of the strategic and institutional placement conducted by the Company in December 2020. Accordingly, the Board recommends Shareholders vote in favour of Resolution 8.

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SCHEDULE: DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Notice and Explanatory Statement, unless the context otherwise requires, the following terms have the following meanings:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited or the securities market operated by ASX Limited, as the context requires;

Board means the board of Directors;

Business Day means a day (other than Saturday, Sunday or public holiday) on which banks are open for general banking business in Sydney, New South Wales;

Chair means the chair of the Meeting;

Company means THC Global Group Limited ACN 614 508 039;

Constitution means the constitution of the Company;

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

Director means a current director of the Company;

Equity Securities has the meaning given in the Listing Rules;

Explanatory Statement means the explanatory statement that accompanies this Notice of Annual General Meeting;

Key Management Personnel has the meaning given by section 9 of the Corporations Act;

Listing Rules means the official listing rules of ASX

Meeting, EGM or Extraordinary General Meeting means the general meeting convened by this Notice of Extraordinary General Meeting;

Notice or Notice of Meeting or Notice of Extraordinary General Meeting means this notice of Extraordinary General Meeting, including as the context allows, the Explanatory Statement;

Official List means the official list of entities that ASX has admitted to and not removed from listing;

Proxy Form means the proxy form enclosed with this Notice;

Resolution means a resolution contained in this Notice;

Section means a section of this Explanatory Statement;

Securities means any Shares or Options issued by the Company;

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

Shareholder means the holder of a Share.

1.2 Interpretation

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this this Notice and Explanatory Statement, except where the context makes it clear that a rule is not intended to apply.

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this this Notice and Explanatory Statement.
- (b) A reference to:
 - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (ii) a document or agreement is to that document, agreement or provision as amended, supplemented, replaced or novated;

- (iii) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person;
- (iv) anything (including a right, obligation or concept) includes each part of it; and
- (v) \$ is to the lawful currency in Australia unless otherwise stated.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (g) All references to time are references to the time in Sydney, New South Wales.

ANNEXURE A – NOTICE OF NOMINATION AS AUDITOR

The Chairman
THC Global Group Limited
Suite 4102 Level 41
264-278 George Street
Sydney NSW 2000
Australia

Dear Sir,

8 December 2020

Notice of Intention to Remove Company Auditor and Nomination of New Company Auditor

We, the undersigned, being members of THC Global Group Limited (the **Company** or **THC Global**) who together hold more than 5% of the voting shares in the Company hereby provide notice of an intention to convene a general meeting of the Company for the purposes of the following:

- (a) For the removal of K.S. Black & Co as the Company's Auditor in accordance with section 329 of the *Corporations Act 2001* (Cth) (the **Act**).
- (b) For the appointment of RSM Australia Partners as the Company's Auditor in accordance with section 328B(3) of the **Act**.


We understand that RSM Australia Partners have consented to act as the Company's Auditor.

We note that the Company has already disclosed an intention to call a general meeting of the Company in the next month for the purpose of approving a change of the Company's name and accordingly invite the Company to include the above resolutions in the business of that upcoming general meeting.

Yours faithfully,



Barcoo Holdings Pty Ltd
<Maple Ventures>



Barcoo Holdings Pty Ltd
<Tetra Founders Unit A/C>



Barcoo Holdings Pty Ltd
<Wyan Family Investments>



Meta Growth Corp

For personal use only



THC Global Group Limited
ACN 614 508 039

THC
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11.00am (AEDT) on Tuesday, 16 February 2021.**

THC Global Group Limited - Extraordinary General Meeting

As part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

Meeting date and location:

The Extraordinary General Meeting of THC Global Group Limited to be held at Bird & Bird, Level 22 MLC Centre, 19 Martin Place, Sydney NSW and virtually via the Lumi platform on Thursday, 18 February 2021 at 11.00am (AEDT).

Attending the meeting:

Due to COVID-19 related restrictions on holding meetings in person, in person attendance at the meeting venue will not be permitted, with shareholder participation in the EGM to instead be facilitated online via 'Lumi'.

Online

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time.

To participate online you will need to visit web.lumiagm.com/303552708 on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at www.computershare.com.au/virtualmeetingguide

Access the meeting documents and lodge your proxy online:

Online:

Access the meeting documents and lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



THC Global Group Limited
ACN 614 508 039

THC
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

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Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11.00am (AEDT) on Tuesday, 16 February 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of THC Global Group Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of THC Global Group Limited to be held at Bird & Bird, Level 22 MLC Centre, 19 Martin Place, Sydney NSW and virtually via the Lumi platform on Thursday, 18 February 2021 at 11.00am (AEDT) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Replacement constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Removal of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Ratification of consideration shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Ratification of placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Issue of unlisted options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

THC

999999A



Computershare



8 January 2021

THC Global's Response to Representations Made by K.S. Black & Co in Response to their Proposed Removal as Appointed Auditor

THC Global Group Limited (**THC Global** or the **Company**) provides additional information with respect to Resolutions 3 and 4 of the Notice of Extraordinary General Meeting (the **Notice**) for the meeting to be held on 18 February 2021 (the **EGM**).

As disclosed in the Notice and in an announcement on 11 December 2020, the Company received a notice from a group of shareholders advising of their intention to convene a general meeting of the Company for the purpose of removing K.S. Black & Co as the Company's Auditor and appointing RSM Australia Partners in their stead (the **Shareholders Proposal**).

Pursuant to Section 329(1A) of the *Corporations Act 2001* (Cth) (the **Corporations Act**), the Company has elected to consider the resolutions requested in the Shareholders Proposal at the EGM rather than have a separate meeting convened for the purpose of considering the Shareholders Proposal.

Section 329(3) allows the auditor being removed to make written representations which must be sent to every shareholder. A copy of the written representation made by K.S. Black & Co is attached to this letter (the **Written Representation**).

With respect to matters raised by K.S Black & Co and in response to the Written Representation, the Company notes the following:

1. K.S. Black & Co's allegation that the Company was under "ASIC surveillance" is false and misleading.
 - 1.1. In June 2019, ASIC contacted the Company to discuss certain aspects of the annual report for the year ended 31 December 2018 (the **2018 Annual Report**). This was a consultative discussion and there was no "surveillance" activity that the Company is aware of.
 - 1.2. These queries related broadly to the financial presentation of the 2018 Annual Report and the overall level of disclosure that K.S Black & Co had audited. Specifically, this was focused on the disclosure around the Company's cash generating units, asset revaluation reserve and deferred taxation liabilities, and the overall level and appropriateness of audit evidence obtained by K.S Black & Co.
 - 1.3. As is customary of all ASIC financial statement presentation enquiries, ASIC issued a media release on 30 September 2019, which stated: "[ASIC had] inquired about the impairment assessment of non-current assets in THC's financial report for the year ended 31 December 2018".

1.4. Other than issuing the media release, the Company has since not received any further inquiries from ASIC on the Company's financial statements, and ASIC formally wrote to the Company at the completion of that consultation process and noted that it had no further comments.

1.5. The Company understands that K.S. Black & Co were asked similar questions by ASIC with respect to the conduct of their audit in respect of the 2018 Annual Report, however the Company has no further knowledge of the nature of those queries nor of the level of enquiry as to K.S Black & Co's conduct of that audit.

1.6. At no time in the Company's communication with ASIC did ASIC allege or find that the Company or its Directors had acted inappropriately, nor did ASIC find that the Company's financial statements did not comply with all applicable Australian accounting standards or fail to give a true and fair view of the financial position and performance in accordance with the Corporations Act.

2. As the ASIC inquiry related only to the 2018 Annual Report, any suggestion that such ASIC inquiry was "vindicating [K.S. Black & Co's] audit qualifications" is blatantly impossible as K.S. Black & Co did not issue a qualified audit opinion with respect to the 2018 Annual Report or the subsequent 2019 Half Year Report. In the Company's view this is a careless misrepresentation by K.S Black & Co and should be indicative of the overall level of appropriateness of the proposed EGM resolution that consider their removal and replacement as the appointed Company auditor.

3. The suggestion by K.S. Black & Co that the audit qualifications in the past two financial reports were a "function of the failure by management to provide our requested materials" is disingenuous. Referring to K.S. Black & Co's own audit opinions, the Company notes that:

3.1. At a direct cost to the Company THC Global has paid for the audit partner to attend its Southport and Bundaberg operations on two occasions in an effort to assist K.S Black & Co's understanding and scale of the Company's asset base and unique operating facilities which are highly material to the Company's net asset position and core business.

During these site visits the Company availed K.S Black & Co full access to the facilities, all operational staff, and the opportunity to make any enquiry necessary so as to both:

- increase K.S. Black & Co's knowledge of it's asset base, facilities and the industry generally; and
- assist K.S. Black & Co in working with the Company's professional team and industry experts to verify any detail or audit evidence that they required.

3.2. in the annual report for the year ended 31 December 2019 (the **2019 Annual Report**), the Audit Opinion noted that the "*qualification arises as a result of not being able to verify the commercial dialogue and formal arrangements relating to the future sale of medicinal cannabis medicines*" which at the time were yet to be produced; and

3.3. in the half year report for the period ended 30 June 2020 (the **2020 Half Year Report**), the Audit Opinion noted that the qualification arises “as a result of not being able to verify and obtain sufficient and appropriate audit evidence to verify sales forecast assumptions in the Company’s financial model” which was “due to, in part, the early stage nature of the commercial dialogue and formal arrangements of those sales projections at scale” as well as referencing the “early stage nature of the medicinal cannabis industry in Australia”

These statements by K.S Black & Co in addition to the commitments of the Company to providing full transparency and access to the Company’s facilities and operational staff, clearly suggest that the qualifications were not a result of the Company’s unwillingness to provide information to the Auditor, but rather the auditor not making additional appropriate enquiries during the site visits on multiple occasions, and potentially the stage of relevant commercial negotiations at relevant times, and the broader immaturity of the Australian cannabis industry.

4. The proposed auditors, RSM Australia Partners, are a mid-tier firm with a global network that is more representative of the maturing nature of THC Global’s business and multinational operations. Additionally, the Company has procured an engagement proposal that will have these services provided at a lower cost than K.S Black & Co’s fees for the prior comparative period.
5. Overall, the Company notes the tasteless and disrespectful tone of the Written Representations by K.S Black & Co and draws shareholders attention to multiple statements which are, in the Company’s opinion, clear misstatements and misrepresentations of fact.

On behalf of the Board of Directors,



Alan Beasley
Deputy Chairman & Chairman of the Audit and Risk Committee

Level 1, 251 Elizabeth Street
Sydney NSW 2000

75 Lyons Road
Drummoyne NSW 2047

K.S. Black & Co.

Chartered Accountants

ABN 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

**Corporations Act representation by the auditor in relation to the
proposed resolution to remove KS Black & Co as the auditors
of THC Global Group Limited**

Dear Shareholders,

We are at a loss to understand the logic behind the resolution to change auditors.

First, auditors are appointed by shareholders. We have consistently held management to account, with our audit qualifications to the financial statements being a function of the failure by management to provide our requested materials. This was one reason for ASIC surveillance of the company, vindicating our audit qualifications.

Secondly, changing auditors at this time will not remove the reasons for the audit qualifications. Indeed, the change leads to a market perception that management is shopping for a more favourable audit opinion.

Thirdly, having been the auditors of THC since it's incorporation, we have adapted to changes in the operations of THC, and have comprehensive knowledge of the company bringing continuity of knowledge to THC. We have therefore brought to THC and shareholders efficiency in our work, reflecting in lower costs. Any new auditor brings no added advantages, and can only lead to increased costs if a change is made to a larger auditor.

Fourthly, we audit several public listed companies, and so have experience equivalent to any other firm. There are no advantages in changing auditors either due to audit techniques or technical knowledge. Indeed, our involvement with THC has not impeded capital raisings, nor loan raising. The name of the auditor brings no advantages to THC, but would bring increased costs.

We are sure shareholders appreciate the independence of auditors from management, holding management to account. A change in auditors leads to an adverse market perception. There are no added advantages to shareholders to vote for a change in auditors, nor is it logical in light of our above points.

Yours faithfully,
K.S. BLACK & CO

KS Black & Co



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