



ASX Announcement

21 June 2018

CRESO PHARMA WELCOMES THE DECISION TO LEGALISE CANNABIS USE IN CANADA

Creso Pharma Limited (ASX:CPH, the “Company” or “Creso”) welcomes the decision by the Canadian parliament to legalise the recreational use of cannabis nationwide.

The landmark bill, and the historic vote passed on Tuesday 18th June, will end 90 years of prohibition and will allow Canadians to buy and consume cannabis legally. This makes Canada the second country in the world, and the first G7 nation, to legalise the recreational use of cannabis. An official date for when the law will come in to place is yet to be confirmed but could be as early as August.

Creso has already established a significant presence in North America and the passing of this law will provide further substantial opportunity for product growth and uptake. In 2017, Creso became the only Australian cannabis company with direct exposure to the world’s largest legal cannabis market through the acquisition of Nova Scotia-based medicinal cannabis applicant, Mernova Medicinal Inc., delivering on the company’s strategy of establishing a Canadian presence and the pursuit of opportunities in the medicinal cannabis space with added exposure to the huge recreational cannabis market once it is legalised.

Construction on a 20,000 square foot medical cannabis growing facility is underway and well progressed, with completion expected in Q3 2018. Completion is targeted to coincide closely with the legalisation of recreational cannabis and will allow Creso to vertically integrate its production chain and capitalize on the significant market opportunity of both medicinal and recreational cannabis.

Further cementing its position in Canada, in May 2018 Creso announced the appointment of Mr John Griese as COO for the Americas, who brings extensive expertise on the North American cannabis industry and who will help strengthen its presence in the region.

Said Creso’s CEO, Dr Miri Halperin Wernli: “The full legalisation of cannabis use in Canada is really positive news. Creso has been growing its presence in Canada as we believe it offers huge potential for the uptake of our products. This law signals a great future for the industry in this market and we hope other countries will follow suit.

“Not only is it positive news for the industry, but it will also make the purchasing of cannabis safer for Canadians by providing legal licensed businesses where consumers know what they’re buying. It will allow for better quality control and more public health awareness campaigns, whilst depriving organised crime of money and making it harder for children to access.



“Canada is demonstrating great leadership on cannabis policy. It is setting an example not only for the U.S., where reform is already progressing at the federal level, but for many other countries around the world where there has been far too little debate on the subject. Cannabis prohibition is a failed U.S. policy experiment that was replicated by countries around the world. It has caused far more problems than it has solved, and governments should now follow Canada’s example by revisiting their cannabis policies and exploring alternatives”.

The Cannabis Act was approved by the Senate 52-29 after already passing the House of Commons in May this year. The law allows the federal government to license producers and regulate how they grow, sell and distribute cannabis. Under the new law, adults aged 18 and over will be permitted to possess up to one ounce of weed for recreational use, and grow up to four cannabis plants. Cannabis-infused edibles will be legal within one year of the law’s implementation.

Canada is the first of the G7 countries to fully legalize cannabis for recreational consumption and open up sale and distribution to both domestic and international markets. Cannabis will be a \$US6.5 billion (\$8.7 billion) industry by 2020 in Canada, according to research by one of Canada’s biggest banks CIBC. That’s more than the \$US5.1 billion Canadians spent on alcoholic spirits in 2017 - and it’s approaching wine sales. In 2017, US\$2.25 billion was raised across 206 cannabis companies in Canada. In Q1 2018 alone, there has been over US\$1.35 billion raised across 96 Canadian cannabis companies, reflecting significant forecasted growth and demand. More equity capital has been raised in Canada for cannabis companies than anywhere else in the world with over 50 companies listed on the Canadian exchange.

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About Creso Pharma

www.cresopharma.com

Creso Pharma brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health. Creso uses GMP development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids.

Forward Looking statements

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors,



competition and government regulation. The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.

Corporate Queries

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