

Announcement Summary

Entity name

CRESO PHARMA LIMITED

Announcement Type

New announcement

Date of this announcement

24/2/2022

The Proposed issue is: A placement or other type of issue**Total number of +securities proposed to be issued for a placement or other type of issue**

| ASX +security code | +Security description | Maximum Number of +securities to be issued |
|--------------------------------|------------------------------------------------------------------|---------------------------------------------------|
| New class-code to be confirmed | Listed Options (subject to meeting certain listing requirements) | 67,851,448 |
| New class-code to be confirmed | Listed Options (subject to meeting certain listing requirements) | 4,612,320 |
| New class-code to be confirmed | Listed Options (subject to meeting certain listing requirements) | 72,463,768 |
| CPH | ORDINARY FULLY PAID | 72,463,768 |

Proposed +issue date

2/3/2022

Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of +Entity

CRESO PHARMA LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type

ABN

Registration Number

89609406911

1.3 ASX issuer code

CPH

1.4 The announcement is

New announcement

1.5 Date of this announcement

24/2/2022

1.6 The Proposed issue is:

A placement or other type of issue



Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis? Yes

7A.1a Conditions

| Approval/Condition | Date for determination | Is the date estimated or actual? | ** Approval received/condition met? |
|---------------------------|------------------------|-----------------------------------------------|-------------------------------------|
| +Security holder approval | 29/4/2022 | <input checked="" type="checkbox"/> Estimated | No |

Comments

Refer to the Company's ASX release dated 24 February 2022 for background information on the Company's current Placement ("Placement").

Subject to shareholder approval, the Company intends to issue:

- a) 4,612,320 shares and 4,612,320 options to Non-Executive Director, Adam Blumenthal for his participation into the Placement; and
- b) one new option for every one Option issued under the Placement to EverBlu Capital Pty Ltd ('EverBlu') as part remuneration for their appointment as lead manager to the Placement.

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

 Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

 Yes

Details of +securities proposed to be issued

ASX +security code and description

CPH : ORDINARY FULLY PAID

Number of +securities proposed to be issued

67,851,448



Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

Yes

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.06900

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?

New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

Yes

ASX +security code

New class-code to be confirmed

+Security description

Listed Options (subject to meeting certain listing requirements)

+Security type

Options

Number of +securities proposed to be issued

67,851,448

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No



Please describe the consideration being provided for the +securities

Issue of one free attaching option for every one new shares issued to participants under the current Placement announced on 24 February 2022 ("Placement Options"). Creso Pharma will seek quotation for the new options, subject to meeting certain listing requirements.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes

Options details

+Security currency

AUD - Australian Dollar

Exercise price

AUD 0.1400

Expiry date

6/10/2023

Details of the type of +security that will be issued if the option is exercised

CPH : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

67,851,448 CPH Ordinary Shares.

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Please note these options are proposed to be issued on or around 4 April 2022, when the Company anticipates it will issue a prospectus for the offer of these options. The material terms of these Options will be included in the prospectus under which these Options will be issued under.

Please further note the issue date and expiry date provided above is indicative only, and will be calculated 18 months from the date of issue. Creso Pharma will seek quotation for the new options, subject to meeting certain listing requirements.

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

Yes



Details of +securities proposed to be issued

ASX +security code and description

CPH : ORDINARY FULLY PAID

Number of +securities proposed to be issued

4,612,320

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

Yes

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.06900

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?

New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

Yes

ASX +security code

New class-code to be confirmed

+Security description

Listed Options (subject to meeting certain listing requirements)

+Security type

Options



Number of +securities proposed to be issued

4,612,320

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

Issue of one free attaching option for every one new shares to be issued subject to shareholder approval to Non-Executive Director, Adam Blumenthal under the current Placement announced on 24 February 2022. Mr Blumenthal may elect to invest through his investment vehicle, Atlantic Capital Pty Ltd.

Please further note that these securities are proposed to be issued in or around April - May 2022, following shareholder approval which the Company intends to seek in or around April - May 2022. Creso Pharma will seek quotation for the new options, subject to meeting certain listing requirements.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes

Options details

+Security currency

AUD - Australian Dollar

Exercise price

AUD 0.1400

Expiry date

6/10/2023

Details of the type of +security that will be issued if the option is exercised

CPH : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

4,612,320 CPH Ordinary Shares.

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Please note these options are proposed to form part of the same class of options as the Placement Options to be issued under this Appendix 3B. The Company anticipates it will issue a prospectus for the offer of these options. The material terms of these Options will be included in the Notice of Meeting and prospectus in which these Options will be issued under.

Please further note the expiry date provided above is indicative only, and will be the same expiry date as the Placement Options.



Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

New class

Will the proposed issue of this +security include an offer of attaching +securities?

No

Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

Yes

ASX +security code

New class-code to be confirmed

+Security description

Listed Options (subject to meeting certain listing requirements)

+Security type

Options

Number of +securities proposed to be issued

72,463,768

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

Subject to shareholder approval, 72,463,768 options (subject to rounding) are proposed to be issued to EverBlu as part remuneration for their appointment as lead manager to the placement ("EverBlu Placement Options"). For further information, please refer to the ASX release dated 24 February 2022.

Please further note that these securities are proposed to be issued in or around April - May 2022, following shareholder approval which the Company intends to seek in or around April - May 2022. Creso Pharma will seek quotation for the new options, subject to meeting certain listing requirements.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes



Options details

| +Security currency | Exercise price | Expiry date |
|---------------------------|-----------------------|--------------------|
| AUD - Australian Dollar | AUD 0.1400 | 6/10/2023 |

Details of the type of +security that will be issued if the option is exercised

CPH : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

One Ordinary Share.

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Please note these options are proposed to form part of the same class of options as the Placement Options to be issued under this Appendix 3B. The Company anticipates it will issue a prospectus for the offer of these options. The material terms of these Options will be included in the Notice of Meeting and prospectus in which these Options will be issued under.

Please further note the expiry date provided above is indicative only, and will be the same expiry date as the Placement Options.

Part 7C - Timetable

7C.1 Proposed +issue date

2/3/2022

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1? No**7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?** Yes**7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?**

67,851,448 Listed Options (subject to rounding).

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)? Yes**7D.1c (i) How many +securities are proposed to be issued without +security holder approval using the entity's**



additional 10% placement capacity under listing rule 7.1A?

67,851,448 Ordinary Shares (subject to rounding).

7D.1c (ii) Please explain why the entity has chosen to do a placement rather than a +pro rata issue or an offer under a +security purchase plan in which existing ordinary +security holders would have been eligible to participate

The Company notes the certainty of funds and immediacy of payment associated with a placement.

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

Yes

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

No

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

Yes

7E.1a Who is the lead manager/broker?

EverBlu Capital Pty Ltd.

7E.1b What fee, commission or other consideration is payable to them for acting as lead manager/broker?

EverBlu Capital Pty Ltd will earn a 6% cash fee and subject to shareholder approval, options to be issued on the basis of one option for every one option issued under the placement. For further information, refer to the ASX release dated 24 February 2022.

7E.2 Is the proposed issue to be underwritten?

No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

N/A

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

Funds are to be deployed towards US expansion, general working capital, product development initiatives and other opportunities.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

No



7F.2 Any other information the entity wishes to provide about the proposed issue

Please note the Company intends to release a cleansing notice under section 708(5) to cleanse the 67,851,448 Placement Shares, and intends to release a disclosure document to cleanse the 67,851,448 Placement Options.

The number of shares and options issued under the Placement are indicative only and subject to rounding.

7F.3 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:

The publication of a +disclosure document or +PDS for the +securities proposed to be issued