



ASX Announcement

11 March 2020

Creso strengthens Mernova senior management team with the appointment of two ex-Canopy Growth Corp. executives

Mernova production ramps up, CAD\$410k purchase order received

Highlights

- Creso Pharma has appointed Jack Yu as Managing Director at Mernova, Creso's wholly-owned cannabis production facility in Canada, replacing outgoing Managing Director Bill Fleming
- Mr Isaac Allen has been appointed Vice President at Mernova
- Mr Yu was formerly Production Manager and Mr Allen was formerly National Operations Improvement Manager of Canopy Growth Corp. (TSX:WEED, NYSE:CGC), the world's largest cannabis company by market cap
- The appointments come at a significant time for Mernova, as it continues to work towards securing EU GMP certification
- Once certified, Creso will be able to sell Mernova's high-quality cannabis flower and oil into the established and growing consumer markets in countries such as Germany and Switzerland
- Mernova is also continuing to ramp up production and sales in North America and confirms the closing of a recent sales deal with a revenue value of approximately CAD\$410k
- Bill Fleming, current Managing Director of Mernova, will leave Mernova on June 1, 2020, following a transition period to Mr Yu's leadership

Creso Pharma Limited (ASX:CPH) ('Creso Pharma' or 'the Company') is pleased to announce the appointment of two executives to the senior leadership team of its wholly-owned subsidiary Mernova Medical Inc. ('Mernova'), a Licensed Producer in Nova Scotia, Canada. Jack Yu has been appointed as Managing Director commencing from March 11 2020. Isaac Allen has been appointed Vice President and will also commence on March 11 2020. Both are former employees of Canopy Growth Corp. (TSX:WEED, NYSE:CGC) ('**Canopy**'), the world's largest cannabis company by market cap.



Mr Yu and Mr Allen to lead Mernova into new phase of growth

Mr Yu brings expert-level knowledge of cannabis cultivation and production from 25 years of practical experience growing cannabis, including nine years of consulting for licensed Canadian medicinal cannabis growers. Mr Yu's experience includes working for Canopy Growth Corp. (TSX:WEED, NYSE:CGC), the world's largest cannabis company by market cap in the position of Production Manager. He also held the role of Interim Cultivation Manager for Canopy's Newfoundland, Edmonton, Eastern Canada and Scarborough facilities, and previously held the position of Master Grower for MedReleaf Corp., which is now owned by Aurora Cannabis Inc (TSE:ACB). He has also consulted for Health Canada, the governing body responsible for approving the licenses required to cultivate, produce and sell cannabis in Canada. As Managing Director, Mr Yu will replace outgoing Managing Director Mr Bill Fleming, and will be responsible for managing all operations at Mernova and will work closely with the Creso Pharma Board.

Mr Allen has significant expertise in optimising business operations from executive positions in industries spanning cannabis, insurance, technology and entertainment. He was formerly National Operations Process Improvement Manager at Canopy, where he developed and executed a number of business strategies and efficiency initiatives. He is also the Founder and former CEO of a disruptive insurance technology startup and has held senior executive positions at various companies.

As part of the remuneration packages agreed with the new employees, Creso Pharma will issue an aggregate of 2,700,000 options to Mr Yu and Mr Allen. The options are to be issued under Creso Pharma's employee option plan that was approved by shareholders in October 2018.

The two appointments come at a significant time for Mernova as it continues to work towards securing EU Good Manufacturing Practice (GMP) certification. Once this certification is obtained, Creso Pharma will be able to begin sales of its high-quality cannabis flower and oil into the established and growing consumer markets in countries such as Germany and Switzerland.

Mernova Managing Director Bill Fleming to step down

Bill Fleming has completed his contractual objectives for Mernova and will leave the company on 1 June 2020. Mr Fleming founded Mernova and was one of the vendors of the company to Creso Pharma in 2017.

Since then, Mr Fleming has led the transition of the company from obtaining a construction licence to completion of the construction of Mernova's state-of-the-art 25,000 sq.ft. cultivation facility and the subsequent sale of its initial crops to licenced producers in Canada.



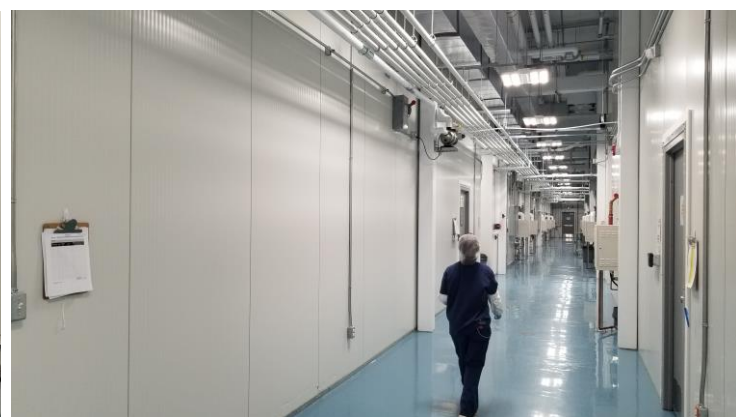
In the process, Mr Fleming achieved Milestone 1 – the cultivation licence – and Milestone 2 – the processing licence – which were conditions of the acquisition agreement with Creso Pharma. Mr Fleming is presently completing the orderly transition of the management of Mernova to Mr Yu and the senior leadership team.

Mernova production ramps up, significant deal closed

In the meantime, Mernova is continuing to ramp up production and sales in North America, with its latest sales deal (worth approximately CAD\$410k in revenue) closing last week. The sale comprised of varying quantities of the four strains of Mernova's high-quality cannabis flowers. The full purchase amount has been received from the buyer.

For context, the Company confirms that for the full 2019 year, Mernova's revenues were approximately AUD 860k (CAD 761k).

Images 3 – 6: Creso Pharma's Mernova Medical Inc. facility in Nova Scotia, Canada





Creso Pharma Co-Founder and CEO Dr. Miri Halperin Wernli said: “We are looking forward to Mr Yu and Mr Allen joining the leadership team at Mernova. Both of them bring practical experience from a variety of fields not only limited to the cannabis industry. We believe that they will be invaluable to Mernova and Creso Pharma as we continue to ramp up production and sales. On behalf of the Board, I’d like to thank Mr Fleming for his considerable contribution to the establishment of Mernova, which is now one of the highest quality cannabis producers in Canada.”

Mernova Managing Director Jack Yu said: “I am excited to be taking Mernova forward as it looks to scales up its production capacity this year. I believe my knowledge of cannabis cultivation and production, as well as my experience in working with Health Canada will prove a real asset to Mernova as it looks to secure the certification that will allow it to commence sales in Europe.”

Mernova Vice President Isaac Allen said: “Mernova is emerging to be a promising supplier of premium quality flower and oil to customers across the globe, and a compelling opportunity for investors looking to gain exposure to a first-class cannabis production facility. I am confident that I will be able to help Mernova further optimise its business operations as it moves closer to obtaining its EU GMP certification.”

Ends

Authority and Contact Details

This announcement has been authorised for release by the Board of Creso Pharma Limited.

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About Creso Pharma

Creso Pharma Limited (ASX:CPH) 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 Pharma 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. To learn more please visit: www.cresopharma.com

Forward Looking statements

This announcement contains forward-looking statements with respect to Creso Pharma 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 Pharma 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 Pharma and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso Pharma has no obligation to up-date such statements, except to the extent required by applicable laws.