



ASX Announcement | 16 September 2019

Creso Pharma granted processing licence for its wholly-owned Canadian cannabis facility

Highlights

- Creso Pharma's Mernova cannabis facility has been granted a processing licence by Health Canada
- The licence allows Creso Pharma to extract, produce and wholesale distribute medical cannabis oils, concentrates and derived products
- The Mernova facility is now a fully vertically integrated operation with potential production capacity of 4,000kg of dry flower annually and 1,500kg of trim which is intended to be extracted into high-quality oils and extracts
- The licence opens up additional business opportunities to feed global demand for cannabis extracts and final products for human and animal treatment
- Mernova's additional capabilities will be complementary to the combined group which will result from PharmaCielo Limited's (TSXV:PCLO) acquisition of Creso Pharma

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to announce that its wholly-owned subsidiary Mernova Medical Ltd ('Mernova') has been granted a licence to process cannabis by Health Canada. Mernova is the Company's Halifax-based cannabis facility.

Effective from 13 September 2019, the processing licence expands Creso Pharma's offerings beyond the cultivation and sale of dried flower and enables the Company to produce and wholesale distribute cannabis oils, concentrates and other derived products in Canada and abroad.

The Mernova cannabis facility has been operating and producing high-quality dry flowers of two unique strains of cannabis since mid-February 2019. Mernova also announced multi-year sales agreements with the first commercial delivery of its dried flower shipment from the facility completed in early July 2019. Creso Pharma's forecast for an estimated 700kg of dried flower production at the facility by year-end is well underway and a further production capacity increase to 4,000kg annually is also progressing as planned.



Mernova has completed two tier design reviews and has initiated vendor equipment quotes, delivery and installation timelines. The facility is pursuing EU Good Manufacturing Practice certification which will also be highly complementary to the future potential imports of Colombia bulk oils.

The additional capabilities of the Mernova facility enabled by the licence are complementary to the combined group which will result from the proposed acquisition of Creso by PharmaCielo Limited (TSXV:PCLO) ('PharmaCielo').

PharmaCielo is the parent company of Colombia's largest cannabis producer. The proposed acquisition will create a well-capitalised, publicly-traded company with a strong growth profile and significant strategic advantages, as outlined in the ASX announcement dated 7 June 2019.

Dr Miri Halperin Wernli, Creso Pharma CEO and Co-Founder said: "The processing licence strengthens Creso Pharma's foothold in North America and significantly broadens our ability to deliver at a time when the world is watching Canada as the country gears up for 'cannabis 2.0'. Having the capability to process and distribute oils, extracts and other derived products out of the Canadian facility enables Mernova to potentially secure the supply of raw materials, product production and delivery to markets where supply is scarce and demand is higher than ever before."

Mernova Managing Director Bill Fleming said: "We are extremely proud of this achievement and our team that keeps delivering exceptional results and driving our business forward. Obtaining two key licences from Health Canada within such a short period of time is a testament to the team's commitment and capability to meet one of the highest operational standards for cannabis production framework as set by Health Canada."

Ends.

Investor Enquiries

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

Media Enquiries

Julia Maguire | The Capital Network

E: julia@thecapitalnetwork.com.au

P: +61 419 815 386



About Creso Pharma

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 Pharma uses GMP (Good Manufacturing Practice) 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.