



13 March 2023

Cleansing Notice – Issue of Convertible Notes

This cleansing notice (**Cleansing Notice**) is given by Creso Pharma Limited (ACN 609 406 911) (**Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as amended by *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82*.

The Company hereby confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued on the conversion of the convertible notes issued by the Company on the terms described below, to be on-sold to retail investors without further disclosure.

This Cleansing Notice is important and should be read in its entirety.

1. BACKGROUND

1.1 Convertible Securities Agreement

As announced on 6 March 2023, the Company has secured commitments to raise \$2,500,000 through the issuance of secured convertible notes to SBC Global Investment Fund (**SBC**) comprising of one tranche with an aggregate purchase price of \$1,700,000 pursuant to the first convertible securities agreement (**First Convertible Securities Agreement**) and second tranche with an aggregate purchase price of \$800,000 pursuant to the second convertible securities agreement (**Second Convertible Securities Agreement**).

The first tranche of \$1,700,000 will be provided shortly to the Company upon satisfaction of the conditions precedent of the First Convertible Securities Agreement, in exchange for the issue of 1,700,000 convertible notes (each with a face value of \$1.1111) (**Tranche 1 Notes**).

Subject to satisfaction of the condition precedents of the Second Convertible Securities Agreement, the second tranche of \$800,000 will be provided to the Company in exchange for the issue of 800,000 convertible notes (each with a face value of \$1.1111) (**Tranche 2 Notes**).

Subject to shareholder approval the Company will also issue SBC with 50,000,000 CPHOD quoted options (exercisable at \$0.08 on or before 31 January 2027) and 20,000,000 unquoted options (exercisable at \$0.03 on or before 31 January 2027) (**Commitment Options**).

For further information in relation to each convertible securities agreement, please refer to the Company announcement dated 6 March 2023.

A broad summary of the rights, privileges and restrictions attaching to the Tranche 1 Notes is set out in Schedule 1 of this Cleansing Notice. The summary is not exhaustive and does not constitute a definite statement of the rights and liabilities of the Tranche 1 Note holder (**Noteholder**).

2. CONTENTS OF THIS CLEANSING NOTICE

This Cleansing Notice sets out the following:

- (a) in relation to the Tranche 1 Notes:
 - (i) the effect of the issue on the Company;
 - (ii) a summary of the rights and liabilities attaching to the Tranche 1 Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the Tranche 1 Notes; and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. THE EFFECT OF THE ISSUE ON THE COMPANY

3.1 Effect of the issue on the Company

The principal effect of the issue of the Tranche 1 Notes on the Company will be:

- (a) increase the Company's cash reserves by \$1,700,000 (before costs associated with the Tranche 1 Notes);
- (b) an increase of the number of unquoted convertible notes on issue from 340,850 to 2,040,850;

- (c) the Company may need to pay to SBC in cash an amount equal to the aggregate Black-Scholes valuation of the Commitment Options if the Company does not receive shareholder approval to issue the Commitment Options or does not issue the Commitment Options in accordance with the First Convertible Securities Agreement;
- (d) the Company having a liability for the aggregate face value of the Tranche 1 Notes (being \$1,888,870); and
- (e) if the Tranche 1 Notes are converted the aggregate maximum number of Shares that the Company may or is required to issue on one or more conversion or redemption (to the extent these result in an issue of Shares) of the Tranche 1 Notes issued pursuant to the First Convertible Securities Agreement is 218,976,674 (**Maximum Share Number**), being a maximum increase in the number of Shares on issue from 2,136,507,695 to 2,355,484,369.

3.2 Pro-forma Consolidated Statement of Financial Position as at 31 December 2022 taking into account the issue of the Tranche 1 Notes

To illustrate the effect of the issue of the Tranche 1 Notes on the Company, a pro-forma Consolidated Statement of Financial Position (**Pro-forma Accounts**) which is set out below has been prepared based on the financial position of the Company's consolidated financial statements for the year ended 31 December 2022 which are in the process of being audited by BDO Audit Pty Ltd.

The Pro-forma Accounts shows the effect of the issue of the Tranche 1 Notes as if they had been issued on 31 December 2022.

The accounting policies adopted in the preparation of the Pro-forma Accounts are the same as those used in the preparation of the 31 December 2022 unaudited accounts. The historical and Pro-forma Accounts are presented in an abbreviated form, insofar as they don't include all of the disclosures required by Australian Accounting Standards applicable to the unaudited annual financial statements. The Pro-forma Accounts have not been subject to independent audit or review.

The Pro-forma Accounts have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis that the issue of the Tranche 1 Notes were issued on 31 December 2022. The Company advises that the Pro-forma Accounts is not the current financial position of the Company as at the date of this Notice, and that the information is provided for illustrative purposes only.

The Pro-forma Accounts show the impact that the issue of the Tranche 1 Notes and associated securities would have had on the Company's financial position as at 31 December 2022, if these securities were issued on that date, taking into account the following transactions:

- (a) Funds of \$500,00 received on the issue of convertible notes to Obsidian Global GP, LLC (**Obsidian**).
- (b) Will Lay, managing director and CEO of the Company, advanced a loan of CAD\$100,000 to the Company.
- (c) Funds of \$200,000 received from Bruce Linton, director of the Company, relating to his participation in a placement announced 4 August 2022.

- (d) Funds received from share placement in February 2023 amount to \$1,244,000.
- (e) Loan repayment of USD\$263,000 to La Plata Capital, LLC.
- (f) Loan repayment of USD\$60,000 to Jodi Scott.
- (g) Payment of USD\$148,000 to Abby and Finn LLC on loan from the Company.
- (h) Payments of \$150,000 and \$60,000 to Health House International Limited (ASX:HHI) on loan from the Company.
- (i) Funds of \$1,700,000 received upon issue of Tranche 1 Notes to SBC, net of legal fees and commitment fee. Estimated \$721,846 of the funds received will be paid to Obsidian, in addition to shares being issued to Obsidian to complete repayment of Obsidian facility in full. Refer to the Company's ASX release dated 6 March 2023 for additional details of the SBC and Obsidian transactions.

CRESO PHARMA LIMITED					
(\$000s)					
Consolidated Statement of Financial Position as at:	Unaudited 31-Dec-22	Total Post Balance Date Adj 31-Dec-22	Adjusted Unaudited Figures 31-Dec-22	Effect of Issue of Convertible Notes	Unaudited Pro-forma 31-Dec-22
Assets					
Current Assets					
Cash and Cash Equivalents	1,388	1,092	2,480	865	3,345
Trade and Other Receivables	2,562	0	2,562	0	2,562
Inventory	5,508	0	5,508	0	5,508
Biological Assets	265	0	265	0	265
Other Assets	2,146	427	2,573	0	2,573
Total Current Assets	11,869	1,519	13,388	865	14,253
Non Current Assets					
Property, plant and equipment	9,978	0	9,978	0	9,978
Intangible assets	15,848	0	15,848	0	15,848
Other assets	287	0	287	0	287
Intangible asset created on acquisition	0	0	0	0	0
Net investment in associate	0	0	0	0	0
Total Non Current Assets	26,113	0	26,113	0	26,113
Total Assets	37,982	1,519	39,501	865	40,366

CRESO PHARMA LIMITED (\$000s)					
Consolidated Statement of Financial Position as at:	Unaudited 31-Dec-22	Total Post Balance Date Adj 31-Dec-22	Adjusted Unaudited Figures 31-Dec-22	Effect of Issue of Convertible Notes	Unaudited Pro-forma 31-Dec-22
Liabilities					
Current Liabilities					
Trade and Other Payables	8,641	(489)	8,152	0	8,152
Provisions	375	0	375	0	375
Borrowings	6,671	131	6,802	374	7,176
Total Current Liabilities	15,687	(358)	15,329	374	15,703
Non-Current Liabilities					
Borrowings	0	0	0	0	0
Provisions	0	0	0	0	0
Total Non-Current Liabilities	0	0	0	0	0
Total Liabilities	15,687	(358)	15,329	374	15,703
Net Assets	22,295	1,877	24,172	491	24,663
Equity					
Issued Capital	128,382	1,963	130,345	1,069	131,414
Reserves	20,510	0	20,510	0	20,510
Accumulated Losses	(126,598)	(86)	(126,684)	(579)	(127,263)
Total Equity	22,295	1,877	24,172	491	24,663

3.3 Potential effect on capital structure

- (a) As at the date of this Cleansing Notice, the total number of issued Shares is 2,136,507,695.
- (b) The capital structure of the Company will be affected by the conversion of Tranche 1 Notes by the Noteholder.
- (c) Subject to limits on the conversion under the First Convertible Securities Agreement, the Tranche 1 Notes can be:
 - (i) converted into Shares (at the applicable conversion price) at any time after their issue and prior to 9 months from the date of issue of the Tranche 1 Notes (**Maturity Date**); or
 - (ii) on the Maturity Date, to the extent not already redeemed, the Company must pay in full to SBC the aggregate total of the face

value of the outstanding Tranche 1 Notes (and any accrued but unpaid interest) in cash.

- (d) The effect on the capital structure of the Company upon the issue and conversion of the Tranche 1 Notes is as follows:

Upon issue:

Convertible Notes	Number
Convertible notes on issue at the date of this Cleansing Notice	340,850
Tranche 1 Notes will be issued under the First Convertible Securities Agreement	1,700,000
Total convertible notes on issue following issue of the Tranche 1 Notes under the First Convertible Securities Agreement	2,040,850

Upon conversion:

Shares	Number
Shares issued on the date of this Cleansing Notice	2,136,507,695
Shares issued upon conversion of the Tranche 1 Notes ¹	218,976,674
Total Shares on issue following conversion of all Tranche 1 Notes	2,355,484,369

Note:

1. This assumes that the Maximum Share Number is issued on conversion of the Tranche 1 Notes. The actual number of Shares to be issued on conversion will be calculated in accordance with the conversion formula for the Tranche 1 Notes, as detailed in Schedule 1.

Other securities currently on issue:

The Company currently has the following securities on issue:

- 1,045,009,939 options;
- 14,549,000 performance rights; and
- 6,000,000 performance shares.

In consideration of, amongst other things, SBC entering into the First Convertible Securities Agreement and the Second Convertible Securities Agreement, completing the purchase of the Tranche 1 Notes, the Company has agreed to issue the Commitment Options. This issue remains subject to shareholder approval. There will be no other resulting change to the number of options, performance rights and performance shares on issue in relation to the Tranche 1 Notes.

4. RIGHTS AND LIABILITIES ATTACHING TO SHARES ISSUED ON CONVERSION OF THE TRANCHE 1 NOTES

The Shares issued to the Noteholder on the conversion of the Tranche 1 Notes under the First Convertible Securities Agreement will rank equally in all respects with all of the Company's existing Shares.

Under the First Convertible Securities Agreement, the Company is required to apply to ASX for quotation of the Shares issued on conversion of any Tranche 1 Notes.

Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

(a) **General meetings**

Each shareholder of the Company (**Shareholder**) are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of the Company (**Constitution**).

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the directors of the Company (**Directors**) may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5. COMPLIANCE WITH DISCLOSURE OBLIGATIONS

The Company is a “**disclosing entity**” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market immediately any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors’ statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 31 December 2021;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Description of Announcement
07/03/23	Application for quotation of securities – CPH
06/03/23	Cancel – Proposed issue of securities – CPH
06/03/23	Proposed issue of securities – CPH
06/03/23	Proposed issue of securities – CPH
06/03/23	Proposed issue of securities – CPH
06/03/23	Proposed issue of securities – CPH
06/03/23	\$2.5m Con Note Issue, Rollover & Extinguishment of Debt
28/02/23	Creso Reports Strong Financial Performances in FY22
28/02/23	Preliminary Final Report
24/02/23	Secondary Trading Notice
24/02/23	Application for quotation of securities – CPH
17/02/23	Proposed issue of securities – CPH
17/02/23	CPH Secures Firm Commitments to Raise \$2m
15/02/23	Notification of cessation of securities – CPH
15/02/23	Trading Halt
14/02/23	Restricted Securities to be Released from Escrow
09/02/23	Creso reports strong progress across business units
07/02/23	Halucenex to pursue AUS entry after landmark TGA decision
03/02/23	Change of Director's Interest Notice x 2
02/02/23	Distribution Schedule
02/02/23	Top 20 securityholders
02/02/23	Appendix 2A
31/01/23	Application for quotation of securities – CPH
31/01/23	Quarterly Activities/Appendix 4C Cash Flow Report
27/01/23	Notification regarding unquoted securities – CPH
27/01/23	Notification regarding unquoted securities – CPH
27/01/23	Proposed issue of securities – CPH
27/01/23	Disclosure Document
27/01/23	Proposed issue of securities – CPH
27/01/23	Proposed issue of securities – CPH
27/01/23	La Plata Debt Restructure & Abby and Finn LOI
27/01/23	Application for quotation of securities – CPH

Date	Description of Announcement
27/01/23	Proposed issue of securities - CPH
27/01/23	Application for quotation of securities – CPH
25/01/23	Trading Halt
25/01/23	Pause in Trading
24/01/23	Mernova - New Province Entry & Largest Ever PO
17/01/23	Application for quotation of securities – CPH
17/01/23	Change of Director's Interest Notice x3
12/01/23	Notification regarding unquoted securities - CPH
12/01/23	Notification regarding unquoted securities - CPH
12/01/23	Notification of cessation of securities - CPH
11/01/23	Mernova wins seven new product listings in Nova Scotia
10/01/23	Secondary Trading Notice
10/01/23	Application for quotation of securities - CPH
10/01/23	Application for quotation of securities - CPH
10/01/23	Application for quotation of securities - CPH
10/01/23	Proposed issue of securities - CPH
10/01/23	ZLD: Receipt of Creso Shares and Settlement of HHI loan
9/01/23	Application for quotation of securities - CPH
9/01/23	Creso raises \$500k in convertible notes
9/01/23	Application for quotation of securities - CPH
9/01/23	Notification regarding unquoted securities - CPH
29/12/22	Results of Meeting
22/12/22	Top 20 Holder Report
20/12/22	Notice of Expiry of Listed Options
15/12/22	Proposed issue of securities - CPH
15/12/22	Secured Convertible Notes Offer Update
12/12/22	Notification regarding unquoted securities - CPH
8/12/22	Extension of March Options Offer under Prospectus
7/12/22	Halucenex administers first dose
5/12/22	Response to ASX Query
2/12/22	Notification regarding unquoted securities - CPH
2/12/22	Application for quotation of securities - CPH

Date	Description of Announcement
2/12/22	Application for quotation of securities - CPH
2/12/22	Initial Director's Interest Notice
2/12/22	Final Director's Interest Notice
1/12/22	Board Changes
28/11/22	Proposed issue of securities - CPH
28/11/22	Prospectus
25/11/22	Notice of General Meeting/Proxy Form
23/11/22	HHI Update & Product Registration Achieved in South Korea
22/11/2022	Creso is no longer the subject of ASIC investigation
22/11/2022	Pause in trading
21/11/2022	Proposed issue of securities – CPH
21/11/2022	Proposed issue of securities – CPH
21/11/2022	Scheme Implementation Deed signed to acquire Health House
21/11/2022	ZLD: Partial Receipt and variation of Health House loan
21/11/2022	HHI: Scheme implementation deed executed
18/11/2022	Mernova Update
17/11/2022	Replacement of Chairman
9/11/2022	Sierra Sage Herbs LLC Expands into Canada
3/11/2022	Secondary Trading Notice
3/11/2022	Application for quotation of securities – CPH
3/11/2022	Mernova Secures Cannabis 2.0 Sales License
1/11/2022	Quarterly Activities / Appendix 4C Cash Flow Report
1/11/2022	Proposed issue of securities – CPH
1/11/2022	CPH Secures Commitments to Raise up to \$7.6m
28/10/2022	Trading Halt
25/10/2022	Change of Director's Interest Notice
25/10/2022	Notice of Breach of ASX Listing Rule 10.11
19/10/2022	Application for quotation of securities – CPH
17/10/2022	Final Director's Interest Notice
14/10/2022	Initial Director's Interest Notice x2
13/10/2022	Sierra Sage enters into agreement with accelerate360
10/10/2022	Melodiol Global Health - Rebranding Strategy

Date	Description of Announcement
10/10/2022	Board Transition & Change of Company Name
10/10/2022	Proposed issue of securities - CPH
06/10/2022	Halucenex completes clinical trial patient recruitment
04/10/2022	Mernova Update
29/09/2022	Mernova Update
20/09/2022	Notification of cessation of securities - CPH
14/09/2022	Halucenex Update
06/09/2022	Change of Director's Interest Notice
06/09/2022	Becoming a substantial holder
05/09/2022	Update on Health House International Limited transaction
05/09/2022	HHI: Creso Pharma transaction update and Convertible Note Issue
02/09/2022	Sierra Sage secures US\$214,000 purchase order from Walmart
31/08/2022	Half Yearly Report and Accounts
31/08/2022	Secondary Trading Notice
29/08/2022	Notification regarding unquoted securities - CPH
29/08/2022	Application for quotation of securities - CPH
29/08/2022	Creso Pharma completes Sierra Sage Herbs LLC Acquisition
29/08/2022	Application for quotation of securities - CPH
22/08/2022	Halucenex Update
15/08/2022	Secondary Trading Notice
15/08/2022	Application for quotation of securities - CPH
15/08/2022	Proposed issue of securities - CPH
15/08/2022	impACTIVE appoints New Brand Ambassador, Kolby Tullier
09/08/2022	Results of Meeting
08/08/2022	Proposed issue of securities - CPH
08/08/2022	Application for quotation of securities - CPH
08/08/2022	Mernova Update
04/08/2022	Proposed issue of securities - CPH
04/08/2022	Reinstatement to Official Quotation
04/08/2022	Capital Raising & Q2 22 Quarterly Activities Report Updates
02/08/2022	Extension to Voluntary Suspension
01/08/2022	Quarterly Activities/Appendix 4C Cash Flow Report

Date	Description of Announcement
29/07/2022	HHI: Creso makes non-binding proposal to acquire HHI
29/07/2022	Execution of non-binding term sheet to acquire Health House
29/07/2022	Suspension from Quotation
28/07/2022	Change of Director's Interest Notice
28/07/2022	Notification of cessation of securities - CPH
27/07/2022	Trading Halt
25/07/2022	SSH secures Private Label Manufacturing Agreement
21/07/2022	Mernova Update
18/07/2022	Halucenex Update
14/07/2022	Proposed issue of securities - CPH
14/07/2022	Application for quotation of securities - CPH
14/07/2022	Creso Pharma ImpACTIVE appoints three new brand ambassadors
12/07/2022	LOI secured with Providence Animal Health Korea Ltd
11/07/2022	Notice of General Meeting/Proxy Form
07/07/2022	HoA secured to launch SSH products in Singapore
30/06/2022	Heads of Agreement secured to launch SSH products in Taiwan
28/06/2022	Mernova Update
15/06/2022	Application for quotation of securities - CPH
15/06/2022	Application for quotation of securities - CPH
15/06/2022	Notification of cessation of securities - CPH
14/06/2022	Mernova Update
31/05/2022	Amended Constitution
31/05/2022	Results of Meeting
30/05/2022	Halucenex Enters into Supply Agreement with Optimi Health
23/05/2022	Creso Secures Heads of Agreement with Dr Pickles
10/05/2022	Halucenex Secures Import Permit from Health Canada
03/05/2022	Investor Presentation
29/04/2022	Quarterly Activities/Appendix 4C Cash Flow Report
28/04/2022	Notice of Annual General Meeting/Proxy Form
12/04/2022	ASX Listing Rule 3.13.1 Notice Regarding AGM
07/04/2022	Sierra Sage Increases to 110,000 Points of Sale
05/04/2022	US Roadshow - Company Presentation

Date	Description of Announcement
05/04/2022	Notification regarding unquoted securities - CPH
05/04/2022	Application for quotation of securities - CPH
04/04/2022	US House of Representatives Passes Cannabis Act
01/04/2022	Proposed issue of securities - CPH
01/04/2022	Notification of cessation of securities - CPH
01/04/2022	LOI Secured with Laboratories Brouwer for LATAM Market
28/03/2022	Halucenex Update
21/03/2022	Mernova reaches significant market share milestone
16/03/2022	Sierra Sage to unlock US product sales and manufacturing
04/03/2022	Secondary Trading Notice
02/03/2022	Notification of cessation of securities - CPH
02/03/2022	Application for quotation of securities - CPH
28/02/2022	Appendix 4G and Corporate Governance Statement
28/02/2022	Appendix 4E and Annual Report to Shareholders

6. INFORMATION EXCLUDED FROM CONTINUOUS DISCLOSURE NOTICES

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the Tranche 1 Notes and the Shares.

Authority and Contact Details

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

SCHEDULE 1 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Terms and conditions of Tranche 1 Notes	
Number of Tranche 1 Notes	1,700,000.
Purchase Price	\$1.00 per Tranche 1 Note for an aggregate purchase price amount of \$1,700,000.
Face Value	Each Tranche 1 Note will have a face value of \$1.1111 for an aggregate face value of \$1,888,870.
Maturity Date	9 months after the purchase date of the Tranche 1 Notes.
Interest	<p>Interest is payable by the Company to SBC in cash on the Tranche 1 Notes at 8% of the aggregate face value with payment due at the same time as the relevant conversion or redemption (which includes conversion or redemption of an Amortisation Amount).</p> <p>For the avoidance of doubt interest is calculated and payable on a full year basis regardless of when the conversion or redemption (which includes conversion or redemption of an Amortisation Amount) occurs during the term of the Tranche 1 Notes.</p>
Conversion of Tranche 1 Notes	<p>SBC may (at its absolute discretion) convert the Tranche 1 Notes at any time prior to the Maturity date, by giving the Company a conversion notice. The conversion will occur within 2 business days of receipt of the notice.</p> <p>The number of Shares to which the Noteholder is entitled upon conversion of the relevant Tranche 1 Notes is determined by the following formula:</p> $\text{Number of Shares} = \text{FV} / \text{CP}$ <p>Where:</p> <ul style="list-style-type: none"> FV means the aggregate face value of the Tranche 1 Notes being converted. CP means the applicable conversion price per Tranche 1 Note. The applicable conversion price is set out below. <p>Upon conversion of the Tranche 1 Notes the relevant number of Tranche 1 Notes will be redeemed and the Face Value will reduce.</p>
Conversion by the Company	The Company has no right to require the Noteholder to convert any Tranche 1 Notes at any time.
Conversion Price	<p>In respect of the Tranche 1 Notes, the conversion price will be the lower of:</p> <ol style="list-style-type: none"> \$0.04; or 150% of the average of the 5 daily volume weighted average prices (VWAP) of the Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the Purchase Date, rounded down to the nearest \$0.001.
Compulsory Redemption at Maturity	On the Maturity Date (to the extent not redeemed), the Company must redeem the outstanding Tranche 1 Notes by paying the outstanding amount to SBC in cash.

Terms and conditions of Tranche 1 Notes

Compulsory Redemption following raising or asset sale

Within 5 business days of the Company group completing a raising or series of raisings, whether by debt, equity or equity-linked securities (including options), or an asset sale or series of assets sales (**Redemption Event**), the Company must use 35% of the aggregate gross proceeds from such events where the gross proceeds are \$1,250,000 or less or otherwise 50% of the aggregate gross proceeds from such events (**Redemption Amount**) to redeem Tranche 1 Notes as follows:

- (i) the Company must give written notice to SBC of a Redemption Event at completion of the Redemption Event; and
- (ii) subject to SBC giving written notice to the Company within 5 business days of receipt of notice from the Company of the Redemption Event requiring the Company to use the Redemption Amount to redeem Tranche 1 Notes, the Company must pay the Redemption Amount to the SBC to redeem the relevant quantity of Tranche 1 Notes (**Redemption Notes**).

Upon the Company doing so, the Redemption Notes will be redeemed and the aggregate total of the face value of the outstanding Tranche 1 Notes and all other amounts payable by the Company to SBC in relation to the outstanding Tranche 1 Notes, including accrued interest (**Amount Outstanding**) will be reduced by the aggregate face value of the Redemption Notes. For the avoidance of doubt, if SBC does not give written notice under this clause then the Company is not required to use the Redemption Amount to redeem the Redemption Notes.

Amortisation Payments

Beginning 60 days after the purchase date until the Maturity Date, and every monthly anniversary thereafter (**Amortisation Payment Date**), the Company must redeem \$250,000 of the outstanding balance of the Tranche 1 Notes (**Amortisation Amount**) by either:

- (i) paying the Amortisation Amount in cash; or
- (ii) issuing Shares, with the value of Shares to be capped at 66% of the average value of Shares traded per trading day over the preceding 12 trading days on which the Shares traded in the ordinary course of business on the ASX, excluding the two most liquid and two least liquid days; or
- (iii) a combination of cash and Shares.

If Shares are issued, the deemed price for the Shares (**Amortisation Price**) will be the lower of:

- (iv) the Conversion Price and
- (v) 93% of the lowest 1-day VWAP during the 10 actual trading days preceding the redemption, rounded down to the nearest \$0.001.

If the amortisation is less than the \$0.008 (**Minimum Amortisation Price**), then the amortisation amount is only payable in cash. While there is an Amortisation Amount outstanding, SBC may in its sole discretion give the Company a conversion notice with the Amortisation Price applying instead of the Conversion Price, in

Terms and conditions of Tranche 1 Notes	
	relation to some or all of the Tranche 1 Notes with an aggregate Face Value up to the Amortisation Amount outstanding.
Accelerated Amortisation	The Company and SBC may mutually agree in writing at any time prior to an Amortisation Payment Date to accelerate the payment of up to an aggregate of three Amortisation Amounts during the term of the Tranche 1 Notes. Where the Parties do so, the adjusted Amortisation Amount is due at the earlier of the date agreed by the parties or the next Amortisation Payment Date.
Maximum Share Number	218,976,674 Shares (being the Company's ASX Listing Rule 7.1 capacity) is the maximum number of Shares that the Company may issue on conversion of the Tranche 1 Notes.
Adjustments	<p>Each time when a security structure event (i.e. any consolidation (including Share consolidation), subdivision or pro-rata cancellation of the Company's issued capital or distribution of Shares to holders of its outstanding ordinary shares; which for the avoidance of doubt, does not include a rights offering or a bonus issue) occurs, the Conversion Price, the Minimum Amortisation Price and the Maximum Share Number balance will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled.</p> <p>The Conversion Price is also adjusted following issues of equity securities by the Company at an issue price or conversion price below the Conversion Price, to that lower price.</p>
Ranking on Conversion	Shares issued on conversion of the Tranche 1 Notes will rank equally with existing Shares on issue.
Security Documents	<p>Repayment of the face value of the Tranche 1 Notes is secured by:</p> <ul style="list-style-type: none"> (i) a first ranking security over all present and after acquired property of the Company, (ii) a security agreement between Creso Pharma US, Inc. (a wholly owned subsidiary of the Company) and SBC in relation to, amongst other things, a first priority lien on and a security interest in and to all of Creso Pharma US, Inc.'s right, title and interest in all of its properties and assets whether now owned or hereafter acquired and whether now existing or hereafter coming into existence (US Security Agreement), (iii) a pledge agreement between the Company and SBC in relation to the Company pledging all of the issued and outstanding equity interests of Creso Pharma US, Inc to SBC, (iv) a pledge agreement between Creso Pharma US, Inc. and SBC in relation to Creso Pharma US, Inc. pledging all of the issued and outstanding equity interests of pledging Sierra Sage Herbs, LLC (a wholly owned subsidiary of the Company) to SBC; and (v) a guarantee between Creso Pharma US, Inc., Sierra Sage Herbs, LLC and SBC in relation to guaranteeing the obligations under the US Security Agreement.

Terms and conditions of Tranche 1 Notes

	<p>For clarity, the security interest granted to SBC will, to the extent they relate to Mernova Medicinal Inc., be subordinate to existing securities registered against Mernova Medicinal Inc., and as agreed to between the Company and SBC.</p>
Event of Default	<p>If any event of default occurs, the Face Value and Amortisation Amount automatically increases by 10% and by an additional 5% on the occurrence of any further events of default, with such increase, for the avoidance of doubt, continuing to apply despite any later remedy of the event of default or events of default.</p> <p>Unremedied or irremediable events of default shall give SBC the right to call for payment of monies owing (subject to the face value uplift) and or terminate the agreement. The agreement is subject to events of default considered customary for a commercial agreement of this type.</p> <p>In addition, the Company must pay interest at a rate of 1% per month on the amount of the face value of all Tranche 1 Notes issued which have not been converted or repurchased, accrue daily and compounded monthly until the Company discharges the Amount Outstanding in full or remedies the event of default to the satisfaction of SBC.</p>

For further information, please contact:

Investor Enquiries

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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 (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

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