

---

# CRESO PHARMA LIMITED

ACN 609 406 911

## ADDENDUM TO NOTICE OF GENERAL MEETING

---

Creso Pharma Limited (ACN 609 406 911) (**Company**), hereby gives notice to Shareholders of the Company that, in relation to the Notice of General Meeting dated 23 December 2019 (**Notice of Meeting**) in respect of a general meeting of Shareholders to be held at 3:00pm (AEDT) on 28 January 2020 at Level 39, Aurora Place, 88 Philip Street, Sydney NSW 2000, the Directors have determined to issue this addendum to the Notice of Meeting (**Addendum**) for the purposes set out below.

Definitions in the Notice of Meeting have the same meaning in this Addendum unless otherwise updated in this Addendum.

The purpose of the Addendum is to:

- (a) confirm that the issues of the Tranche 1 Convertible Notes under Resolution 5 and 8 (if approved by Shareholders) will replace the respective Debt Notes currently on issue (refer to section 1 of this Addendum for further information);
- (b) confirm that the issues of the Tranche 1 Convertible Notes may not be issued on the date of the General Meeting but will be issued consistently within the time limits set out under ASX Listing Rule 7.3.4 and ASX Listing Rule 10.13.5 respectively (refer to section 1 of this Addendum for further information); and
- (c) reflect subsequent amendments made to the Convertible Securities Agreement between L1 Capital and the Company (as announced on 31 December 2019), which included:
  - (i) an amendment to the conversion price of the Tranche 2 Convertible Notes (as set out in section 2 of this Addendum); and
  - (ii) the removal of the restriction on disposal which applies to the Collateral Shares held by L1 Capital (as set out in section 3 of this Addendum).

This Addendum is supplemental to the original Notice of Meeting and should be read in conjunction with the original Notice of Meeting. Save for the amendments set out below, all resolutions and the Explanatory Statement in the original Notice of Meeting remain unchanged.

### 1. Tranche 1 Debt Notes and Tranche 1 Convertible Notes

Section 7.4(d) of the Explanatory Statement is deleted and replaced with the following wording:

- (d) *“the Debt Notes were issued on 29 November 2019 as debt securities. If Resolution 5 is approved, these Debt Notes will be replaced by the issue of the Tranche 1 Convertible Notes no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Tranche 1 Convertible Notes will occur on the same date”.*

Section 10.5(c) of the Explanatory Statement is deleted and replaced with the following wording:

- (c) *"If Resolution 8 is approved, the 1,666,667 Debt Notes will be replaced by the issue of 1,666,667 Tranche 1 Convertible Notes no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Tranche 1 Convertible Notes will occur on the same date".*

## **2. Tranche 2 Convertible Securities**

The first three paragraphs of Section 1.3 of the Explanatory Statement are deleted and replaced with the following wording:

*In addition, L1 Capital has agreed to provide the Tranche 2 Convertible Note Facility, pursuant to which the Company may be entitled to raise up to an aggregate of \$2,700,000 through the issue of up to 3,000,000 convertible notes, each with a face value of \$1.00 and a subscription price of \$0.90 to L1 Capital (**Tranche 2 Convertible Notes**). Except for the Tranche 2 Convertible Notes which will be issued in replacement of Additional Debt Notes (defined below), the Tranche 2 Convertible Notes may be issued in tranches with an aggregate Face Value of up to \$500,000 per tranche.*

*Subject to the satisfaction of the conditions set out in Annexure A, the Company may elect to draw down funding of up to \$900,000 under the Tranche 2 Convertible Note Facility prior to the date of the Shareholder Meeting, by issuing up to 1,000,000 debt notes (**Additional Debt Notes**). The Additional Debt Notes will be issued as debt securities until such time as Shareholder approval is obtained for the debt notes to convert or be replaced by Tranche 2 Convertible Notes. The drawdown of any other Tranche 2 Convertible Notes is subject to Shareholder approval and the Company obtaining the consent of L1 Capital.*

*As at the date of this Addendum, the Company has drawn down \$517,500 under the Tranche 2 Convertible Note Facility and issued 575,000 Additional Debt Notes.*

Section 13.3 of the Explanatory Statement is deleted and replaced with the following wording:

*If Resolution 11 is not passed, an event of default will occur under the Convertible Securities Agreements, which will result in, amongst other things, the Additional Debt Notes becoming immediately due and payable. The consequences of an event of default occurring are summarised in further detail in Annexure A.*

*If Resolution 11 is passed, the Company will be able to issue the Tranche 2 Securities during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.*

The seventh paragraph of Section 13.4 of the Explanatory Statement is deleted and replaced with the following:

Tranche 2 Convertible Notes

The Tranche 2 Convertible Notes are convertible at the lesser of:

- (a) 90% of the lowest daily VWAP during the 40 Actual Trading Days immediately prior to the date of issue of a conversion notice, rounded down to the nearest A\$0.01; and
- (d) the Fixed Conversion Price, being \$0.35.

Section 13.5(h) of the Explanatory Statement is deleted and replaced with the following:

- (h) the issue price of the Tranche 2 Convertible Notes will be \$0.90 per Tranche 2 Convertible Note. The Tranche 2 Convertible Notes will be convertible into Shares at the lesser of:
  - (i) 90% of the lowest daily VWAP during the 40 Actual Trading Days immediately prior to the date of issue of a conversion notice, rounded down to the nearest A\$0.01; and
  - (ii) \$0.35 per Tranche 2 Convertible Note;

The row entitled "Tranche 2 Convertible Notes" in Annexure A is deleted and replaced with the following:

|                                    |   |
|------------------------------------|---|
| <b>Tranche 2 Convertible Notes</b> | <p>Except for the Tranche 2 Convertible Notes which will be issued in replacement of Additional Debt Notes, the Tranche 2 Convertible Notes may be issued in tranches with an aggregate Face Value of up to \$500,000 per tranche.</p> <p>Subject to terms noted in the table below, the Company may elect to draw down funding of up to \$900,000 under the Tranche 2 Convertible Note Facility prior to the date of the Shareholder Meeting, by issuing up to 1,000,000 Additional Debt Notes. The Additional Debt Notes will be issued as debt securities until such time as Shareholder approval is obtained for the debt notes to convert or be replaced by Tranche 2 Convertible Notes. If the Company elects to issue the Additional Debt Notes, the Company must seek Shareholder approval for the conversion or replacement of the Additional Debt Notes with Tranche 2 Convertible Notes before 28 January 2020 (the <b>Meeting Deadline</b>).</p> <p>The issue of all Tranche 2 Convertible Notes is subject to Shareholder approval. A summary of the material terms of Tranche 2 Convertible Notes is set in Schedule 3.</p> |
|------------------------------------|---|

The row entitled "Tranche 2 Conversion Price" in Schedule 3 is deleted and replaced with the following:

|                                   |  |
|-----------------------------------|--|
| <b>Tranche 2 Conversion Price</b> | <p>The Tranche 2 Convertible Notes may be converted at the lesser of:</p> <ul style="list-style-type: none"><li>• 90% of the lowest daily VWAP during the 40 Actual Trading Days immediately prior to the date of issue of a conversion notice, rounded down to the nearest A\$0.01; and</li><li>• the Fixed Conversion Price.</li></ul> <p>However, if the Company undertakes one or more capital raisings and raises of at least \$2,500,000 in aggregate (excluding any funds raised under the Placement) at a price per Share lower than the Fixed Conversion Price, the Company must seek Shareholder approval to vary the Fixed Conversion Price to the issue price under the relevant capital raising. If Shareholder approval is</p> |
|-----------------------------------|--|

not obtained within 60 days from the date of completion of the capital raising, an event of default will have occurred.

### 3. Collateral Shares

The row entitled "Collateral Shares" in Annexure A – Terms and Conditions of Convertible Securities Agreements is deleted and replaced with the following:

#### **Collateral Shares**

Contemporaneously with the issue of the Tranche 1 Convertible Notes, the Company will issue up to 12,222,222 Collateral Shares to the Tranche 1 Investors. The Collateral Shares that have been or will be to the Tranche 1 Investors other than L1 Capital will be subject to restrictions on disposal. The Collateral Shares issued to L1 Capital will not be subject to restrictions on disposal.

The number of Collateral Shares issued to a Tranche 1 Investor (as increased or reduced from time to time in accordance with the terms summarised below) is referred to as the **Collateral Shareholding Number**.

If at any time the market value of the Collateral Shareholding Number of Shares held by a Tranche 1 Investor is less than 20% of the Amount Outstanding in respect of that Tranche 1 Investor, the Tranche 1 Investor may give the Company written notice requesting that the Company issue additional Shares to the Tranche 1 Investor as Collateral Shares, so that following the issue, the market value of the Collateral Shareholding Number of Shares (as increased by the issued of the additional Shares) will be at least 20% of the Amount Outstanding (**Top-Up Notice**). The issue of any Shares upon receipt of a Top-Up Notice will be subject to the Company obtaining Shareholder approval.

Where at any time the Company is required to issue Shares to a Tranche 1 Investors under the Convertible Securities Agreement, the Tranche 1 Investor may, by written notice to the Company, elect to partially or wholly satisfy the Company's obligation to issue the relevant Shares to the Tranche 1 Investor from the Collateral Shares.

A Tranche 1 Investor does so, then:

- the Collateral Shareholding Number will be reduced by the number specified in the notice;
- the Company's obligation to issue Shares to the Tranche 1 Investor will be satisfied to the same extent; and
- in respect of a Tranche 1 Investor (other than L1 Capital) the number of Collateral Shares specified in the notice will become freely tradeable.

If an event of default occurs, a Tranche 1 Investor may at any time afterward by written notice to the Company elect to purchase a number of Collateral Shares.

If:

- the Convertible Securities Agreement terminates or expires;
- there is no Amount Outstanding; and
- the Collateral Shareholding Number is greater than zero,

then:

- L1 Capital must, in the time period stipulated by the Company and on the Company's strict instructions, sell the Collateral Shareholding Number of Shares on-market (subject to the Shares being able to be traded on-market at the relevant time) and pay 95% of the net sale proceeds to the Company. For clarity, where at the relevant time L1 Capital does not hold at least the Collateral Holding Number of Shares, L1 Capital must first acquire them (at L1 Capital's cost); and
- unless otherwise agreed by the Company, the Tranche 1 Investors (other than L1 Capital) must, in the time period stipulated by the Company and on the Company's strict instructions, sell the Collateral Shares on-market and pay 95% of the net sale proceeds to the Company.

---

**Dated: 10 JANUARY 2020**

**BY ORDER OF THE BOARD**



**ERLYN DALE  
COMPANY SECRETARY**

### **Proxy Form**

The Company confirms that there have been no changes to the Proxy Form previously dispatched to Shareholders and this Proxy Form is annexed to this Addendum. Shareholders are advised that:

- If you have already completed and returned the Proxy Form which was annexed to the original Notice of Meeting and **you wish to change your vote, you must complete and return the Proxy Form** annexed to this Addendum.
- If you have already completed and returned the Proxy Form which was annexed to the original Notice of Meeting and **you do not wish to change your vote, you do not need to take any action** as the earlier submitted Proxy Form will be accepted by the Company unless you submit a new Proxy Form.
- If you have not yet completed and returned a Proxy Form and you wish to vote on the Resolutions in the Notice of Meeting, please complete and return the Proxy Form annexed to this Addendum.

To vote in person, please attend the Meeting at the time, date and place set out above.

**Enquiries:** Shareholders are advised to contact the Company Secretary on + 61 8 9389 3180 if they have any queries in respect of the matters set out in this Addendum.