



8 January 2021

## Impact of Democratic majority in US Senate on cannabis reform

### Highlights:

- **US Democratic Party secures balance of power in US Senate, significantly increasing the likelihood of cannabis reform**
- **Development enhances the potential for Marijuana Opportunity Reinvestment and Expungement Act to be passed to decriminalise cannabis in USA**
- **MORE Act is expected to encourage investors and larger corporate entities to drive the cannabis industry forward in the USA**
- **US cannabis market estimated to be worth US\$130Bn by 2024<sup>i</sup>**
- **Creso is well positioned to benefit from potential legislative change with existing operations in North America allowing easy access to world's largest cannabis market**
- **Creso is exploring several near term opportunities upon US federal legislation occurring**
- **Mernova, Creso's licenced production facility in Canada is only 220 miles from the US border**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company')** welcomes recent news highlighting that the US Democratic Party has won the balance of power in the US Senate, with this outcome increasing the likelihood of the decriminalisation of cannabis and the passing of the Marijuana Opportunity Reinvestment and Expungement ("MORE") Act.

The MORE Act aims to remove cannabis from the US Controlled Substances Act. The bill aims to erase certain federal convictions and essentially decriminalise cannabis for the first time on a national level.

The bill has already passed in the lower chamber 228 to 164 on Friday, 4 December 2020 and will now move to the Senate (refer ASX announcement: 7 December 2020). Legislation such as the MORE Act are expected to encourage private investors and larger corporate entities that have been hesitant to become involved in the US cannabis industry due to federal prohibition.

Recent Democratic election campaigns have been run on the promise of near term cannabis policy reform. News of a Democratic controlled senate will provide the necessary platform for any potential bills or legislation to be passed, which have the potential to considerably benefit Creso Pharma.

The Company has an established global distribution network, as well as a wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ("Mernova"), that can scale up operations to meet potential demand from the US market.



Mernova, which is Creso's fully licenced 24,000 square foot cultivation growing facility, is only 220 miles from the US border, which is an ideal location to be able to cater to the Canadian and US market and will provide Mernova with immediate opportunities to benefit upon US federal cannabis legislation reform.

Creso is currently exploring several US market opportunities in anticipation of this potential legislation occurring. Further, as a listed vehicle with access to capital, Creso is also an attractive partner for merger and acquisition opportunities, Upon this legislation occurring Creso is confident in its ability to enter this large market swiftly.

**Non-Executive Chairman, Adam Blumenthal said:** "The recent election result is a historic moment for the cannabis industry in the USA and these developments leave Creso very well placed to capitalise, should cannabis ultimately be decriminalised in the US through the passing of the MORE Act.

"Importantly, the decision reflects the changing sentiment towards cannabis and its CBD derived products in the USA. Creso has established distribution footprints in place, as well as an established product suite that it is able to quickly rolled out to satisfy large unmet demand from US customers. Our proximity to the US, through our wholly-owned subsidiary Mernova, provides a significant advantage for the Company and we look forward to any potential legislative changes that will unlock the US market."

**-Ends-**

#### **Authority and Contact Details**

This announcement has been authorised for release by the Creso Board

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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](http://www.cresopharma.com)

### **Forward Looking statements**

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

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<sup>i</sup> <https://mjbizdaily.com/chart-us-cannabis-industrys-economic-impact-could-hit-130-billion-by-2024/>