



11 February 2019

Clarification Re Potential Transactions And Reinstatement To Trading

Creso Pharma Limited (**Creso** or the **Company**) refers to previous ASX announcements in relation to the voluntary suspension entered following the close of trading on 4 February 2019.

As previously announced, ASX had expressed concern that the potential transactions (as referred to in the cleansing statements of 31 January and 1 February 2019) (**Potential Transactions**) might trigger the application of Chapter 11 of the ASX Listing Rules.

The Company wishes to confirm that as both the Potential Transactions are still in the preliminary negotiation phase, the terms and details of the Potential Transactions remain incomplete and insufficiently definite to warrant disclosure or certainty. Accordingly, it is not possible to form a definitive view on whether the Potential Transactions would trigger the application of Chapter 11 of the ASX Listing Rules.

However, the Company wishes to confirm the following:

1. If the first transaction (being a potential spin out of Creso's nutraceutical and other CBD assets into a new company to be listed on ASX) was to proceed, Creso would seek shareholder approval pursuant to ASX Listing Rule 11.4 as a condition precedent to completion of the transaction.
2. If the second transaction (being the acquisition of a European based health food business) was to proceed, the Company would first engage with ASX in respect of the application of ASX Listing Rule 11.1 and, if ASX were to consider that Listing Rule 11.1.3 was to apply, the transaction would not proceed.

Otherwise, the Company confirms that negotiations are continuing in relation to both transactions and it will continue to keep investors fully informed in accordance with the requirements of the ASX Listing Rules.

The ASX has advised that the Company's securities will be reinstated to trading at market open on 12 February 2019.

Erlyn Dale
Company Secretary

For and on behalf of
Creso Pharma Limited