



24 December 2020

## Mernova expands into Hash

### Highlights:

- **Canadian Hash market provides potentially large, emerging opportunity for Mernova**
- **Legal Hash market is currently under-supplied and lacks high-quality products despite significant demand**
- **Mernova to diversify product range in the coming year with launch of new products expected in Q1 2021**
- **Mernova facility infrastructure has ability to support this new arm of the business**
- **Feedback from end users and resellers is that initial orders will occur immediately upon launch into Hash**

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to advise its wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ("Mernova") has made the strategic decision to expand its current operations and target the Canadian Hash ("Hashish") market.

The decision follows a comprehensive review of the significant market opportunities available across Canada, and very positive customer feedback regarding Mernova's current product range.

On October 17, 2019, Cannabis 2.0 legalized the production and sale of edible cannabis, cannabis extracts and cannabis topicals. Hash, a chemical-free, solventless extract produced by physically separating and collecting trichomes from cannabis flowers and applying heat and pressure, can now be legally produced and sold in Canada. It has the ability to improve and appreciate, with age, and if properly stored, can be kept for up to 12 years or longer. Being a concentrate, it has higher cannabinoid content than the starting material.



**Pictured above:** Hash products produced at Mernova's Nova Scotia Facility.



Hash has been in use for centuries from South East Asia to the Middle East and Europe, with the earliest known historical reference being from Cairo in 1123 CE.

During the 1980's, in the Eastern half of Canada, Hash was the most commonly used form of cannabis, until an interruption in supply, coinciding with the emergence of indoor cannabis cultivation, caused consumers to make the switch to indoor grown cannabis. However, more recently, Hash has grown in popularity in the legal market across Canada, as part of the new wave of cannabis-derived products. In the U.S., Hash use is currently on the rise due to an overall increase in global interest in cannabis, increased availability due to legalization in many states, and demand among older consumers familiar with the cannabis concentrate.

In Europe, the black market for Hash is one of the world's largest and most profitable, worth an estimated EUR 2.3 Billion, in 2017.

Mernova will now work to capitalise on this growing demand and further diversify its product lines and identify opportunities to progress sales in various provinces/territories across Canada, including its current markets of Nova Scotia and the Yukon, as well as the imminent and future markets of Ontario and New Brunswick. The Company has received considerable interest in its soon to be launched Hash products to date.

The Company notes that the Canadian legal Hash market is currently emerging and anticipated to grow rapidly in the near term. This provides Mernova with a large opportunity to emerge as a market leader.

Mernova will progress production of premium Hash from its state of the art facility in Windsor, Nova Scotia with launch of the new products expected to occur in Q1 2021.

#### Management Commentary

**Mernova Managing Director, Jack Yu said:** "The introduction of 2.0 products to our existing line of premium offerings will further diversify our current range, increase the options available to consumers, and provide additional sources of revenue to Mernova.

"In order to best preserve the quality and natural characteristics of the cannabis utilised, we will be focusing on 2.0 products that require little or no processing. We look forward to launching our premium Hash and pre-roll joints in early 2021."

**-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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