

CRESO PHARMA LIMITED

ACN 609 406 911

PROSPECTUS

This Prospectus contain the offer of:

- (a) 1,127,175 Convertible Notes each with a face value of USD\$1.15 (**Convertible Note Offer**);
- (b) 22,000,000 Options exercisable at \$0.25 on or before 2 November 2024 (**Obsidian Options Offer**);
- (c) up to 53,358,712 Options exercisable at \$0.14 each on or before the date that is 18 months from the date of issue (**March Options Offer**); and
- (d) up to 10,000 Shares at an issue price of \$0.033 per Share to raise up to \$330 (**Cleansing Offer**),

(together these are referred within this document as the **Offers**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered as highly speculative.

IMPORTANT NOTICE

This Prospectus is dated 28 November 2022 and was lodged with the ASIC on that date. The ASIC, ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities offered by this Prospectus should be considered as highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be made by an original Acceptance Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act and ASIC Corporations (Offers of Convertibles) Instrument 2016/83. It does not contain the same level of disclosure as an initial public offering prospectus and is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

Representations contained in this Prospectus are made taking into account that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters are publicly available information or may reasonably be expected to be known to investors and professional advisers whom prospective investors may consult.

No Investment Advice

The information contained in this Prospectus is not financial product advice or investment advice and

does not take into account your financial or investment objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding to subscribe for Securities under this Prospectus to determine whether it meets your objectives, financial situation and needs.

Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in

any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular this document may not be distributed to any person, and the New Options and Convertible Notes may not be offered or sold, in any country outside Australia except to the extent permitted in Section 2.13.

Continuous disclosure obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Securities.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Please refer to Section 6.2 for further details.

Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.cresopharma.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 893 893 180 during office hours or by emailing the Company at erlyn@azc.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Company Website

No documents or other information available on the Company's website is incorporated into this Prospectus by reference.

Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be

transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Definitions and Time

Unless the contrary intention appears or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 8.

All references to time in this Prospectus are references to Australian Western Standard Time.

Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the

Company may not be able to accept or process your application.

Enquiries

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offer please call the Company Secretary on +61 893 893 180.

CORPORATE DIRECTORY

Directors

William Lay (CEO & Managing Director)
Boaz Wachtel (Non-Executive Chairman)
James Ellingford (Non-Executive Director)
Bruce Linton (Non-Executive Director)
Micheline MacKay (Executive Director)
Ben Quirin (Non-Executive Director)
Jodi Scott (Executive Director)

Joint Company Secretaries

Eryn Dawson and Winton Willesee

Registered Office

CPC
Suite 5
145 Stirling Highway
NEDLANDS WA 6009
Telephone: +61 8 9389 3180
Email: info@cresopharma.com
Website: www.cresopharma.com

Auditor*

BDO Audit Pty Ltd
Level 11
1 Margaret St
SYDNEY NSW 2000

Share Registry*

Automic Registry Services
Level 2
267 St Georges Terrace
PERTH WA 6000

Telephone:
1300 288 664 (within Australia)
+61 02 9698 5414 (International)

Legal Advisers

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Corporate Adviser

EverBlu Capital Pty Ltd
Level 39
Aurora Place
88 Phillip Street
SYDNEY NSW 2000

*This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

TABLE OF CONTENTS

1.	KEY OFFER INFORMATION.....	5
2.	DETAILS OF THE OFFER.....	8
3.	PURPOSE AND EFFECT OF THE OFFER.....	14
4.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES	22
5.	RISK FACTORS	27
6.	ADDITIONAL INFORMATION	39
7.	DIRECTORS' AUTHORISATION	48
8.	GLOSSARY	49

1. KEY OFFER INFORMATION

1.1 Timetable

Lodgement of Prospectus with the ASIC and the ASX	28 November 2022
Opening Date of the Offers	29 November 2022
Closing Date of the Obsidian Options Offer	2 December 2022
Issue of the Obsidian Options and lodgement of Appendix 2A with ASX	2 December 2022
Closing Date of the March Options Offer	8 December 2022
Issue of the March Options and Lodgement of Appendix 2A with ASX	8 December 2022
Closing Date of Convertible Notes Offer	2 December 2022
Issue of Convertible Notes Offer and Lodgement of Appendix 3G	2 December 2022
Closing Date of the Cleansing Offer	8 December 2022
Quotation of Obsidian Options**	On or around 6 December 2022
Quotation of March Options**	On or around 12 December 2022

* The Directors reserve the right to extend or reduce the Closing Date of any of the Offers at any time after the Opening Date without notice.

** Quotation of the Obsidian Options and/or March Options are subject to the Company being able to satisfy ASX of the quotation requirements set out in Chapter 2 of the ASX Listing Rules.

1.2 ASX Announcement

Convertible Notes

On 1 November 2022, the Company announced it had entered into an agreement with New York based asset and fund manager Obsidian Global GP, LLC (**Obsidian**) to raise up to \$5,000,000 (before costs) via convertible notes (**Obsidian Agreement**). The convertible notes will be issued in three separate tranches, comprising of:

- (a) **First Purchase:** \$1,750,000 (**First Purchase Price**) worth of convertible notes to occur within 5 business days after the execution date of the Obsidian Agreement subject to certain conditions being satisfied (**First Purchase Date**);
- (b) **Second Purchase:** \$1,750,000 (**Second Purchase Price**) worth of convertible notes to occur 5 business days after to certain conditions being satisfied and shareholder approval (**Second Purchase Date**); and
- (c) **Third Purchase:** \$1,500,000 (**Third Purchase Price**) worth of Convertible Notes upon the Company and Obsidian agreeing that the Third Purchase should occur and the date it shall occur on (**Third Purchase Date**).

The Company and Obsidian agreed to issue 1,127,175 Convertible Notes, each with a face value of USD\$1.15, being the First Purchase, under this Prospectus for

the purpose set out in Section 2.5. It has been deemed that the First Purchase occurred on the 2 November 2022.

Further details in respect of the Obsidian Agreement are set out in the ASX Announcement dated 1 November 2022.

The Convertible Notes are being offered pursuant to this Prospectus. Further details in respect of the Convertible Notes are set out in Section 4.3.

Obsidian Options

Pursuant to the Obsidian Agreement and subject to certain conditions, the Company agrees to issue 22,000,000 Options exercisable at \$0.25 on or before 2 November 2024 (**Obsidian Options**) as consideration for First Purchase.

Further details in respect of the Obsidian Agreement are set out in the ASX Announcement dated 1 November 2022.

The Obsidian Options are being offered pursuant to this Prospectus. Further details in respect of the Obsidian Options Offer are set out in Section 2.1.

March Options

On 25 February 2022, the Company announced it had secured firm commitments from institutional, professional and sophisticated investors to raise \$5 million (before costs) through the issue of approximately 72.4 million new fully paid ordinary shares at an issue price of \$0.069 per Share with one free attaching Option for every one new Share issued (**March Placement**). The March Placement includes a commitment for participation for approximately \$318,250 from former Non- Executive Director, Adam Blumenthal.

On 2 March 2022, the Company issued 67,851,467 Shares to participants in the March Placement (**March Participants**) at an issue price of \$0.069 per Share to raise approximately \$4,681,751 (subject to rounding) (**March Shares**).

The March Shares were issued pursuant to the Company's capacity under its Listing Rule 7.1A mandate, which was previously approved by Shareholders at the annual general meeting held on 24 June 2021.

On 25 October 2022, the Company announced that it had become aware that Suburban Holdings Pty Ltd (**Suburban**), an entity controlled by the parent of former director, Adam Blumenthal, had participated in the March Placement and had been issued 14,492,755 Shares (**Suburban Shares**). Pursuant to section 228 of the Corporations Act, a holding controlled by a parent of a director is deemed to be a related party of the Company. Therefore, Suburban's participation in the March Placement required prior Shareholder approval under Listing Rule 10.11 and constitutes a breach of Listing Rule 10.11.

In accordance with the direction of ASX, Suburban has agreed to dispose of the Suburban Shares within six (6) weeks of the 25 October 2022. Any profit made on the disposal of the holding will be donated to an entity that is listed with the Australian Charities and Not-For-Profits Commission as a charity. Further details are set out in the ASX announcement dated 25 October 2022.

The Company agreed to issue the March Participants one Option for every Share subscribed for and issued under the March Placement pursuant to its issue capacity under Listing Rule 7.1. The 53,358,712 Options will be exercisable at \$0.14 each on or before the date that is 18 months after the date of issue (**March**

Options). For the avoidance of doubt 14,492,755 March Options will not be issued to Suburban.

Further details in respect of proposed March Options issue are set out in the ASX announcement dated 25 February 2022.

The March Options are being offered pursuant to this Prospectus. Further details in respect of the March Options Offer are set out in Section 2.3.

2. DETAILS OF THE OFFER

2.1 Convertible Notes Offer

This Prospectus includes an offer of up to 1,127,175 Convertible Notes each with a face value of USD\$1.15.

The Convertible Notes offer under this Prospectus will only be issued to Obsidian (or their nominees). Application forms in respect of the Convertible Notes in respect of the Convertible Notes Offer will only be provided by the Company to these parties.

The Convertible Notes offered under the Convertible Notes Offers summarised below will be issued on the terms and conditions set out in Section 4.3 of this Prospectus.

2.2 Obsidian Options Offer

This Prospectus includes an offer of up to 22,000,000 Obsidian Options exercisable at \$0.25 each on or before 2 November 2024.

As set out in Section 1.2, the Options will be offered for nil monetary consideration to Obsidian.

No funds will be raised from issue of the Obsidian Options as the Obsidian Options are being issued for nil consideration.

The Obsidian Options offered under this Prospectus will only be issued to Obsidian (or their nominees). Application Forms in respect of the Obsidian Options Offer will only be provided by the Company to these parties.

The Obsidian Options offered under the Obsidian Options Offers summarised below will be issued on the terms and conditions as the Options currently trading on the ASX under the code 'CPHO'. The terms and conditions of the Obsidian Options are set out in Section 4.2 of this Prospectus.

2.3 March Options Offer

This Prospectus includes an offer of up to 53,358,712 March Options exercisable at \$0.14 each on or before the date that is 18 months from the date of issue.

As set out in Section 1.2, the March Options will be offered for nil consideration to the March Participants.

The March Options offered under this Prospectus will only be issued to the parties noted above (or their nominees). Application Forms in respect of the March Options Offer will only be provided by the Company to these parties.

The March Options offered under the March Options Offer summarised below will be issued on the terms and conditions set out in Section 4.2 of this Prospectus. Subject to the Company being able to satisfy ASX of the requirements for quotation as per Chapter 2 of the ASX Listing Rules, the March Options will form a new class of quoted securities of the Company.

The issue of the March Options offered under the March Options Offer is to be completed under the Company's Listing Rule 7.1 placement capacity. Further information in respect of the details of the March Options is set out in the ASX announcement dated 25 February 2022.

2.4 The Cleansing Offer

The Cleansing Offer is an offer of up to 10,000 Shares at an issue price of \$0.033 per Share, to raise up to \$330 (before expenses).

The Cleansing Offer will only be extended to specific parties on invitation from the Directors. Application Forms in respect of the Cleansing Offer will only be provided by the Company to these parties.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. A summary of the material rights and liabilities attaching to the Shares is set out in Section 4.1.

2.5 Purpose of the Offers

Purpose of the Convertible Note Offer

The Purpose of the Convertible Note Offer is to satisfy the Company's obligations under the Obsidian Agreement and such that relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the Convertible Notes are issued with disclosure under this Prospectus then the Shares issued upon conversion of any of the Convertible Notes can be on-sold within 12 months of their issue, without a disclosure document for the on-sale offer.

Purpose of the Options Offer

The Options Offer is being made to satisfy the Company's obligations under the Obsidian Agreement and such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the New Options are issued with disclosure under this Prospectus then the Shares issued upon the exercise of any of the New Options can be on-sold within 12 months of their issue, without a disclosure document for the on-sale offer.

Subject to the New Options being quoted to trading on ASX, the Options Offer will also provide investors who receive the New Options the opportunity to trade those New Options on a listed, public financial market, being the financial market operated by the ASX.

Purpose of the Cleansing Offer

The primary purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date of the Cleansing Offer (including prior to the date of this Prospectus). In particular, the Cleansing Offer is intended to remove any on-sale restrictions that may affect the Shares which were issued prior to the date of this Prospectus. Accordingly, the Company is seeking to raise only a nominal amount of \$330 under the Cleansing Offer as the purpose of the Cleansing Offer is not to raise capital.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body;
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

2.6 Opening and Closing Date of the Offers

The Opening Date of the Offers will be 29 November 2022, the Closing Date for each of the Offers is set out in Section 1.1. The Directors reserve the right to close the Offers early or extend the Closing Date (as the case may be), should it be considered necessary to do so.

2.7 Minimum subscription

There is no minimum subscription.

2.8 Not underwritten

The Offers are not underwritten.

2.9 Lead Manager

There is no lead manager for the Offers under this Prospectus.

2.10 Applications for Securities

Applications under the Convertible Note Offer

Only Obsidian (its respective nominees) may accept the Convertible Note Offer. A personalised Application Form in relation to the Convertible Note Offer will be issued to eligible investors together with a copy of this Prospectus.

Applications under the Obsidian Options Offer

Only Obsidian (or its respective nominees) may accept the Obsidian Options Offer. A personalised Application Form in relation to the Obsidian Options Offer will be issued to eligible investors together with a copy of this Prospectus.

Applications under the March Options Offer

Only the March Participants (or their respective nominees) may accept the March Options Offer. A personalised Application Form in relation to the March Options Offer will be issued to eligible investors together with a copy of this Prospectus.

Cleansing Offer

Applications for Shares must be made by investors at the direction of the Company and must be made using the relevant Application Form accompanying this Prospectus. Payment for the Shares subscribed for under the Cleansing Offer must be made in full at the issue price of \$0.033 per Share. The Company does not currently intend to issue any Shares under the Cleansing Offer. Accordingly, an Application Form in respect of the Cleansing Offer should only be submitted if instructed to by the Directors.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the relevant Application Form together with a complete and unaltered copy of the Prospectus.

2.11 ASX listing

Application for Official Quotation of the Shares and Obsidian Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Shares and Obsidian Options offered pursuant to this Prospectus before the expiration of three months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and Obsidian Options and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest. The Obsidian Options are being offered for nil monetary consideration as such the Company will not have any Application monies to repay.

In the event that the Company receives sufficient applications to meet the requirements for quotation of a second class of securities under the ASX Listing Rules, application for Official Quotation of the New Options offered pursuant to this Prospectus will also be made within 7 days after the date of this Prospectus in accordance with the timetable set out in Section 1.1. If ASX does not grant Official Quotation of the relevant New Options offered pursuant to this Prospectus, or if the Company does not meet the minimum requirements to be granted Official Quotation of the relevant New Options, then those New Options will still be issued, however will not be quoted on ASX.

The fact that ASX may grant Official Quotation to the Shares and the New Options is not to be taken in any way as an indication of the merits of the Company or the Shares or New Options now offered for subscription.

2.12 Issue of Securities

Options Offer

New Options issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out in Section 1.1.

Cleansing Offer

As noted in Section 2.5, the primary purpose of the Cleansing Offer is to remove any trading restrictions that may have been attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date of the Cleansing Offer (including prior to the date of this Prospectus).

If the Directors decide to issue Shares under the Cleansing Offer, the issue of Shares will take place as soon as practicable after the Closing Date. Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the applicants in a separate bank account as required by the Corporations Act. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued, and each applicant waives the right to claim any interest.

The Directors will determine the recipients of the Shares. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded (without interest) to the applicant as soon as practicable after the Closing Date of the Cleansing Offer.

Holding Statements

Holding statements for Securities issued under the Offers will be mailed as soon as practicable after the issue of Securities.

2.13 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. In particular, this document may not be distributed to any person, and the New Options may not be offered or sold, in any country outside Australia except to the extent permitted below.

Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this document may not be made available, nor may the Options be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Options in Germany is limited:

- (a) to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- (b) to fewer than 150 natural or legal persons (other than qualified investors); or
- (c) in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

New York

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Options and underlying ordinary shares have not been, and will not be, registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Options and underlying ordinary shares may not be offered or sold in the United States except in transactions exempt from, or not subject to,

the registration requirements of the US Securities Act and applicable US state securities laws.

The Options will only be offered and sold in the United States to “institutional accredited investors” within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose and Effect of the Offers

The primary purposes of the Offers are summarised in Section 2.5.

The principal effect of the Offers, assuming all Securities offered under this Prospectus are issued and no other Securities are issued, exercised or converted, will be to:

- (a) increase the number of Convertible Notes on issue from nil to 1,127,175.
- (b) increase the number of Options on issue from 634,027,624 Options as at the date of this Prospectus to 709,386,336 Options following completion of the Offers;
- (c) remove any trading restrictions that may have attached to Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Closing Date of the Cleansing Offer (including prior to the date of this Prospectus); and
- (d) to remove any trading restrictions attaching to Shares issued on exercise of the New Options issued under this Prospectus, so that, subject to ASX granting quotation of the New Options, the investors who receive the New Options will be enabled to trade those New Options on a listed, public financial market, being the financial market operated by the ASX.

3.2 Effect on capital structure

The effect of the Offers on the capital structure of the Company, is set out below.

Shares

	Number
Shares currently on issue ¹	1,835,957,156
Shares offered pursuant to the Offer ^{1,2}	Nil
Total Shares on issue after completion of the Offer	1,835,957,156

Notes:

1. Includes 134,105,335 Shares which are subject to voluntary escrow until 26 February 2023 and 134,105,315 which are subject to voluntary escrow until 29 August 2023.
2. Assumes no Shares are issued under the Cleansing Offer.
3. The Company has agreed, subject to obtaining Shareholder approval, to issue up to 6,000,000 Shares to EverBlu in accordance with the terms of the new corporate advisory mandate announced on 21 January 2020. The Company has previously issued a total of 4,000,000 Shares to EverBlu. The remaining 2,000,000 Shares have not been issued and will be issued once Shareholder approval is received.
4. Subject to Shareholder approval being obtained at a general meeting, 4,612,320 Shares will be issued to Adam Blumenthal (a former director of the Company) on the same terms as the institutional, professional and sophisticated investors to raise \$5 million as announced on 25 February 2022.
5. Subject to Shareholder approval being obtained at a general meeting, 15,000,000 Shares will be issued to Miriam Halperin Wernli (or her nominee) as remuneration for her role as a

strategic adviser to the Company. The Shares will be subject to voluntary escrow for a period of 12 months from issue.

6. Subject to obtaining Shareholder approval, 2,000,000 Shares will be issued to Boaz Wachtel and 4,000,000 Shares will be issued to James Ellingford as bonus payments for their services over the past year. Further details are set out in Section 6.4.
7. On 4 August 2022, it was announced that the Company had raised approximately \$7,000,000 from institutional, professional and sophisticated investors. Subject to obtaining Shareholder approval, Adam Blumenthal (a former director of the Company) has committed \$1,440,000 (36,000,000 Shares), Bruce Linton has committed \$200,000 (5,000,000 Share) and William Lay has committed \$100,000 (2,500,000 Shares). Further details are set out in the ASX announcement dated 4 August 2022.
8. Subject to certain milestones being met, up to 2,724,313,615 Shares will be issued to the vendors of Sierra Sage Herbs LLC as deferred consideration for 100% of Sierra Sage Herbs, LLC. Further details are set out in Resolution 10 of the notice of general meeting dated 11 July 2022.
9. As announced on 21 November 2022, the Company has entered into a Scheme Implementation Deed to acquire 100% of the issued capital of Health House International Limited through the issue of Shares, based on a price of \$0.043 per Share and a total value of up to \$4,630,388.
10. As announced on 21 November 2022, the Company entered into a deed of settlement and release with Health House International Limited (**Health House**) and Zelira Therapeutics Limited (**Zelira**). Pursuant to the deed the Company has made a cash payment of \$550,000 and agreed to issue \$800,000 worth of Shares (subject to Shareholder approval) to settle Health House's existing debts with Zelira. Further details are set out in the ASX announcement dated 21 November 2022.
11. Subject to obtaining Shareholder approval, the Company has agreed to issue up to 45,000,000 Shares to Obsidian pursuant to the Obsidian Agreement to raise up to \$5,000,000 via convertible notes as announced on 1 November 2022.
12. Subject to Shareholder approval, 333,333,333 maximum estimated shares for conversion of approximate maximum convertible notes by Obsidian (variable based on exchange rate) based on total A\$5m investment at A\$0.015 floor price, including 24,177,174 shares agreed to be issued under Listing Rule 7.1 and the remainder subject to shareholder approval, as announced on 1 November 2022.
13. Subject to shareholder approval, 59,800,000 estimated maximum Shares for conversion of approximately 26 Convertible Notes based on fixed conversion price of \$0.05, as announced on 1 November 2022.
14. The Board is currently considering the issue of up to 4,000,000 Shares, to Chief Financial Officer, Chris Grundy as an equity incentive to his remuneration package. Any issues of Shares ultimately agreed will be subject to the Board and where required, ASX and Shareholder approval.
15. Subject to obtaining Shareholder approval, the Company will issue shares in lieu of cash payment for \$160,000 worth of investor marketing services to Advisir (or its nominee). The issue price for the shares will be based on the opening price of CPH shares traded on the ASX on the date of issue, as announced on 21 November 2022.

Options

	Number
Listed Options currently on issue	
CPHO (exercisable at \$0.25 on or before 2 November 2024)	400,941,788
CPHOA (exercisable at \$0.05 on or before 22 January 2023)	63,958,997
Unlisted Options currently on issue	
CPHAT (exercisable at \$0.35 on or before 12 February 2023)	2,128,387
CPHAS (exercisable at \$0.40 on or before 12 February 2023)	6,847,725

	Number
CPHAAB (exercisable at \$0.1386 on or before 23 June 2023)	5,752,688
CPHAY (exercisable at \$0.17 on or before 2 June 2023)	27,764,706
CPHAZ (exercisable at \$0.25 on or before 2 June 2023)	4,000,000
CPHAAA (exercisable at \$0.20 on or before 2 June 2023)	8,000,000
CPHAAG (exercisable at \$0.20 on or before 23 December 2023)	833,333
CPHAAH (exercisable at \$0.039 on or before 23 December 2025)	30,000,000
CPHAAC (exercisable at \$0.235 on or before 11 January 2023)	8,000,000
CPHAAD (exercisable at \$0.27 on or before 11 January 2023)	8,000,000
CPHAAE (exercisable at \$0.30 on or before 11 January 2023)	8,000,000
CPHAAF (exercisable at \$0.40 on or before 11 January 2023)	2,800,000
CPHAAI (exercisable at \$0.38 on or before 14 July 2024)	12,000,000
CPHAAK (exercisable at \$0.15 on or before 1 August 2024)	12,000,000
CPHAAL (exercisable at \$0.18 on or before 1 August 2024)	12,000,000
CPHAAN (exercisable at \$0.25 on or before 6 September 2024) ¹	10,000,000
CPHAAM (exercisable at \$0.18 on or before 6 September 2024)	10,000,000
CPHAAP (exercisable at \$0.1375 on or before 25 October 2024) ²	1,000,000
Total Options on issue as at the date of this Prospectus	634,027,624
New Options to be issued pursuant to the Offers ³	75,358,712
Total Options on issue after completion of the Offers	709,386,336

Notes:

1. 10,000,000 CPHAAN Options will vest on 17 March 2023, subject to the consultant remaining engaged by the Company.
2. 333,334 CPHAAP have vested. 666,666 CPHAAP are subject to retention conditions and will vest in equal parts over 25 October 2023 and 25 October 2024.
3. The terms and conditions of the New Options are set out in Section 4.2. The Company is seeking quotation of these New Options.
4. Subject to obtaining Shareholder approval, a total of 27,999,932 quoted Options (exercisable at \$0.38 and expiring 12 months from the date of issue) will be issued to previous lenders and placement participants in the placement completed on 1 April 2021. Further information on the purpose of these proposed issues of Options can be found at Resolution 1 and Resolution 2 of the Notice of General Meeting dated 11 July 2022. However, we note that the Company's approval obtained at the July Annual General Meeting is no longer valid accordingly shareholder approval will need to be obtained again in order to issue the Options.
5. Subject to Shareholder approval being obtained at a general meeting, 4,612,320 Options will be issued to Adam Blumenthal (a former director of the Company) on the same terms as the institutional, professional and sophisticated investors to raise \$5 million as announced on 25 February 2022.
6. EverBlu acted as lead manager to the capital raise of \$5,000,000 as announced on 25 February 2022. Subject to Shareholder approval, EverBlu will be issued 57,971,032 Options

on the same terms and conditions as the participants of that capital raise as consideration for services provided as corporate adviser and lead manager.

7. Subject to obtaining Shareholder approval, a total of 131,500,000 quoted Options (exercisable at \$0.08 each on or before the date that is four (4) years after the date of issue) will be issued to institutional, professional and sophisticated investors that participated in the placement completed on 8 August 2022 (**August Placement**).
8. Subject to obtaining Shareholder approval, EverBlu will be issued 175,000,000 quoted Options on the same terms as the investors in the August Placement as consideration for services provided as corporate adviser and lead manager as announced on 4 August 2022.
9. Subject to obtaining Shareholder approval, a total of 43,500,000 Options (exercisable at \$0.08 each on or before the same expiry date as the Options issued to the August Placement participants will be issued to related parties of the Company for their participation in the August Placement (defined above), comprising of 36,000,000 quoted options to be issued Adam Blumenthal (a former director of the Company in the last six months), 2,500,000 quoted options to be issued to William Lay and 5,000,000 quoted options to be issued to Bruce Linton.
10. Subject to obtaining Shareholder approval and in addition to the Obsidian Options Offer, the Company has agreed to issue 22,000,000 listed Options trading on ASX under the code "CPHO" to Obsidian as consideration pursuant to the Obsidian Agreement as announced on 1 November 2022.
11. Subject to obtaining Shareholder approval, Everblu will receive 100,000,000 Options per \$2,500,000 of funds raised under the capital raising announced on 1 November 2022. The Options will be exercisable at \$0.08 and will expire 4 years from the date of issue.
12. 14,950,000 estimated maximum Options (exercisable at \$0.08, expiring on the same date as the August Placement Options) for conversion of maximum 26 Convertible Notes based on 1:4 options for every conversion share, as announced on 1 November 2022.
13. 26,000,000 options (exercisable at \$0.08, expiring on the same date as the August Placement Options) to be issued to secured convertible notes investors, as announced on 1 November 2022.

Performance Rights

	Number
Performance Rights currently on issue	
CPHAAO: Performance Rights ¹	10,000,000
CPHAM: Performance Rights ²	549,000
Performance Rights offered pursuant to the Offer	Nil
Total Performance Rights on issue after completion of the Offer	10,549,000

Notes:

1. Which are subject to the following vesting conditions:
 - (a) 5,000,000 CPHAAO will vest on 17 September 2023, subject to Mr Lay being engaged by the Company; and
 - (b) 5,000,000 CPHAAO will vest upon the earlier to occur: (a) the Company has recorded a revenue of \$5,000,000 between 17 September 2021 (**Effective Date**) and the date that is 24 months after the Effective Date (**Relevant Period**), which revenue is earned through supply agreements entered into with parties introduced by the Mr Lay; and (b) the Company recording a revenue of \$10,000,000 during the Relevant Period, which revenue is earned through acquisitions which are introduced by the Mr Lay.
2. 49,000 CPHAM performance rights have vested. 500,000 Performance Rights are subject the following vesting conditions:
 - (a) 300,000 CPHAM will vest, subject to the lodgement of the Company's audited 2022 annual report; and

- (b) 200,000 CPHAM will vest on 26 April 2023, subject to the holder remaining an eligible participant under the Company's employee incentive plan.
- Subject to obtaining Shareholder approval, 2,000,000 Performance Rights will be issued to each ambassador of the Company's Canadian subsidiary Creso Impactive Ltd. Further details are set out in ASX announcements dated 14 July 2022 and 15 August 2022.
 - Subject to obtaining Shareholder approval, 7,500,000 Performance Rights will be issued to William Lay. Further details are set out in Section 6.4.

Performance Shares¹

	Number
Performance Shares currently on issue	6,000,000
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer	6,000,000

Notes:

- Which will vest upon achievement of the following milestones:
 - 3,000,000 Performance Shares upon Creso ImpACTIVE reaching CAD\$20,000,000 in audited gross sales based on US GAAP definition gross sales (**First Milestone**) at or prior to 25 October 2025; and
 - 3,000,000 Performance Shares upon Creso ImpACTIVE achieving the First Milestone and upon Creso ImpACTIVE reaching an additional CAD\$20,000,000 in audited gross sales (being an aggregate amount of CAD\$40,000,000 in audited gross sales between 25 October 2021 and 25 October 2026) based on the US GAAP definition of gross sales at or prior to 25 October 2026.

Convertible Notes

	Number
Convertible Notes currently on issue	Nil
Convertible Notes to be offered pursuant to the Offer ¹	1,127,175
Total Convertible Notes on issue after completion of the Offer	1,127,175

Notes:

- The rights and liabilities attaching to the Convertible Notes are summarised in Section 4.3 of this Prospectus.
- Subject to the terms and conditions of the Obsidian Agreement, the Company may issue up to an additional \$3,250,000 worth of Convertible Notes as announced on 1 November 2022.

3.3 Details of Substantial Holders

Based on publicly available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Jodi Scott	209,364,678	11.40
Adam Blumenthal	113,665,433	6.19

3.4 Pro-forma balance sheet

The audit reviewed balance sheet as at 30 June 2022 and the unaudited pro-forma balance sheet as at 30 June 2022 shown below have been prepared on

the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been on the basis that no Options or convertible securities are exercised and include expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	REVIEWED 30 JUNE 2022 \$000s	UNAUDITED PRO FORMA ADJUSTMENT \$000s	UNAUDITED PRO FORMA 30 JUNE \$000s
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	3,141	7,770	10,947
Trade and Other Receivables	2,068	226	2,294
Inventory	2,673	2,271	4,944
Biological Assets	572	0	572
Other Assets	0	0	0
TOTAL CURRENT ASSETS	8,454	10,267	18,721
NON-CURRENT ASSETS			
Property, plant and equipment	10,508	17	10,525
Intangible assets	8,714	31,098	39,812
Other assets	203	7	210
Intangible asset created on acquisition	0	0	0
Net investment in associate	2,868	(768)	2,100
TOTAL NON-CURRENT ASSETS	22,293	30,354	52,647
TOTAL ASSETS	30,747	40,621	71,368
LIABILITIES			

	REVIEWED 30 JUNE 2022 \$000s	UNAUDITED PRO FORMA ADJUSTMENT \$000s	UNAUDITED PRO FORMA 30 JUNE \$000s
CURRENT LIABILITIES			
Trade and Other Payables	3,016	3,197	6,213
Provisions	140	272	412
Borrowings	0	0	0
TOTAL CURRENT LIABILITIES	3,156	3,468	6,624
NON-CURRENT LIABILITIES			
Borrowings	0	10,023	10,023
Provisions	0	13,200	13,200
TOTAL NON-CURRENT LIABILITIES	0	23,223	23,223
TOTAL LIABILITIES	3,156	26,691	29,847
NET ASSETS	27,591	13,930	41,521
EQUITY			
Issued Capital	114,682	15,263	129,944
Reserves	14,637	(280)	14,357
Accumulated losses	(101,728)	(1,053)	(102,781)
TOTAL EQUITY	27,591	13,930	41,521

Notes:

The above pro-forma balance sheet has been prepared including the assumptions below:

1. The balance sheet of Sierra Sage herbs LLC (SSH) as at acquisition date of 26 August 2022, together with eliminating entries upon SSH's consolidation into the Creso Group.
2. The issue of 357,614,203 fully paid ordinary shares in the Company on 29 August 2022 in full settlement of the purchase price of SSH.
3. Earn-out provisions assessed by management as having 25% probability of achievement respectively for targets amounting in total to USD\$15 million for FY2022 and USD\$23.5 million for FY2023.
4. The elimination of pre-acquisition loans amounting to USD\$600,000 in total from the Company to SSH in the period between 1st July 2021 to 28 August 2022.
5. Funds received from a share placement in August 2022 amounting to \$4,907,000.
6. Funds of \$3,500,000 received upon the issue of convertible notes to Obsidian, together with 15% borrowing cost payable to Obsidian and 6% capital raising fee payable to EverBlu Capital. Funds of \$1,500,000 have not been included and are subject to mutual agreement between the Company and Obsidian.

7. Payments of \$700,000 and \$450,000 to Health House International (ASX:HHI) (HHI) on loan account with the Company as part of the Scheme of Arrangement with HHI. An additional payment of \$450,000 to HHI as part of the loan account has not been included as it is an uncertain future event.
8. Payment of \$550,000 to Zelira Therapeutics Ltd (ASX:ZLD) on behalf of HHI as part of the Scheme of Arrangement with HHI.
9. The issuance of \$800,000 worth of Shares in the Company to Zelira Therapeutics Ltd has not been included in the pro-forma balance sheet and is subject to receiving Shareholder approval. Once Shareholder approval has been received and the Shares have been issued, the \$800,000 will be deemed to have been loaned to HHI.
10. Funds of \$2,620,000 in total on loan to the Company, including \$400,000 off-set against debt owing by HHI acquired by the Company as part of the Scheme of Arrangement with HHI and 6% capital raising fee payable to EverBlu Capital.
11. The Company has not issued approximately 304,000,000 Options (exercisable at \$0.08 on or before the date that is four years from the date of issue) to EverBlu Capital. These Options are subject to Shareholder approval. If Shareholder approval has not been received a cash equivalent will be payable to EverBlu based on a Black and Scholes valuation model. Neither the issue of options nor their cash equivalent has been included as a proforma adjustment as they are uncertain future events.
12. The expenses of the Offers is approximately \$55,218. Refer to Section 6.7 for further details.

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to the Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders 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.

(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 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.

4.2 Terms and conditions of the New Options

The terms and conditions of the New Options are as follows:

(a) **Entitlement**

Each New Option entitles the holder to subscribe for one (1) Share upon exercise of the New Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each New Option is:

(i) **Obsidian Options:** \$0.25; or

(ii) **March Options:** \$0.14,

(together, the **Exercise Price**).

(c) **Expiry Date**

Each New Option will expire at 5:00 pm (WST) on:

(i) **Obsidian Options:** or before 2 November 2024; or

(ii) **March Options:** the date that is 18 months from the date of issue,

(together, the **Expiry Date**).

A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The New Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the New Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each New Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the New Options will rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(k) **Change in exercise price**

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(l) **Transferability**

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws and any further direction by the Board.

4.3 Terms and conditions of the Convertible Notes

The key terms and conditions of the Convertible Notes as contained in the Obsidian Agreement and offered pursuant to the Convertible Note Offer, are set out below. This information should be read in conjunction with the other information contained in this Prospectus and the risk factors set out in Section 5.

Face Value	USD\$1.15 per Convertible Note
Number of Convertible Securities	That number which is equivalent to the actual amount paid in USD\$ by the Investor, so as to procure the transfer of the Purchase Price to the Company, rounded upwards to the next whole number.
Maturity Date	15 months from the date of the First Purchase.
Interest Rate	No interest is payable on the Convertible Notes except in an event of default under the Obsidian Agreement (including a failure to pay) interest at a rate of 10% per annum accruing daily and compounded monthly is payable.
Conversion of Convertible Note	Obsidian can convert one or more Convertible Notes on issue to them at any time at a fixed conversion price of 130% of the volume weighted average price (VWAP) for the five (5) trading days immediately prior to the execution date of the Obsidian Agreement (Fixed Conversion Price) by providing the Company with a conversion notice.
Ranking on Conversion	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.
Monthly Redemptions	Beginning on 20 January 2023, and every month thereafter, Obsidian must issue the Company a redemption notice (Redemption Notice) and the Company must redeem 1/12 of the outstanding balance of the Convertible Notes by paying 105% of the Face Value of the relevant Convertible Notes to Obsidian or issuing Shares to Obsidian at the Redemption Price (defined below). The Redemption Price is equal to the lesser of:

	<ul style="list-style-type: none"> the average of the lowest 5 daily VWAPs during the 15 trading days prior to the relevant date a Redemption Notice was received by the Company; and the Fixed Conversion Price, <p>provided that the Redemption Price cannot be less \$0.015 (Floor Price).</p> <p>As well as satisfying a redemption in through the issue of Shares, the Company also has the option, at its sole discretion, to satisfy any Obsidian redemption in cash (other than on an acceleration) by paying 105% of the redemption amount.</p>
Acceleration	<p>Following an event of default under the Obsidian Agreement, or after the day which is 45 days after the First Purchase of Convertible Notes, Obsidian can, by written notice to the Company, require the Company to redeem a specified number of Convertible Notes in the same manner as a monthly redemption, except that the Company must satisfy the redemption by the issue of Shares.</p>
Early Redemption by Obsidian	<p>Obsidian may at any time by notice to the Company, require where:</p> <ul style="list-style-type: none"> the Company raises funds in aggregate of less than \$6,000,000 that the Company apply 20% of the proceeds of the funds raised; or the Company raises funds in aggregate over \$6,000,000 that the Company apply 50% of the proceeds of the funds raised, to the redemption of outstanding Convertible Notes, by written notice to the Company. <p>Obsidian may at any time, where the daily VWAP is less than or equal to the Floor Price for any 20 consecutive trading days, redeem some or all of the Convertible Notes by written notice to the Company.</p>
Early Redemption by Company	<p>The Company may, at any time prior to the Maturity Date, redeem some or all of the Convertible Notes at any time by giving notice to Obsidian and paying Obsidian 110% of the amount outstanding in respect of the relevant Convertible Notes.</p>
Redemption on Maturity	<p>On the Maturity Date the Company must redeem all outstanding Convertible Notes by paying Obsidian 110% of the amount outstanding in respect of the relevant Convertible Notes.</p>

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus should be considered as highly speculative and an investment in the Company is not risk free.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The future performance of the Company and the value of the Securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors. The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are described below.

The risks factors set out in this Section 5, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities. This Section 5 is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

Before determining whether to invest in the Company you should ensure that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus and consider whether an investment in the Company is suitable for you, taking into account your objectives, financial situation and needs.

If you do not understand any matters contained in this Prospectus or have any queries about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

5.2 Company specific

Risk Category	Risk
<p>Potential for dilution</p>	<p>The Company currently has 1,835,957,156 Shares on issue. As set out in this Prospectus, the company is intending to issue up to 75,358,712 New Options. No immediate dilution will occur as a result of the issue of New Options under this Prospectus. However subsequent exercise of any or all of the New Options will result in dilution. Assuming all New Options offered pursuant to this Prospectus are issued and exercised into Shares, Shareholders who do not participate in the Offer, are likely to be diluted by an aggregate of approximately 3.94% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus).</p> <p>It is not possible to predict what the value of the Company, a Share or an Option will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.</p> <p>The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.021 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.</p>
<p>Additional requirements for capital</p>	<p>The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds.</p> <p>Depending on the Company's ability to generate income and revenue from its operations, the Company may require further financing in the future.</p> <p>The Board believes the Company will have sufficient working capital to adequately meet the Company's short-term creditor commitments as a result of the funds raised and funds generated through the Company's revenue streams.</p> <p>The Company is confident that it will be able to generate further funding as and when available. Additionally, the Company continuously explores merger and acquisition opportunities with a view to strengthening its existing</p>

Risk Category	Risk
	<p>businesses and/or divesting operations. Further, the Company continuously explores further product offerings and available market opportunities in line with its business strategies and objectives which may enable the Company access additional funding.</p> <p>Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.</p> <p>Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.</p>
<p>Going Concern</p>	<p>The Company's financial report for the half year ended 30 June 2022 (Financial Report) included a statement that there was material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern.</p> <p>The financial statements were still prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.</p> <p>The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Company being successful with the following factors:</p> <ul style="list-style-type: none"> (a) the ability of the Company to raise additional funds from shareholders, new investors and debt markets. The Company has successfully conducted a number of capital raisings in recent years and since the half-year end has raised \$5.26m from an equity issue, with a further \$1.74m to be received from Directors of the Company subject to shareholder approval. There is a reasonable expectation that additional sources of funding can be achieved; (b) increased revenue from opportunities with existing and new customers and sales arrangements as they are realised into sales revenue in the Company's Canadian, US and Switzerland operations; and

Risk Category	Risk
	<p>(c) effective monitoring and, reduction of the Company's overhead expenditures, including the continued realisation of head office cost reductions</p> <p>The Company believes it has sufficient liquidity and options available to prepare the financial statements on a going concern basis at this time.</p> <p>In the event that the Company is unable to achieve the matters detailed above, it may not be able to continue as a going concern and therefore the Company may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial statements.</p>
<p>Coronavirus (COVID-19)</p>	<p>The coronavirus (COVID-19) is continuing to impact global markets, commodity prices and foreign exchange rates. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company. As announced on 2 April 2020, the Company is implementing a wide range of strategies to mitigate the risks posed by the coronavirus pandemic including implementing remote working policies for the majority of its corporate staff based in Sydney and its R&D staff based in Switzerland, the suspension of overseas travel and the promotion of social distancing measures. Further, the Company has implemented a number of measures at its Mernova Facility including amending shift times to minimise contact between employees, appointing a Social Distance Coordinator, implementing remote working for all administration staff, and prohibiting non-essential contractors and other third parties from entering the Mernova Facility. These measures are aimed at minimising the risk of spreading the virus and protecting employees with minimal disruption to operations.</p> <p>The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market regarding the impact of COVID-19 on its revenue channels and any other material adverse impacts on the Company.</p>
<p>Potential acquisition risk</p>	<p>As part of its business strategy, the Company continues to engage in the assessment and evaluation of new business and asset acquisition opportunities within the global cannabis sector and other similar sectors, such as psychedelics, as an organic extension of the Company's operations with a view to increasing the overall value of</p>

Risk Category	Risk
	<p>the Company. The Company may make acquisitions of, or significant investments in businesses and assets that are complementary to the Company's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of businesses and assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.</p> <p>If the Company proceeds with such an acquisition, it will also be subject to risks associated with the business or asset being acquired, including, but not limited to legal risks, the risks associated that the negative aspects of the reputation of a business or asset which has been acquired will be applied to or associated with the relevant business of the Company and the regulatory risks associated with the business.</p> <p>To proceed with a future acquisition, the Company may be required to raise additional funds. There is no guarantee that at that time that the Company will be able to raise those funds on terms that are favourable to the Company, if at all. Alternatively, the Company may be required to issue securities in consideration for the acquisition, which may have a dilutive effect upon existing shareholders.</p>
<p>Intellectual property rights</p>	<p>The Company may be forced to litigate, to enforce or defend its intellectual property rights against infringement and unauthorised use by competitors, and to protect our trade secrets. In so doing, the Company's intellectual property may be put at risk of being invalidated, unenforceable, or limited or narrowed in scope. Further, an adverse result in any litigation or defence proceedings may place pending applications at risk of non-issuance. In addition, if any licensor fails to enforce or defend their intellectual property rights, this may adversely affect the Company's ability to develop and commercialise the Company's current and future products (Products) and prevent competitors from making, using, and selling competing products. Any such litigation could be very costly and could distract management from focusing on operating the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis and other activities that are not legal in some state jurisdictions, we may face additional difficulties in defending our intellectual property rights.</p>
<p>Protection of proprietary technology</p>	<p>The Company's success will depend, in part, on the Company's ability to obtain patents, protect trade secrets and operate without infringing on the proprietary rights of others. If the Company fails to adequately protect its intellectual property, it may face competition from companies who attempt to create a generic product to compete with the Products. The Company</p>

Risk Category	Risk
	<p>may also face competition from companies who develop a substantially similar product to one of the Products that is not covered by any protection.</p> <p>Many companies have encountered significant problems in protecting and enforcing intellectual property rights in foreign jurisdictions. Proceedings to enforce the Company's patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of its business.</p>
Competition	<p>The cannabis and nutraceutical industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company. Some of these competitors and potential competitors have similar or more experience than the Company in the development of pharmaceutical products, including validation procedures and regulatory matters. In addition, the Products compete with, product offerings from large and well-established companies that have greater marketing and sales experience and capabilities than we or our future collaboration partners may have. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.</p>
Joint venture, partnerships or other strategic alliances	<p>The Company may enter into strategic partnerships or alliances with third parties in order to enhance its business. Additionally, the Company continuously explores merger and acquisition opportunities with a view to strengthening its existing business and/or divesting non-core business operations. Any entry into, or commitment to, such relationship or opportunity will bring additional risks specifically contractual risks. The Company would also be likely to incur transactional costs in evaluating and negotiating such relationships which will need to be incurred regardless of whether the proposed transactions complete or bring benefit to the Company.</p>

5.3 Risks relating to Products

Risk Category	Risk
Risk of generating public controversy	<p>Some of the Products contain controlled substances and their regulatory approval may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for the Products. These pressures could also limit or restrict the introduction and marketing of the Products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other</p>

Risk Category	Risk
	<p>cannabinoid products may adversely affect the commercial success or market penetration achievable by the Products and the operations of the Company. The nature of the Company's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, our reputation may be harmed.</p>
<p>Legal and Regulatory changes</p>	<p>Achievement of the Company's business objectives is also contingent, in part, upon compliance with other regulatory requirements enacted by governmental authorities and obtaining required regulatory approvals all over the world. The regulatory regimes applicable to the cannabis business in the US, Canada, Australia, Colombia, Brazil, and the European Union are currently undergoing significant changes and the Company cannot predict the impact of the changes on its operations once the regulatory regimes are finalized.</p> <p>Any delays in obtaining, or failing to obtain, required regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of the Company. The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's operations.</p> <p>In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.</p>
<p>Controlled substance legislation may restrict or limit ability to develop and commercialise the Products</p>	<p>Most countries are parties to the Single Convention on Narcotic Drugs 1961, which governs international trade and domestic control of narcotic substances, including cannabis extracts. Countries may interpret and implement their treaty obligations in a way that creates a legal obstacle to our obtaining marketing approval for the Products in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit the Products to be marketed or achieving such amendments to the laws and regulations may take a prolonged period of time.</p>
<p>Product liability and uninsured risks</p>	<p>Through its intended business, the Company is exposed to potential product liability risks which are inherent in the research and development, manufacturing, marketing and use of its products or products developed with future co-development alliance partners. The Company may not be able to maintain insurance for product or service</p>

Risk Category	Risk
	<p>liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.</p> <p>Although the Company endeavors to work to rigorous standards there is still the potential for the products to contain defects or fail to meet customer's agreed specification. These defects or problems could result in the loss of or delay in generating revenue, requirements to repay prepaid revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, and damage to the Company's reputation or increased insurance costs.</p> <p>If the Company fails to meet its clients' expectations, the Company's reputation could suffer, and it could be liable for damages.</p> <p>Further, the Company is exposed to the risk of catastrophic loss to necessary laboratory equipment, computer equipment or other facilities which would have a serious impact on the Company's operations. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.</p>
<p>Customer and Contractual Risks</p>	<p>Partnering or distribution agreement are subject to the risk that the parties to these agreements will not adequately or fully comply with their respective contractual rights and obligations including the obligations to order minimum quantities or that these contractual relationships may be terminated. Any failure to meet these obligations or termination of contractual relationships may result in the need to replace products, loss of revenue or termination of existing agreements which may have a material adverse effect on the Company and its operations.</p>
<p>Access to active ingredients</p>	<p>Some of the Products will/do contain active cannabis or hemp derived ingredients from full plant extracts. The Company needs access to these materials. An inability to access these raw materials with the required specifications or quality could mean that some of the Products are compromised or delayed.</p> <p>The Company may, from time to time, enter into agreements with other suppliers of active cannabis or hemp derived ingredients. There is a risk that the Company may have protracted negotiations on commercial terms and this may result in delays in the development of the Company's products and/or increase in the Company's costs of development and production.</p>

Risk Category	Risk
Cultivation Risks	<p>Part of the Company's business involves the cultivation and growing of cannabis and/or hemp, which are agricultural products. As such the business may be subject to the risks inherent in the agricultural industry, such as insects, plant diseases, invasive plant species, storm, fire, frost, flood, drought, water availability, water salinity, pests, bird damage and force majeure events. In addition, significant interruptions or negative changes in the availability of economics of the supply chain for the raw material and supplies related to growing operations as well as electricity, water and other local utilities inputs could materially impact the business, financial condition and operating results of the Company.</p> <p>The Company's cultivation operations are subject to the licenses required and other applicable legislation and regulations enforced in those countries. Accordingly, the amount of cannabis and hemp the Company is able to produce may be capped and ultimately this will restrict the amount that the Company can sell, at least whilst no further legislation is in operation.</p>
Climate Change	<p>There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:</p> <ul style="list-style-type: none"> <li data-bbox="608 1122 1385 1666">(i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and <li data-bbox="608 1700 1396 2040">(ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. These physical risks may have financial implications for the Company, such as indirect impacts from supply chain disruption and industry demand. <p>All these risks associated with climate change may</p>

Risk Category	Risk
	significantly change the industry in which the Company operates.

5.4 General risks

Risk Category	Risk
Economic	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research and development programmes, as well as on its ability to fund those programmes.
Market conditions	<p>Share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (i) general economic outlook; (ii) introduction of tax reform or other new legislation; (iii) interest rates and inflation rates; (iv) changes in investor sentiment toward particular market sectors; (v) the demand for, and supply of, capital; and (vi) terrorism or other hostilities. <p>The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and cannabis stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p>
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.
Unforeseen expenditure risk	Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.
Dependence on outside parties	The Company may pursue a strategy that forms strategic business relationships with the other organisations for the

Risk Category	Risk
	<p>manufacture and distribution of products and services. The manufacture and global distribution of products and services is important to the overall success of the Company. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations.</p>
<p>Contractual risk</p>	<p>The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.</p>
<p>Ukraine conflict</p>	<p>General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.</p> <p>General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.</p> <p>Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of the Company and the value of Shares remains unknown. The Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain.</p>

5.5 Speculative investment

The risk factors described above, and other risks factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of the Securities.

Prospective investors should consider that an investment in the Company is highly speculative.

There is no guarantee that the Securities offered under this Prospectus will provide a return on capital, payment of dividends or increases in the market value of those Securities.

Before deciding whether to subscribe for Securities under this Prospectus you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

As set out in the Important Notes Section of this Prospectus, the Company is a disclosing entity for the purposes of section 713 of the Corporations Act. Accordingly, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
25/11/2022	Notice of General Meeting / Proxy Form
23/11/2022	HHI Update & Product Registration Achieved in South Korea
22/11/2022	Creso is no longer the subject of ASIC investigation

Date	Description of Announcement
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	CPH: Scheme Implementation Deed signed to acq Health House
21/11/2022	ZLD: Partial Receipt and variation of Health House
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
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

Date	Description of Announcement
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
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

Date	Description of Announcement
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
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

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.cresopharma.com.

6.3 Market price of Shares and

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.044	7/10/2022
Lowest	\$0.020	17/11/2022
Last	\$0.021	24/11/2022

6.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the Securities as at the date of this Prospectus, is set out in the table below:

Director	Shares	Options	Performance Rights
William Lay	10,000,000	21,666,667 ¹	10,000,000 ²
James Ellingford	1,152,500	387,167 ³	Nil
Bruce Linton	5,411,884 ⁴	30,000,000 ⁵	Nil
Boaz Wachtel	8,800,000	2,933,334 ⁶	Nil
Micheline MacKay	Nil	Nil	Nil

Director	Shares	Options	Performance Rights
Ben Quirin ⁷	Nil	Nil	Nil
Jodi Scott	209,364,678 ⁸	Nil	Nil

Notes:

1. Comprising 1,666,667 quoted Options exercisable at \$0.25 on or before 2 November 2024, 10,000,000 unquoted Options exercisable at \$0.18 on or before 6 September 2024 and 10,000,000 unquoted Options exercisable at \$0.25 on or before 6 September 2024.

Subject to obtaining Shareholder approval, 10,000,000 unquoted Options (exercisable at \$0.20 on or before 17 January 2024) will be issued pursuant to Mr Lay's consultancy services agreement.
2. Which are subject to the following vesting conditions:
 - (a) 5,000,000 CPHAAO will vest on 17 September 2023, subject to the Mr Lay being engaged by the Company; and
 - (b) 5,000,000 CPHAAO will vest upon the earlier of: (a) the Company has recorded a revenue of \$5,000,000 between 17 September 2021 (**Effective Date**) and the date that is 24 months after the Effective Date (**Relevant Period**), which revenue is earned through supply agreements entered into with parties introduced by Mr Lay; and (b) the Company recording a revenue of \$10,000,000 during the Relevant Period, which revenue is earned through acquisitions which are introduced by the Mr Lay.

Subject to obtaining Shareholder approval, 7,500,000 Performance Rights will be issued to William Lay pursuant to his consultancy services agreement. The Performance rights will vest upon the company and its Related Bodies Corporate recording revenue of \$30,000,000 between 17 January 2022 (Effective Date) and the date that is 24 months after the Effective Date, as independently verified by the Company's auditor.
3. 387,167 Options exercisable on \$0.25 on or before 2 November 2024.

Subject to obtaining Shareholder approval, 4,000,000 Shares will be issued to James Ellingford as a bonus payment for his services in the past year.
4. Subject to certain milestones being met, up to 41,227,851 Shares will issued to Bruce Linton as deferred consideration for 100% of Sierra Sage Herbs, LLC. Please refer to Resolution 10 of the Notice of Meeting dated 11 July 2022 for further details.
5. Options exercisable at \$0.039 on or before 23 December 2025.

Subject to obtaining Shareholder approval, 10,000,000 unquoted Options (exercisable at \$0.09 on or before 17 January 2024) will be issued to Bruce Linton (or his nominee) pursuant to his letter of appointment.
6. Options exercisable at \$0.25 on or before 2 November 2024.

Subject to obtaining Shareholder approval, 2,000,000 Shares will be issued to Boaz Wachtel as a bonus payment for his services in the past year.
7. Subject to receiving Shareholder approval and pursuant to letter of appointment, Mr Quirin is entitled to 2,000,000 Options exercisable at \$0.04 on or before the 10 October 2024. The unlisted Options will vest and become exercisable subject to Mr Quirin's continuous employment as follows:
 - a. One third of the Options will vest on 10 April 2023;
 - b. One third of the Options will vest on 10 October 2023; and
 - c. On third of the options will vest on 10 April 2024.
8. Subject to certain milestones being met, up to 1,594,945,367 Shares will issued to Jodi Scott as deferred consideration for 100% of Sierra Sage Herbs, LLC. Please refer to Resolution 10 of the Notice of Meeting dated 11 July 2022 for further details.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in

general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$500,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors as disclosed in the Company's 2021 Annual Report.

Director	FY ending 31 December 2022 ¹	FY ending 31 December 2021	FY ending 31 December 2020
William Lay	CAD\$351,111 ²	Nil	Nil
James Ellingford	\$160,965.00	580,239 ⁷	184,395 ⁹
Bruce Linton	\$76,825 ³	Nil	Nil
Boaz Wachtel	\$80,000	167,143 ⁸	77,500 ¹⁰
Micheline MacKay	CAD\$163,475 ⁴	Nil	Nil
Ben Quirin	\$18,413 ⁵	Nil	Nil
Jodi Scott	USD\$86,957 ⁶	Nil	Nil

Notes:

1. Amounts are only cashed based, securities yet to be issued have not been included.
2. Appointed on 17 January 2022.
3. Appointed on 17 January 2022
4. Appointed on 17 January 2022.
5. Appointed on 10 October 2022.
6. Appointed on 10 October 2022.
7. Comprising a cash payment of \$146,000, a bonus payment of \$350,004, a superannuation payment of \$14,235, and an issue of \$70,000 worth of Shares (500,000 Shares) granted on 14 July 2021 as a bonus payment for out-of-scope services over the past two years.
8. Comprising a cash payment of \$72,143, a bonus payment of \$25,000 and an issue of \$70,000 worth of Shares (500,000 Shares) granted on 14 July 2021 as a bonus payment for out-of-scope services over the past two years.
9. Comprising a cash payment of \$141,000, a bonus payment of \$30,000 and a superannuation payment of \$13,395.
10. Comprising a cash payment of \$47,500 in executive remuneration and a bonus payment of \$30,000.

6.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$12,000 (excluding GST and disbursements) for these services.

BDO Audit Pty Ltd has been paid \$125,000 (excluding GST and disbursements) for auditing the Company's 30 June 2022 balance sheet.

6.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus.

BDO Audit Pty Ltd given its written consent to being named as auditor to the Company in this Prospectus and the inclusion of the audit reviewed balance sheet as at 30 June 2022 in Section 3.4. BDO Audit Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

6.7 Expenses of the offer

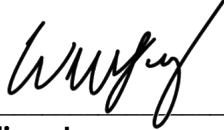
The total expenses of the Offers are estimated to be approximately \$55,218 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	3,206
ASX fees	34,012
Legal fees	12,000
Distributions and miscellaneous items	6,000
Total	55,218

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



William Lay
CEO and Managing Director
CRESO PHARMA LIMITED

8. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

Application Form means an application form in respect of the Offers either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CAD\$ means the lawful currency of the Canada.

Cleansing Offer means the Offer of up to 10,000 Shares at an issue price of \$0.033 per Share to raise up to \$330.

Closing Date means the date specified in the timetable set out at Section 1 (unless extended).

Company means Creso Pharma Limited (ACN 609 406 911).

Constitution means the constitution of the Company as at the date of this Prospectus.

Convertible Note Offer means a convertible note issued under the Convertible Note Offer.

Convertible Note Offer means the offer of 1,127,175 Convertible Notes each with a face value of USD\$1.15.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

EverBlu means EverBlu Capital Pty Ltd (ACN 612 793 683).

First Purchase Price has the meaning provided in Section 1.2(a).

First Purchase Date has the meaning provided in Section 1.2(a).

March Options means the New Options exercisable at \$0.14 each on or before the date that is 18 months from the date of issue pursuant to this Prospectus.

March Options Offer means the offer of up to 53,358,712 Options exercisable at \$0.14 each on or before the date that is 18 months from the date of issue pursuant to this Prospectus.

New Option means the Obsidian Options and March Options issued on the terms set out in Section 4.2.

Obsidian has the meaning provided in Section 1.2.

Obsidian Agreement has the meaning provided in Section 1.2.

Obsidian Option means the New Options exercisable at \$0.25 each on or before 2 November 2024 on the same terms and conditions as the Options currently trading on the ASX under the code 'CPHO'.

Offers means the Convertible Note Offer, Cleansing Offer, Obsidian Options Offer and March Options Offer.

Official Quotation means official quotation on ASX.

Opening Date means the date specified in the timetable set out at Section 1.1.

Option means an option to acquire a Share.

Options Offer means the Obsidian Options Offer and March Options Offer.

Optionholder means a holder of an Option.

Performance Rights means performance rights that can convert into Shares subject to satisfaction of vesting conditions.

Prospectus means this prospectus.

Purchase Date means the First Purchase Date, the Second Purchase Date or the Third Purchase Date as the context requires.

Purchase Price means the First Purchase Price, Second Purchase Price or the Third Purchase Price as the context requires.

Section means a section of this Prospectus.

Second Purchase Date has the meaning provided in Section 1.2(b).

Second Purchase Price has the meaning provided in Section 1.2(b).

Securities means Shares and/or Options as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Third Purchase Date has the meaning provided in Section 1.2(c).

Third Purchase Price has the meaning provided in Section 1.2(c).

WST means Western Standard Time as observed in Perth, Western Australia.

USD\$ means the lawful currency of the United States of America.