
CRESO PHARMA LIMITED

ABN 89 609 406 911

NOTICE OF GENERAL MEETING

TIME: 9:00am (EST)

DATE: Thursday, 27 July 2017

PLACE: Everblu Capital
Level 39, 88 Phillip Street,
Sydney NSW 2000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6381 0054.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 9:00am (EST) on Thursday, 27 July 2017 at:

Everblu Capital
Level 39, 88 Phillip Street,
Sydney NSW 2000

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (EST) on 25 July 2017.

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 8,158,750 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF ADVISOR SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 1,250,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue of 4,568,438 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. **RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – BOAZ WACHTEL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,600,000 Performance Rights under the Company’s Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon satisfaction of the relevant Milestones in respect of these Performance Rights to Boaz Wachtel (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Boaz Wachtel (or his nominee) and any of their associates (**Resolution 4 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. **RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – MIRI HALPERIN WERNLI**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 2,500,000 Performance Rights under the Company’s Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon satisfaction of the relevant Milestones in respect of these Performance Rights to Miri Halperin Wernli (or her nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Miri Halperin Wernli (or her nominee) and any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 5 Excluded Party, it is cast by the person chairing the

meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – ADAM BLUMENTHAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,500,000 Performance Rights under the Company’s Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon satisfaction of the relevant Milestones in respect of these Performance Rights to Adam Blumenthal (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Adam Blumenthal (or his nominee) and any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 6 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – JAMES ELLINGFORD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes ASX Listing Rule 10.14 and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 200,000 Performance Rights under the Company’s Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon satisfaction of the relevant Milestones in respect of these Performance Rights to James Ellingford (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by James Ellingford (or his nominee) and any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 7 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY CONSULTANT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 300,000 Performance Rights under the Company’s Plan and to the issue of the Shares that may result from the exercise of these Performance Rights upon satisfaction of the relevant Milestones in respect of these Performance Rights to Consultant, Jorge Wernli (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Jorge Wernli (or his nominee) and any of their associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 8 Excluded Party, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 8 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

9. RESOLUTION 9 – ISSUE OF ADVISOR OPTIONS TO ASENNA WEALTH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of 100,000 Options to Asenna Wealth Solutions Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 23 June 2017

By order of the Board



**Sarah Jayne Smith
Company Secretary**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

1.1 General

On 27 March 2017, the Company issued 8,158,750 Shares at an issue price of \$0.69 per Share to raise \$5,629,537 (**Placement**). The Placement Shares were issued under the Company's 15% placement capacity under Listing Rule 7.1.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these 8,158,750 Shares issued pursuant to the Placement (Ratification).

1.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 Technical Information Required by Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.4, the following information is provided in relation to the Ratification:

- (a) 8,158,750 Shares were issued under the Company's 15% placement capacity under Listing Rule 7.1;
- (b) the issue price was \$0.69 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors known to the Company. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue will be primarily used to fast-track the commercialisation of animal and human health nutraceutical products, for expansion of the Company's pipeline with additional products in innovated delivery technologies and for working capital.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF ADVISOR SHARES

2.1 General

On 27 March 2017, the Company issued 1,250,000 Shares in lieu of cash fees to an advisor of the Company for capital raising services provided (Advisor Shares). The Advisor Shares were issued under the Company's 15% placement capacity under Listing Rule 7.1.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these 1,250,000 Shares issued pursuant to the Placement (Ratification).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 1.2 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical Information Required by Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.4, the following information is provided in relation to the Ratification:

- (a) 1,250,000 Shares were issued under the Company's 15% placement capacity under Listing Rule 7.1;
- (b) the issue price was Nil per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to an advisor who was not a related party of the Company; and
- (e) there were no funds raised from the issue of the Shares as they were issued as part remuneration for capital raising services provided to the Company in relation to the Placement the subject of Resolutions 1 and 3.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

3.1 General

On 12 April 2017, the Company issued 4,568,438 Shares at an issue price of \$0.69 per Share to raise \$3,152,222, being the second tranche of the Placement announced to ASX on 27 March 2017 (Tranche 2 Placement Shares). The Tranche 2 Placement Shares were issued under the Company's 10% placement capacity under Listing Rule 7.1A.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these 4,568,438 Shares issued pursuant to the Placement (Ratification).

3.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which

represents 10% of the number of fully paid ordinary shares at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A, those securities will from that date be included in variable "A" in the formula in ASX Listing Rules 7.1 and 7.1A.2 for the purposes of calculating the annual placement capacity of the Company under both ASX Listing Rules 7.1 and 7.1A.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the annual placement capacity of the Company under both ASX Listing Rules 7.1 and 7.1A, without the requirement to obtain prior Shareholder approval.

3.3 Technical Information Required by Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.4, the following information is provided in relation to the Ratification:

- (a) 4,568,438 Shares were issued under the Company's 10% placement capacity under Listing Rule 7.1A;
- (b) the issue price was \$0.69 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated investors known to the Company. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue will be used to fast-track the commercialisation of animal and human health nutraceutical products, for expansion of the Company's pipeline with additional products in innovated delivery technologies and for working capital.

4. RESOLUTIONS 4-7 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS – UNDER PERFORMANCE RIGHTS PLAN

4.1 General

The Company has agreed, subject to obtaining Shareholder approval to issue a total of 5,800,000 Performance Rights under the Company's Performance Rights Plan (**Plan**) (**Related Party Performance Rights**) to Boaz Wachtel, Miri Halperin Wernli, Adam Blumenthal and James Ellingford or their nominees (**Related Parties**), in the proportions and on the terms and conditions set out below.

The purpose of the issue of the Related Party Performance Rights to the Related Parties (or their nominees) is to further motivate and reward their performance as Directors in achieving specified performance milestones within a specified performance period. The Board considers the granting of the Related Party Performance Rights to be a cost effective reward for the Company to make to appropriately incentivise the continued performance of the Related Parties and is consistent with the strategic goals and targets of the Company.

4.2 Summary of material terms of the Performance Rights

Each Performance Right will vest as one Share subject to the satisfaction of certain Milestones and vesting conditions which are set out in Schedule 1. In the event that the applicable Milestones and vesting conditions are not met, the Performance Rights will not vest and as a result, no new Shares will be issued. There is nil consideration payable upon the granting of a Performance Rights and the vesting of a Performance Right to a Share.

As per the terms of the Performance Rights, the Related Party must remain engaged by the Company for a minimum of 12 months otherwise they will immediately lapse.

4.3 Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

The grant of the Related Party Performance Rights constitutes giving a financial benefit and Boaz Wachtel, Miri Halperin Wernli, and Adam Blumenthal are related parties of the Company by virtue of being Directors.

As it is proposed that Related Party Performance Rights be issued to all of the Company's Directors, the Directors have been unable to form quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to these issues. Accordingly, Shareholder approval is sought for the issue of the Related Party Performance Rights to the Directors.

4.4 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Related Party Performance Rights to the Related Parties:

- (a) the Related Parties are Boaz Wachtel, Miri Halperin Wernli, Adam Blumenthal and James Ellingford and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties (or their nominees) is:

- (i) 1,600,000 Related Party Performance Rights to Boaz Wachtel, being:
 - (A) 800,000 Tranche 1 Related Party Performance Rights;
 - (B) 800,000 Tranche 2 Related Party Performance Rights;
- (ii) 2,500,000 Related Party Performance Rights to Miri Halperin Wernli, being:
 - (A) 1,250,000 Tranche 3 Related Party Performance Rights;
 - (B) 1,250,000 Tranche 4 Related Party Performance Rights;
- (iii) 1,500,000 Related Party Performance Rights to Adam Blumenthal, being:
 - (A) 750,000 Tranche 5 Related Party Performance Rights;
 - (B) 750,000 Tranche 6 Related Party Performance Rights; and
- (iv) 200,000 Related Party Performance Rights to James Ellingford, being:
 - (A) 100,000 Tranche 7 Related Party Performance Rights;
 - (B) 100,000 Tranche 8 Related Party Performance Rights.

Notes: Each Performance Right will vest into one (1) Share upon the satisfaction of the terms and conditions as set out in Schedule 1.

- (c) the Related Party Performance Rights will be granted for nil cash consideration (and there is no vesting price payable on the vesting of Performance Rights to Shares), accordingly no funds will be raised on issue of the Performance Rights or the vesting into Shares;
- (d) since the Company has been admitted to the official List of the ASX, no Performance Rights have previously been issued under the Plan. The Plan has not previously been adopted by Shareholders, however the Plan was adopted before the Company was admitted to the official List of the ASX and a summary of the terms of the Plan were included in the Company's initial public offer replacement prospectus dated 8 August 2016;
- (e) participation in the Plan is open to any full time or part time employee, contractor or Director of the Company or its related bodies corporate who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.;
- (f) a summary of the terms and conditions of the Performance Rights including vesting conditions and Milestones are set out in Schedule 1;
- (g) no loans are being provided in connection with the issue of the Performance Rights;
- (h) the value of the Related Party Performance Rights and the pricing methodology is set out in Schedule 3;

- (i) the Performance Rights will be issued to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (j) the relevant interests of the Related Parties in the securities of the Company are set out below:

Director	Shares ¹	Options	Performance Rights ²
Mr Boaz Wachtel	6,800,000	Nil	1,500,000
Ms Miri Halperin Wernli	8,250,000	Nil	1,750,000
Mr Adam Blumenthal	4,000,001	Nil	750,000
Mr James Ellingford	1,000,000	Nil	250,000

Notes:

- All Shares held by directors are subject to escrow to 20 October 2018
- Performance Rights are subject to vesting conditions and escrow to 20 October 2018

- (k) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year (up to 31 December 2016)
Boaz Wachtel	\$975,000 ¹	\$588,369
Miri Halperin Wernli	\$1,330,904 ²	\$719,172
Adam Blumenthal	\$613,625 ³	\$314,220
James Ellingford	\$140,917 ⁴	\$119,098

Notes:

- Remuneration to Mr Wachtel includes cash payments of \$120,000 and \$855,000 share-based payments expense in relation to performance rights vesting over the period.
- Remuneration to Ms Halperin Wernli includes cash payments of \$329,862 and \$1,001,042 share-based payments expense in relation to performance rights vesting over the period.
- Remuneration to Mr Blumenthal includes cash payments of \$48,000 and \$565,625 share-based payments expense in relation to performance rights vesting over the period.
- Remuneration to Mr Ellingford includes cash payments of \$48,000 and \$92,917 share-based payments expense in relation to performance rights vesting over the period.

- (l) if the Related Party Performance Rights granted to the Related Parties vest, a total of 5,800,000 Shares would be issued. This will increase the number of Shares on issue from 88,351,349 (being the total number of Shares on issue as at the date of this Notice and assuming no Shares are issued or convertible securities vest or are exercised) to 94,151,349 with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 6.56%, comprising 1.81% by Boaz Wachtel, 2.83% by Miri Halperin Wernli, 1.69% by Adam Blumenthal and 0.22% by James

Ellingford. Shareholders should note that the Related Party Performance Rights contain vesting conditions which are outlined in Schedule 1.

- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	93 cents	22 March 2017
Lowest	19 cents	11 January 2017
Last	48 cents	7 June 2017

- (n) the Board acknowledges the grant of Related Party Performance Rights to each Non-Executive Director is contrary to Recommendation 8.2 of The Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Performance Rights to each Non-Executive Director reasonable in the circumstances for the reasons set out in paragraph (p);
- (o) the primary purpose of the grant of the Related Party Performance Rights to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (p) Boaz Wachtel declines to make a recommendation to Shareholders in relation to the Resolution 4 due to his material personal interest in the outcome of Resolution 4 on the basis that he (or his nominee) is to be granted Related Party Performance Rights should the Resolution be passed. However, in respect of the Resolutions 5, 6 and 7, Boaz Wachtel recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Performance Rights to the Related Parties will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Performance Rights upon the terms proposed;
- (q) Miri Halperin Wernli declines to make a recommendation to Shareholders in relation to Resolution 5 due to Miri Halperin Wernli's material personal interest in the outcome of the Resolution on the basis that Miri Halperin Wernli (or her nominee) is to be granted Related Party Performance Rights in the Company should Resolution 5 be passed. However, in respect of Resolutions 4, 6 and 7, Miri Halperin Wernli recommends that Shareholders

vote in favour of those Resolutions for the reasons set out in paragraph (p);

- (r) Adam Blumenthal declines to make a recommendation to Shareholders in relation to Resolution 6 due to Adam Blumenthal's material personal interest in the outcome of the Resolution on the basis that Adam Blumenthal (or his nominee) is to be granted Related Party Performance Rights in the Company should Resolution 6 be passed. However, in respect of Resolutions 4, 5 and 7, Adam Blumenthal recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);
- (s) James Ellingford declines to make a recommendation to Shareholders in relation to Resolution 7 due to James Ellingford's material personal interest in the outcome of the Resolution on the basis that James Ellingford (or his nominee) is to be granted Related Party Performance Rights in the Company should Resolution 7 be passed. However, in respect of Resolutions 4, 5 and 6, Adam Blumenthal recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (p);
- (t) in forming their recommendations, each Director considered the experience of each other Director, the current market price of Shares, the current market practices when determining the number of Related Party Performance Rights to be granted as well as the exercise price and expiry date of those Related Party Performance Rights; and
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 to 7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Performance Rights to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 8 – ISSUE OF CONSULTANT PERFORMANCE RIGHTS TO RELATED PARTY – REASONABLE REMUNERATION

5.1 General

As per above, the Company has agreed, subject to obtaining Shareholder approval, to issue Performance Rights to Mr Jorge Wernli who is a consultant to the Company and is also a related party of the Company by virtue of being the husband of Director, Miri Halperin Wernli.

Resolution 8 seeks Shareholder approval for the grant of 300,000 Performance Rights, being 150,000 Tranche 7 Performance Rights and 150,000 Tranche 9 Performance rights to Jorge Wernli (or his nominee) under the Plan (**Consultant Performance Rights**).

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Consultant Performance Rights to Jorge Wernli constitutes giving a financial benefit and Jorge Wernli is a related party of the Company by virtue of being the husband of Miri Halperin Wernli, a Director.

The Directors (other than Miri Halperin Wernli who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Consultant Performance Rights to Jorge Wernli because the agreement to grant the Consultant Performance Rights, reached as part of the remuneration package for Jorge Wernli, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis in accordance with the remuneration packages for other consultants to the Company.

5.3 ASX Listing Rule 10.14

The grant of Consultant Performance Rights to Jorge Wernli under Resolution 8 is an issue of securities to a Related Party under an employee incentive scheme and consequently, shareholder approval is required under ASX Listing Rule 10.14.

5.4 Summary of the material terms of the Performance Rights

It is proposed that a total of 300,000 Performance Rights be issued to Jorge Wernli for nil cash consideration.

Each Consultant Performance Rights will vest as one Share subject to the satisfaction of certain performance criteria as per the relevant Milestones set out in Schedule 1. There is nil consideration payable upon the vesting of a Performance Right.

In the event that the Milestones are not met or the Performance Rights lapse, the Performance Rights will not vest and as a result, no new Shares will be issued.

Mr Wernli will receive:

- (a) 150,000 Tranche 7 Performance Rights; and
- (b) 150,000 Tranche 9 Performance Rights,

with the terms and conditions and Milestones as set out in Schedule 1.

5.5 Technical Information required by ASX Listing Rule 10.14

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 8:

- (a) Mr Jorge Wernli Jorge Wernli is a related party of the Company by virtue of being the husband of Miri Halperin Wernli, a Director.
- (b) the maximum number of Consultant Performance Rights to be issued to Mr Jorge Wernli (or his nominee) is 300,000, being:
 - (i) 150,000 Tranche 7 Performance Rights; and
 - (ii) 150,000 Tranche 9 Performance Rights.

Each Consultant Performance Right will vest into one (1) Share upon the successful achievement of the applicable Milestones set out in Schedule 1;

- (c) the Consultant Performance Rights will be issued for nil cash consideration and no consideration will be required on the vesting of the Performance Rights (if applicable) accordingly no funds will be raised;
- (d) since the Company has been admitted to the official List of the ASX, no Performance Rights have previously been issued under the Plan. The Plan has not previously been adopted by Shareholders, however the Plan was adopted before the Company was admitted to the official List of the ASX and a summary of the terms of the Plan were included in the Company's initial public offer replacement prospectus dated 8 August 2016;
- (e) participation in the Plan is open to any full time or part time employee, contractor or Director of the Company or its related bodies corporate who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.
- (f) no loans are being provided in connection with the issue of the Performance Rights;
- (g) the Consultant Performance Rights will be granted no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consultant Performance Rights will occur on the same date;
- (h) the terms and conditions of the Consultant Performance Rights are set out in Schedule 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Consultant Performance Rights as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the grant Consultant Performance Rights to Jorge Wernli (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 9 – ISSUE OF OPTIONS TO ASENNA WEALTH

6.1 General

The Company has agreed, subject to obtaining shareholder approval, to issue a total of up to 100,000 Options to Asenna Wealth Solutions Pty Ltd (**Advisor Options**), an advisor to the Company, for capital raising and corporate advisory services provided.

The terms and conditions of the Options are outline in Schedule 2.

A summary of ASX Listing Rules 7.1 is set out in section 1.2 above.

Resolution 9 seeks Shareholder seeks shareholder approval for the allotment and issue of the 100,000 Options.

The effect of Resolution 9 will be to allow the Directors to issue the Advisor Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Options:

- (a) the maximum number of Options to be issued is 100,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil consideration;
- (d) the Options will be issued on the terms and conditions set out in Schedule 2;
- (e) the Options will be allotted and issued to Asenna Wealth Pty Ltd, an advisor of the Company or their nominees. None of these subscribers are related parties of the Company; and
- (f) No funds will be raised from the issue of the Options as they are being issued in lieu of cash fees for corporate advisory services provided.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company or **Creso Pharma** means Creso Pharma Limited (ABN 89 609 406 911).

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

Directors means the current directors of the Company.

EST means Eastern Standard Time as observed in Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by this Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions, milestones and the corresponding obligation of the Company to provide the Share, under a binding contract made by the Company and an eligible participant in the manner set out in the Plan.

Plan means the Company's performance rights plan as previously announced to on the Company's ASX platform on 18 October 2016.

Placement has the meaning given in section 1.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a registered holder of a Share.

SCHEDULE 1 - TERMS AND CONDITIONS OF THE PERFORMANCE RIGHTS

The following is a summary of the key terms and conditions of the Performance Rights that has been adopted by the Company:

- (a) **(Milestones):** The Performance Rights shall have the following milestones attached to them **(Milestones)**:
- (i) **Tranche 1 Performance Rights:** the holder successfully identifying and concluding a collaboration or Joint Venture acquisition, and remaining as a Director for 12 months from date of issue;
 - (ii) **Tranche 2 Performance Rights:** the holder successfully identifying and concluding a collaboration or Joint Venture acquisition in Israel and remaining as a Director for 12 months from date of issue;
 - (iii) **Tranche 3 Performance Rights:** the Company announcing on ASX the first sales of cannabis or hemp-derived animal health nutraceutical products **(Animal Health Products)** by the Company (or one of its controlled entities);
 - (iv) **Tranche 4 Performance Rights:** the Company announcing on ASX the first sales of cannabis or hemp-derived human health nutraceutical products **(Human Health Products)** by the Company (or one of its controlled entities);
 - (v) **Tranche 5 Performance Rights:** the Company announcing on ASX that the Company (or one of its controlled entities) has successfully completed an acquisition of an entity that operates in the medical cannabis industry;
 - (vi) **Tranche 6 Performance Rights:** the Company announcing on ASX that the Company (or one of its controlled entities) has successfully completed either a capital raising for a minimum of \$1 million or an acquisition of an entity that operates in the medical cannabis industry within an 18 month period from the date of issue of the Tranche 6 Performance Rights;
 - (vii) **Tranche 7 Performance Rights:** the holder completing 12 months of continued engagement with the Company (or one of its controlled entities) from the date of issue of the Tranche 7 Performance Rights;
 - (viii) **Tranche 8 Performance Rights:** the holder completing 24 months of continued engagement with the Company (or one of its controlled entities) from the date of issue of the Tranche 8 Performance Rights; and
 - (ix) **Tranche 9 Performance Rights:** the holder completing satisfactory services in relation to collaborations in Switzerland for the material benefit of the Company (and its controlled entities) as determined by the Board, and completion of 12 months of continuous service to the Company; and
- (b) **(Notification to holder):** The Company shall notify the holder in writing when the relevant Milestones have been satisfied.

- (c) **(Vesting):** Subject to (f) and (g), Performance Rights, that have not lapsed, shall vest on the later to occur of:
- (i) the holder completing 24 months of continued engagement with the Company (or one of its controlled entities) from the date of issue of the Tranche 8 Performance Rights;
 - (ii) the date that the Milestone relating to that Performance Right has been satisfied; and
 - (iii) the date that the holder gives a notice to the Company confirming that the holder would like the Performance Rights to vest.
- (d) **(Consideration):** The Performance Rights will be issued for nil consideration each and no consideration will be payable upon the vesting of the Performance Rights.
- (e) **(Conversion):** Upon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the holder, vest and convert into one (1) Share.
- (f) **(Lapse of a Performance Right):** any Performance Right that has not been converted into a Share within 5 Years of the issue of a Performance Right will automatically lapse.
- (g) **(Lapsing Otherwise):** if the holder (or the effective holder where a nominee has been appointed) of the Performance Right's engagement with the Company (or one of its subsidiaries) is terminated for whatever reason, any unvested Performance Rights held by that Relevant Holder will automatically lapse.
- (h) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (i) **(Listing of Shares on ASX):** The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (j) **(Transfer of Performance Rights):** A Performance Right is only transferable:
- (i) with the consent of the board; or
 - (ii) by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.
- (k) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (l) **(Adjustment for bonus issue):** If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

- (m) **(Adjustment for reconstruction):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the Vesting Conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

- (n) **(Dividend and Voting Rights):** A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.

SCHEDULE 2 – ADVISOR OPTIONS – TERMS & CONDITIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.60 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (EST) on the date which is 3 years from their date of issue (**Expiry Date**).

An Option not exercised before their respective Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on and from the date upon which the Vesting Condition is satisfied until the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each 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 Option being exercised in cleared funds (**Exercise Date**).

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of 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 Options.

If a notice delivered under (e) 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 Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **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.

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS

The relevant assumptions for the Performance Rights to be issued to related parties are set out below.

Input	Tranche 1	Tranche 2	Tranche 3
Number of Rights	800,000	800,000	1,250,000
Assumed Share Price at Grant Date ¹	\$0.425	\$0.425	\$0.425
Performance Condition	Successfully identifying and concluding a collaboration or joint venture acquisition, and remaining as a Director for 12 months from date of issue.	Successfully identifying and concluding a collaboration or joint venture acquisition in Israel, and remaining as a Director for 12 months from date of issue.	The Company announcing on ASX the first sales of cannabis-derived animal health nutraceutical products (Animal Health Products) by the Company (or one of its controlled entities).
Expiry Period	5 years	5 years	5 years
Dividend Yield	0%	0%	0%
Total Value of Rights	\$340,000	\$340,000	\$531,250

Input	Tranche 4	Tranche 5	Tranche 6
Number of Rights	1,250,000	750,000	750,000
Assumed Share Price at Grant Date ¹	\$0.425	\$0.425	\$0.425
Performance Condition	The Company announcing on ASX the first sales of cannabis-derive human health nutraceutical products (Human Health Products) by the Company (or one of its controlled entities).	The Company announcing on ASX that the Company (or one of its controlled entities) has successfully completed an acquisition of an entity that operates in the medical cannabis industry.	The Company announcing on ASX that the Company (or one of its controlled entities) has successfully completed either a capital raising for a minimum of \$1 million or an acquisition of an entity that operates in the medical cannabis industry within an 18-month period from the date of issue.
Expiry Period	5 years	5 years	5 years
Dividend Yield	0%	0%	0%
Total Value of Rights	\$531,250	\$318,750	\$318,750

Input	Tranche 7	Tranche 8	Tranche 9
Number of Rights	100,000	100,000	300,000
Assumed Share Price at Grant Date ¹	\$0.425	\$0.425	\$0.425
Performance Condition	The holder completing 12 months of continued engagement with the Company (or one of its controlled entities) from the date of issue of the Tranche 7 Performance Rights;	The holder completing 24 months of continued engagement with the Company (or one of its controlled entities) from the date of issue of the Tranche 8 Performance Rights.	The holder completing satisfactory services in relation to collaborations in Switzerland for the material benefit of the Company (and its controlled entities) as determined by the Board, and completion of 12 months of continuous service to the Company.
Expiry Period	5 years	5 years	5 years
Dividend Yield	0%	0%	0%
Total Value of Rights	\$42,500	\$42,500	\$127,500

Notes:

1. The share price used is based on the price as at 1 June 2017, being 42.5 cents.

The Directors have assessed the likelihood of the non-market performance condition being achieved for each of the Tranche 1-9 Performance Rights. The Directors' assessment of the likelihood of the performance condition being satisfied for Tranches 1-9 is 100%. Based on this assessment, the value of the Performance Rights for Tranches 1-9 is 42.5 cents per Right.