



26 July 2018

Dear Shareholder

Creso Pharma Limited – pro-rata non-renounceable rights issue

As announced on 23 July 2018 Creso Pharma Limited (ACN 609 406 911) (**CPH**) is undertaking a non-renounceable rights issue of up to 56,537,772 unquoted options (**New Options**) to acquire fully paid ordinary shares in the capital of the Company (**Shares**), on the basis of one (1) New Option for every two (2) Shares held by eligible Shareholders at the record date, at an issue price of \$0.05 per New Option (**Issue Price**) to raise up to approximately \$2,826,889 before costs (the **Offer**).

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (AEST) on 31 July 2018, whose registered address is in Australia, New Zealand, Israel, Switzerland and Singapore.

Shareholders on the Record Date whose registered address on CPH's share register is outside Australia, New Zealand, Israel, Switzerland and Singapore (**Non-Qualifying Foreign Holders**) will not be eligible to participate in the Entitlement Issue. The decision has been made by CPH taking into account the small number of Non-Qualifying Foreign Holders in each jurisdiction, the small number and value of New Shares which would otherwise have been offered to those Non-Qualifying Foreign Holders, and the costs of complying with the legal and regulatory requirements in those jurisdictions.

It has been determined that you are a Non-Qualifying Foreign Holder because your registered address on CPH's share register is outside Australia, New Zealand, Switzerland, Israel and Singapore and accordingly, we regret that you will not be eligible to participate in the Entitlement Issue.

The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 25 July 2018. The Prospectus includes important dates as set out in section 2 of the Prospectus and details with respect to Non-Qualifying Foreign Holders as set out in section 4.8 of the Prospectus. A copy of the Prospectus is available on ASX's and CPH's website.

If you have any queries concerning the Rights Issue, or the action you are required to take to subscribe for New Options, please contact your financial adviser or the Company's share registry on 1300 288 664 (within Australia) +61 (0)2 9698 5414 (outside Australia), email hello@automic.com.au.

Yours sincerely

A handwritten signature in cursive script that reads "Boaz Wachtel".

Boaz Wachtel
Non-executive Chairman