



17 January 2022

Creso Pharma Announces Next Phase of Execution Spearheaded by Three New Appointments

Highlights:

- **Mr William Lay, previously Executive Vice President – Strategy, Origination & Operations at Creso Pharma appointed as Group CEO and Managing Director**
- **Leading cannabis and psychedelics entrepreneur Bruce Linton appointed as Non-Executive Director (through end of year to accelerate execution)**
- **Mr Linton co-founded and led Canopy Growth to become the first cannabis producer on the NYSE, with a peak market capitalisation of >US\$15Bn**
- **Mr Lay and Mr Linton worked closely together during their time at Canopy Growth, assessing, overseeing and executing over C\$5Bn in cannabis transactions, including the industry's largest acquisition to date**
- **Mrs Micheline MacKay, Mernova's Corporate Manager appointed as Executive Director; Mrs MacKay will further strengthen the link between the Creso Board and senior management team at Mernova, a rapidly growing business unit**

Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that it has significantly strengthened its Board and management team following the appointments of Mr William Lay as Chief Executive Officer and Managing Director, leading cannabis and psychedelics entrepreneur, Mr Bruce Linton as Non-Executive Director, and Mrs Micheline McKay as Executive Director, effective immediately.

Mr William Lay appointed as CEO:

Mr William Lay is an experienced cannabis executive and previously served as Executive Vice President – Strategy, Origination & Operations at Creso Pharma (refer ASX announcement: 6 September 2021). Mr Lay began his career with leading Canadian full service financial investment bank, BMO Capital Markets through roles across Canada and London.

Shortly after his time with BMO Capital Markets, Mr Lay joined Canopy Growth Corporation (TSE: WEED, NASDAQ: CGC) as an M&A Associate, before being promoted to Associate Director, M&A, in 2019. In this role, he assessed and effected multiple transactions locally and internationally, while concurrently progressing corporate strategy initiatives across the group. During his time at Canopy Growth, Mr Lay built a strong working relationship with Mr Linton, working on many high-profile initiatives together.

Over the last four years, Mr Lay has managed and supported over C\$5 billion in cannabis M&A transactions, including leading the largest acquisition in the history of the cannabis sector. In his new role as CEO and Managing Director of Creso Pharma, he will progress the Company's North American focused growth strategy, as well as Creso Pharma's proposed NASDAQ dual listing. Mr Lay will also oversee the Company's global operations, including Creso Pharma's Swiss division and potential new market entries. Creso Pharma plans to leverage Mr Lay's extensive expertise to assess strategic, value accretive acquisitions in regions where it has an existing footprint, as well as for expansion purposes, with a particular focus on North America. A summary of the key terms of Mr Lay's appointment are summarised at Annexure A.



Cannabis and psychedelics entrepreneur Mr Bruce Linton appointed as Non-Executive Director:

Mr Linton has been appointed as a Non-Executive Director in addition to his ongoing role as a strategic consultant for the Company (refer ASX announcement: 7 October 2020). He is one of the world's leading cannabis executives, an accomplished entrepreneur and has extensive sector experience as a founder, CEO, Board member and advisor to a number of global cannabis and psychedelic focused companies.

Mr Linton's major achievements include his role as founder, Chairman and ex-CEO of Canopy Group Corporation, which grew to a peak market capitalisation of US\$15Bn under his tenure. Mr Linton was also responsible for securing market support for 16 funding rounds to raise over US\$5Bn and progressing over 30 successful M&A opportunities. He led Canopy Growth through its start-up phase to becoming the first producing cannabis company to list on the New York Stock Exchange.

Following his departure from Canopy Growth, he has led direct investments into the cannabis and psychedelic sector while undertaking management and strategic advisory roles. These include being Executive Chairman of Gage Cannabis Co. and a Director of psychedelic medicines company, Mind Medicines Inc.

As a Non-Executive Director, Mr Linton will continue to provide strategic advice on the Company's operations and become more involved in progressing multiple, near-term corporate and operational initiatives with a focus on North America. Mr Linton strengthens the Company's corporate governance mechanisms and adds independence to the Creso Pharma Board of directors. The Company plans to further utilise his deep cannabis and psychedelic industry experience to advance its growth trajectory.

In addition to a director's fee of \$80,000 per annum that will be payable to Mr Linton, the Company intends to seek shareholder approval for the issue of 10,000,000 Unlisted Options to Mr Linton (or his nominee). Each Option will have an exercise price of \$0.09 (being the closing price prior to this announcement) and an expiry date that is two years from the date of Mr Linton's appointment. The Options shall vest and become exercisable on the date that is six months from the date of Mr Linton's appointment, subject to Mr Linton remaining in office at that date.

Mrs Micheline MacKay appointed as Executive Director:

Mrs MacKay has 22 years of experience in regulatory environments, including pharmaceuticals, medical devices, and government regulated industries. She has held leadership positions for many years in different areas with a strong focus on business improvements and product development from laboratory scale to commercial operations.

Mrs MacKay is currently the Corporate Manager of Creso Pharma's wholly owned Canadian subsidiary, Mernova Medicinal Inc. ("Mernova"). She has been in the position for nearly three years and is responsible for multiple functions including HR, quality assurance, and regulatory affairs. Mrs MacKay is remunerated as an employee of Mernova and will not receive any additional remuneration for her role as a director of Creso.

Mrs MacKay is the Health Canada designated Responsible Person in Charge at Mernova. Leveraging past experience, she has played a significant role in successfully growing Mernova from 14 to 42 full time employees, and has implemented several policies, procedures and protocols in adherence with the Cannabis Act and Regulations, and best industry standards. She has practical experience in managing a business through specified key performance indicators, managing budgets, conducting regular audits and performance management.



Mrs MacKay will further strengthen the Company's Board through her extensive expertise across government and pharmaceutical industry regulation. This will be pivotal as the Company continues to progress its growth trajectory as a leading drug and evolutionary therapies developer.

Commentary:

Incoming CEO and Managing Director, Mr William Lay said: *"I am excited about the future growth potential of Creso Pharma. Several of our business units are at inflection points and have the opportunity to grow substantially in the future. I look forward to continuing and accelerating my work with Bruce to seek out and execute accretive transactions while implementing policies and procedures to further enhance our corporate governance and targeting aggressive reductions in corporate G&A, where possible."*

Incoming Non-Executive Director, Mr Bruce Linton said: *"I have known and thought highly of Creso's products for several years now. I began formally advising the company less than a year ago, seeking to assist in global adoption of these products. This next step is intended to accelerate mergers and acquisitions that allow for this objective to take place. While it is no secret that I generally prefer not to take board roles, and actively turn them down on a regular basis, I am accepting this assignment due to the leadership of the company, and the scope of the opportunity."*

Chairman, Dr James Ellingford said: *"We are very pleased to have bolstered our leadership team through the appointments of Will, Bruce and Micheline. Each new board member has excelled in the global cannabis sector, highlighting the potential opportunity for Creso Pharma. Pleasingly, Will and Bruce have an existing, symbiotic relationship from their time working together at Canopy Growth and bring extensive industry experience to our Board. Micheline also has an extensive knowledge of our Mernova subsidiary and has been instrumental in scaling its operations to a solid revenue generator for the Company."*

"Importantly, Will, Bruce and Micheline are based in North America. This provides a key advantage for Creso Pharma as we continue to build a strong footprint in the region. The Company has built a robust pipeline of opportunities in Canada and the US and we are confident that these new appointments will provide us with additional expertise to execute and unlock value for shareholders."

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Authority and Contact Details

This announcement has been authorised for release by the Board of Directors of Creso Pharma Limited.

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About Creso Pharma

Creso Pharma Limited (ASX:CPH) brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health.

Creso Pharma uses GMP (Good Manufacturing Practice) development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids. To learn more please visit: www.cresopharma.com

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Forward Looking statements

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation.

The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.



Annexure A

Summary of Key Terms of CEO Appointment – Mr William Lay

Term	<p>Mr Lay’s appointment as Chief Executive Officer and Managing Director became effective on 17 January 2022 (“Commencement Date”) for a four-year term, or until it is terminated in accordance with the terms of the Executive Service Agreement.</p> <p>Mr Lay’s appointment may be terminated by either party without cause by giving no less than two months notice.</p>
Services	<p>Mr Lay has been engaged to provide those services usually required of a Chief Executive Officer and Managing Director of a Company of the scale and nature of Creso Pharma Limited, including the executive leadership and management of the Group.</p>
Remuneration	<p>Mr Lay will be paid a base salary of CAD\$350,000 per annum (“Base Salary”).</p> <p>In addition, it is proposed that the Company will seek shareholder approval for the issue of the following equity securities to Mr Lay (or his nominee):</p> <ul style="list-style-type: none"> • 7,500,000 Performance Rights that will vest upon Creso achieving \$30 million in annual group revenue within 24 months of Mr Lay’s appointment as CEO and Managing Director; and • 10,000,000 Unlisted Options, each with an exercise price of \$0.20 and an expiry date that is two years from the date of Mr Lay’s appointment as CEO and Managing Director. The Options shall vest and become exercisable on the first anniversary of Mr Lay’s appointment, subject to Mr Lay’s continuous employment at that date.