



ASX Announcement

17 November, 2016

Creso signs marketing LOI with Canada's CanniMed for EU market

Highlights:

- **Letter of intent (LOI) with Canadian medical cannabis group, CanniMed Ltd**
- **Creso appointed as preferred distributor in the European Union for all CanniMed® medical cannabis products**
- **Creso will distribute CanniMed® products to governments, authorized importers and distributors, institutions, pharmacies and individuals**
- **Agreement will support Creso's near-term revenue generation goals**

Creso Pharma Limited (ASX: CPH, the "Company") is pleased to announce that it has signed a letter of intent (LOI) with Canadian medical cannabis group, CanniMed Ltd, whereby Creso will represent CanniMed in the European Union for the purpose of marketing all CanniMed® medical cannabis brands to governments, authorized importers and distributors, institutions, pharmacies and individuals.

Within the European market, several countries including Germany and Denmark have already moved to the legalization of medical cannabis when recommended by a physician. In addition, countries such as Belgium and Austria have legislation in place to conduct clinical research.

"Creso Pharma is the ideal partner to support our expansion into the European Market as a result of their industry expertise in drug development, clinical research and contacts with influential medical centers interested in the implementation of clinical trials with medical cannabis," said Brent Zettl, CEO CanniMed Ltd.

"We are confident that our focus on standardized growing of medical cannabis following Good Manufacturing Practices (GMP), along with our industry-leading 15 year growing history, will set CanniMed products apart in the expanding European market."

"As Canada's leading plant biotechnology company specializing in biopharmaceutical and agricultural products, it was a natural fit to enter into contractual relationships with CanniMed Ltd," said Boaz Wachtel, Chairman, Creso Pharma.

"Our corporate values are aligned and together we see tremendous opportunities to provide governments, medical cannabis patients, and leading research institutions, with standardized medicines that meet strict manufacturing guidelines. The agreement will support Creso's near-term revenue generation goals and is a testimony of the trust of established companies such as CanniMed in Creso's development and distribution capabilities."

Under the letter of intent, the parties will exclusively negotiate, in good faith, the terms of Definitive Agreement for the next three-month period.

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About Creso Pharma

Creso Pharma will lead the field of cannabis and hemp derived therapeutic grade nutraceutical products for human and animal health. Leveraging science and research and focusing on unique and innovative delivery mechanisms, Creso Pharma is developing cannabis- and hemp-derived therapeutic products, manufactured to high GMP standard and delivered to the highest quality levels across the supply chain. Creso is the leader in cannabidiol (CBD) innovation, bringing vast therapeutic choices and opportunities to human and animal health medicine.

About CanniMed Ltd.

CanniMed Ltd. is licensed under the Access to Cannabis for Medical Purposes (ACMPR) and has the longest growing history as a result of the parent company, Prairie Plant Systems Inc., being the sole supplier for the entirety of Health Canada's initial medical marijuana program.

Prairie Plant Systems, the cultivation arm of the company, follows Good Manufacturing Practices (GMP) regulations, the criteria used to manufacture all pharmaceuticals in Canada. This industry-leading production excellence, including a 281-point quality control process, ensures product consistency and patient safety.

The company has a strong corporate priority to design and execute clinical research that will close the gap between the anecdotal benefit and evidence based medicine in order to standardize care. Prairie Plant Systems is the only Licensed Producer whose cannabis has already been used in two published clinical trials. Results of the Smoked Cannabis for Chronic Pain: a Randomized Controlled Trial was used in the development of the Canadian Pain Society's Pharmacological management of chronic neuropathic pain: Revised consensus statement positioning medical cannabis as third line treatment for neuropathic pain.

Patient recruitment has begun on the Health Canada approved CAPRI Trial (Cannabinoid Profile Investigation of Vaporized Cannabis in Patients with Osteoarthritis of the Knee), a randomized, double blind, placebo controlled, proof-of-concept, crossover clinical trial of single dose vaporized cannabis in adults with painful osteoarthritis of the knee.

For more information, please visit our website: www.cannimed.ca