



**ACQUISITION OF MERNOVA MEDICINAL INC
JULY 2017**



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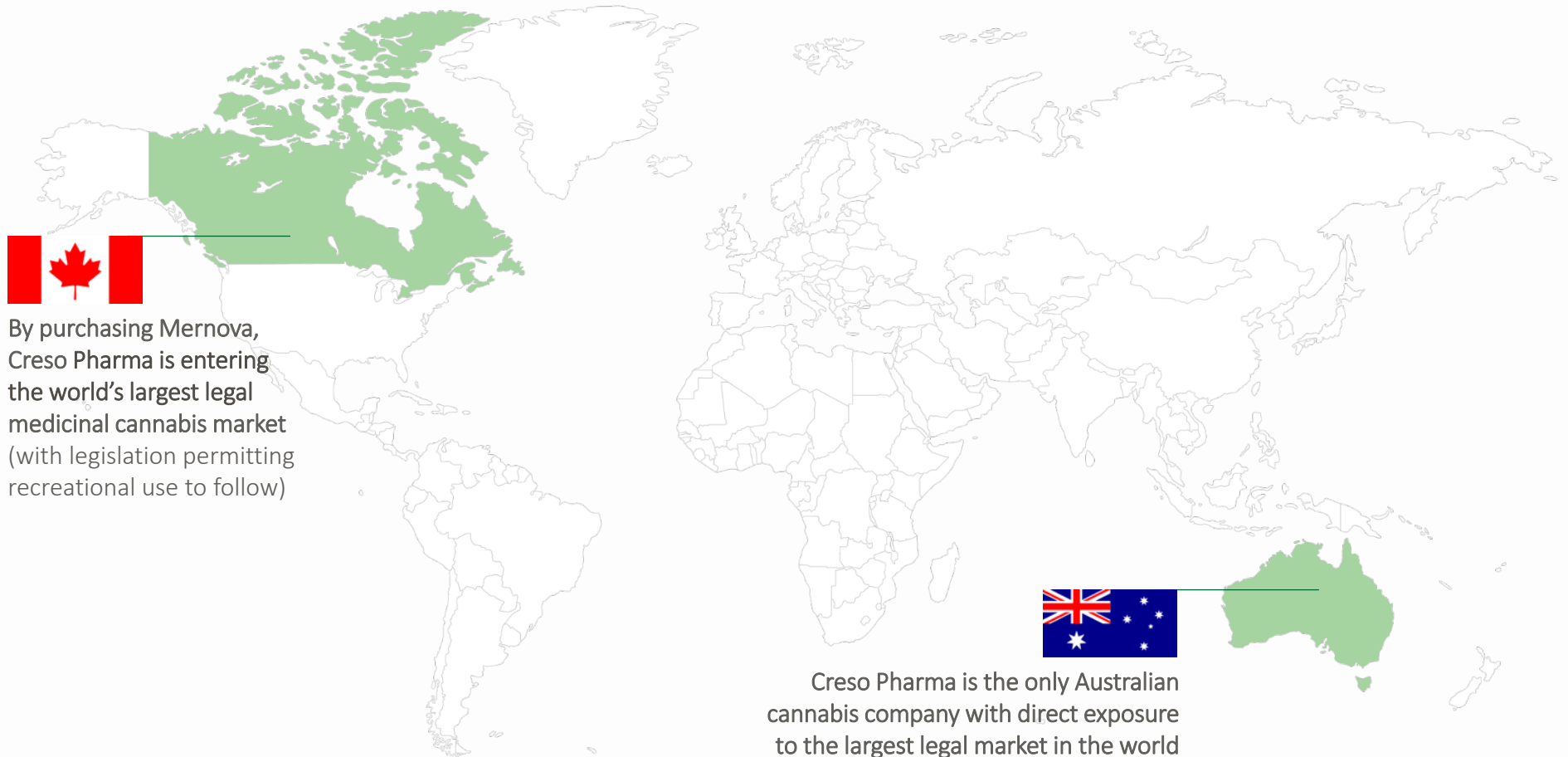
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UNRIVALLED OPPORTUNITY





GREATER THAN THE SUM OF INDIVIDUAL PARTS



Pioneering company in bringing pharmaceutical industry expertise to the world of medicinal cannabis

- Significant pharmaceutical industry expertise, focusing on cannabidiol innovation and patented proprietary delivery technologies ensuring high bioavailability and buccal absorption
- Global sales and distribution channels
- Demonstrated success in R&D, product refinement, and commercialisation
- Best-in-class with highest Good Manufacturing Practice (GMP) certified processes



ACMPR applicant, strategically located to access world's largest medicinal cannabis market

- Initial 20,000 sq. ft. facility is scalable up to 200,000 sq. ft.
- Capacity to produce between 2 - 4 million grams of high grade cannabis (at 20,000 sq. ft.)
- Positioned to expand into recreational market in the first year of legislation
- Close proximity to emerging United States market

A vertically integrated cannabis company offering a unique intellectual property portfolio, experience in cannabis and pharmaceutical grade products, with ample production capacity and access to the world's largest legal market:



Fully funded acquisition with facility construction to be financed with cash on hand



Extensive pharmaceutical industry expertise and methodological rigour



Vertically integrated: Unlocking the full cannabis industry value chain including, R&D, GMP cultivation, extraction, and marketing



Scale in production, sales and distribution



Autonomous control of production and extraction chain



Patented, proprietary buccal (THC and CBD) delivery technology which enhance the bioavailability and absorption of cannabinoids



Delivers on Creso's strategy of establishing a Canadian presence in the pursuit of opportunities in the medicinal and recreational cannabis space



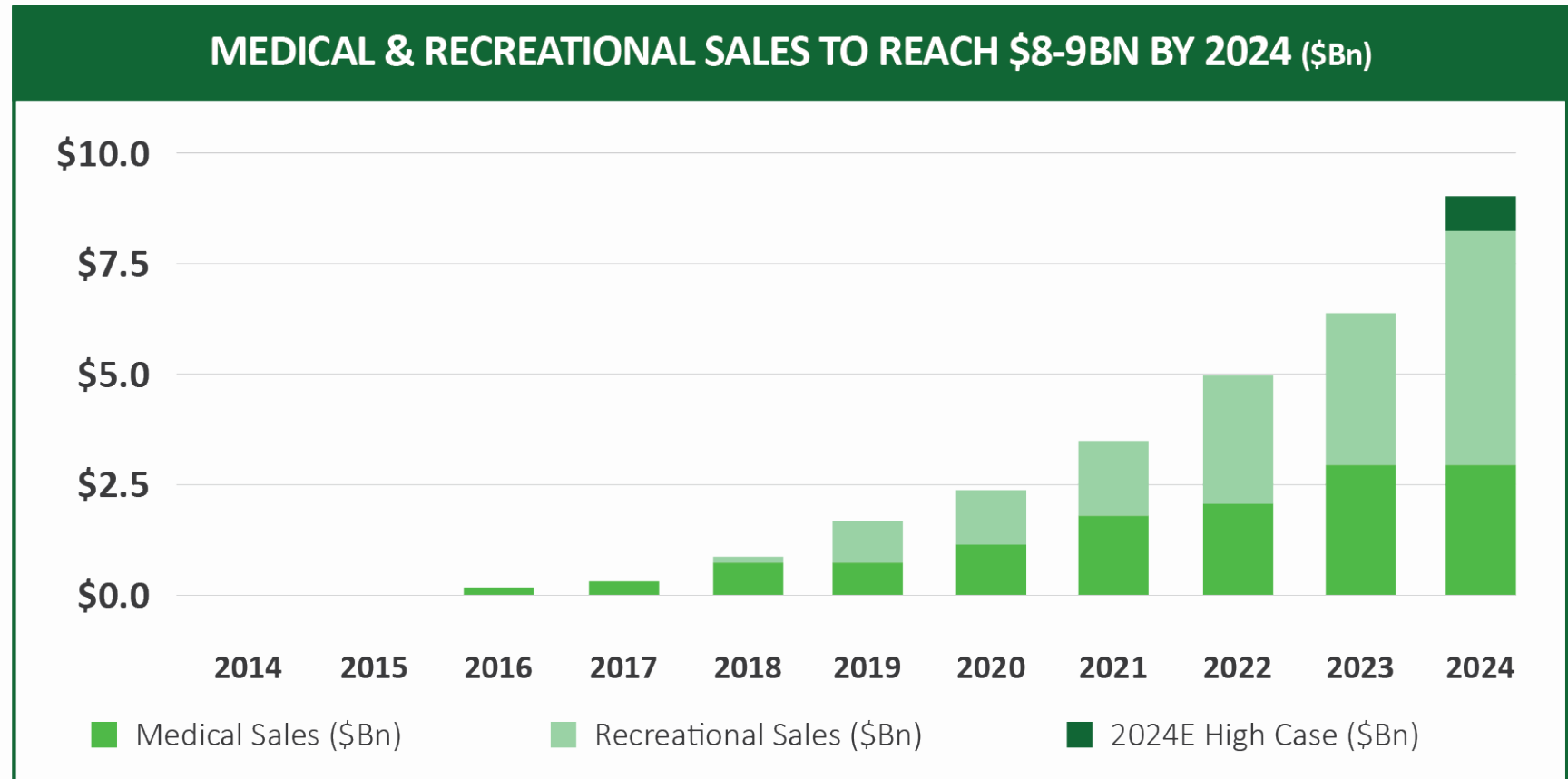
SIGNIFICANT VALUE FOR CRESO SHAREHOLDERS

- CPH is trading at an attractive valuation relative to North American listed peers
- Entry into the Canadian market, with in country sales valued at between C\$8 - 9 billion by 2024
- Diversified and enhanced revenue profile
- Accelerates the ability to innovate and bring product to market, with access to five universities, research and development tax credits, and government funding programs for commercialisation
- Reduces risk of reliance on third parties and protects Creso's ability to innovate, build and protect a cannabis IP portfolio for future commercialisation
- Only medicinal cannabis company listed on the ASX with the capacity to commercially cultivate medicinal-grade cannabis in the Canadian federally regulated environment
- Clear path to regulation and legalisation: Legislation to open a recreational market was tabled by the Canadian government in 2017 and is expected to be implemented by the end of June 2018
- Opens a potential gateway to the United States market in the future
- Supportive government with low cost of electricity, pay roll rebates, and access to provincial funding programs



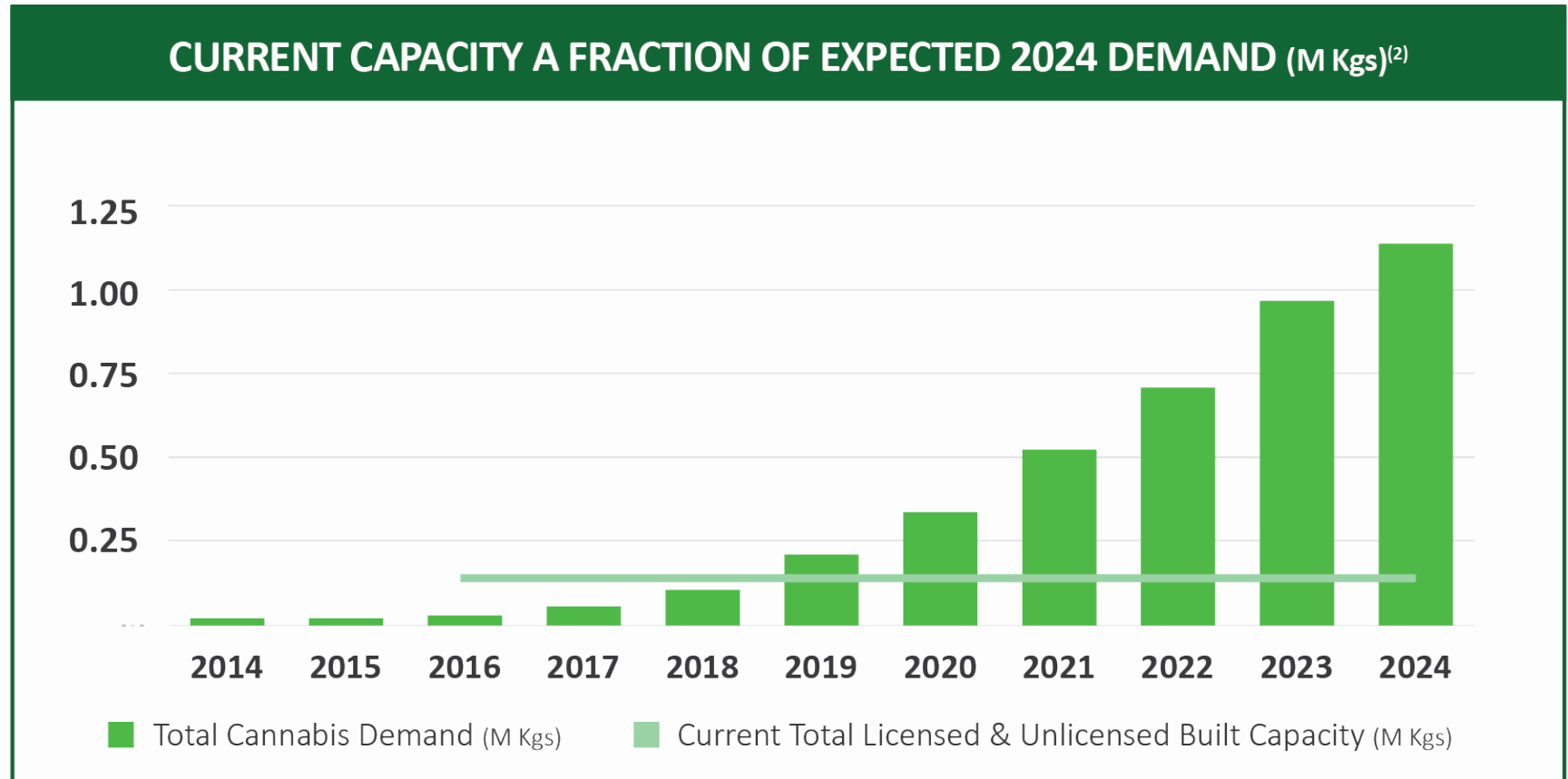
CANADA: THE WORLD'S LARGEST MARKET*

ABUNDANCE OF DEMAND

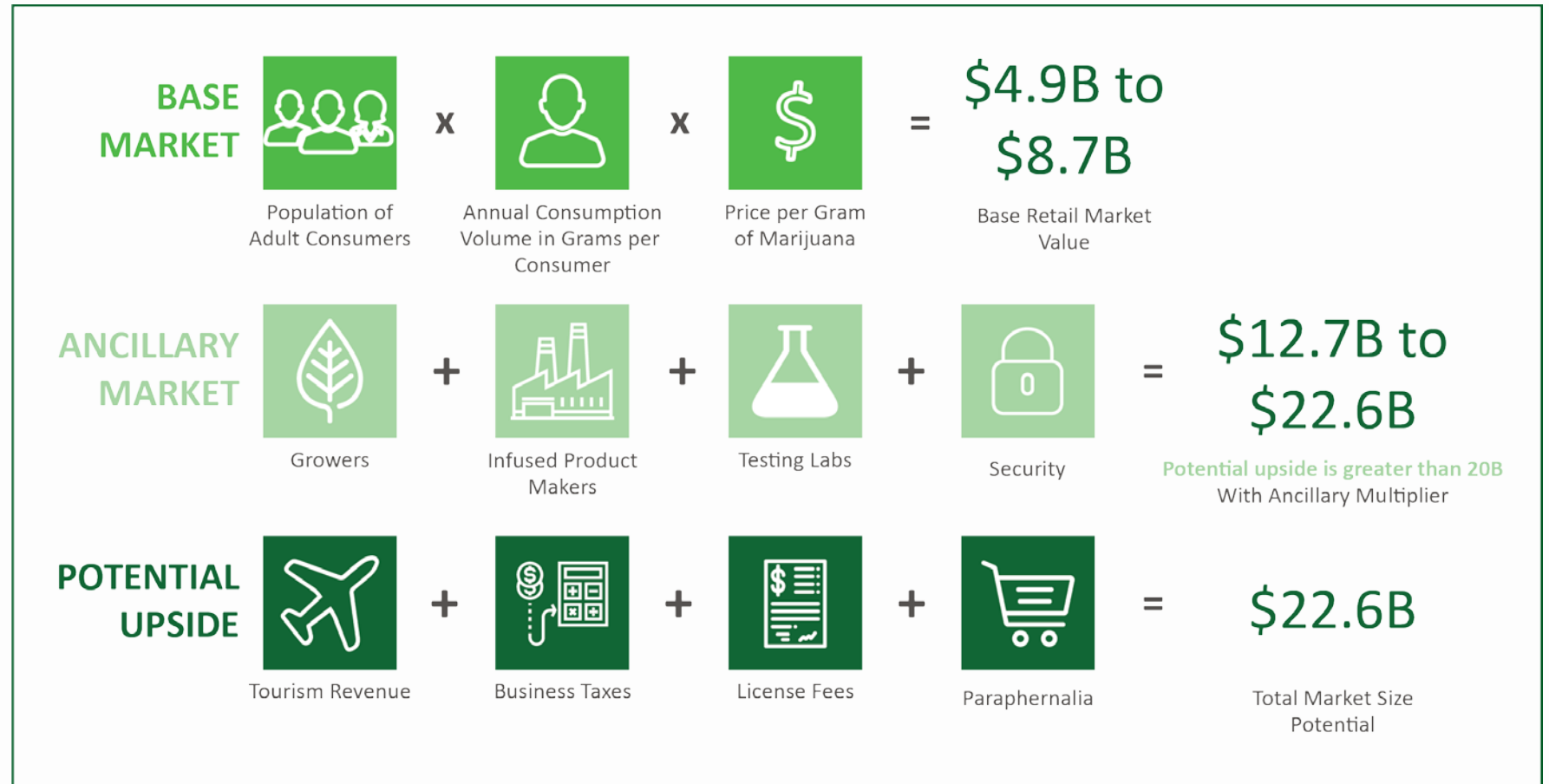




CANADA: THE WORLD'S LARGEST MARKET* SCARCITY OF SUPPLY



UNLOCKING ADDITIONAL POTENTIAL**

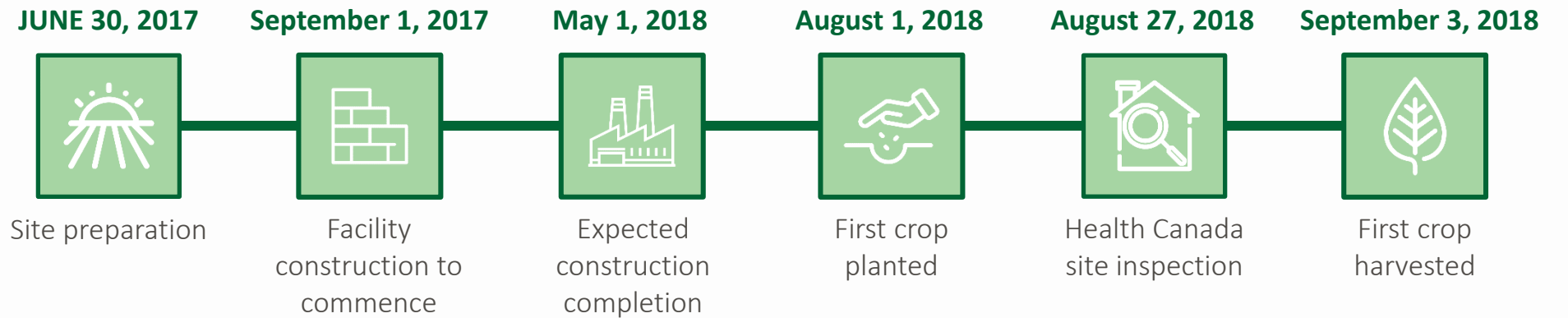


*projections include recreational cannabis use



UP TO 200,000 SQ. FT. STATE OF THE ART CANADIAN PRODUCTION FACILITY

- Accelerates the ability to innovate and bring product to market: 20,000 sq. ft. facility is expected to produce 2,000,000 – 4,000,000g of cannabis annually
- Scalable up to 200,000 sq. ft. to grow with demand, as the recreational market comes into existence, making it a measured investment: 200,000 sq. ft. facility is expected to produce 20,000,000 – 40,000,000g of cannabis annually
- Will utilise the best growing practices to ensure the safest and highest quality product and consistent crop yields
- Upon completion of the GMP facility, Mernova Medicinal will access the market as a large-scale high-quality producer of medical cannabis
- Built and operated to GACP and GMP standards to ensure that it can expand research and development capability for Creso Pharma
- Clear path to regulation and licensing: Mernova Medicinal applied for a cultivation licence in 2014 and is progressing through the final approval process, which will include regular inspection of its facilities to ensure safety, professionalism and compliance
- Intention to also build a state of the art GMP compliant CO2 extraction facility to enable the company to sell high quality extracts into the Canadian market and for use in Creso's other product development





COMPARISON TO CANADIAN LISTED PEERS

COMPANY	LISTING	MARKET CAP (\$ million)	FACILITY SIZE (sq. ft. in planning)	PRODUCTION YIELD (kg/annum)
Canopy Growth	TSX:WEED	C\$1,200	472,000	5,355
Aurora Cannabis	TSX:ACB	C\$810	800,000	100,000
Aphria	TSX:APH	C\$746	300,000	18,000
MedReLeaf	TSX:LEAF	C\$714	210,000	35,000
Cronos Group	CVE:MJN	C\$310	315,000	8,000
OrganiGram Holdings	CVE:OGI	C\$253	227,500	26,000
Supreme Pharmaceuticals Inc	CVE:FIRE	C\$215	342,000	10,000
Emblem Corp	CVE:EMC	C\$187	32,000	16,000



COMPARISON TO CANADIAN LISTED PEERS

COMPANY	LISTING	MARKET CAP (\$ million)	FACILITY SIZE (sq. ft. in planning)	PRODUCTION YIELD (kg/annum)
Maricann	CNSX:MARI	C\$110	217,500	20,000
Merapharm Ventures	CNSX:MDM	C\$94.8	22,000	N/A
ABcann Global	CVE:ABCN	C\$86	100,000	625
Harvest One	CVE:HVST	C\$54	16,000	1,000
Valens GroWorks	CNSX:VGW	C\$51	17,000	N/A
TerrAscend	CNSX:TER	C\$38	67,000	6,000
Weed MD	CVE:WMD	C\$34	220,000	1,200



COMPARISON TO AUSTRALIAN LISTED PEERS

COMPANY	LISTING	MARKET CAP (\$ million)	FACILITY SIZE (sq. ft. in planning)	PRODUCTION YIELD (kg/annum)
MMJ Phytotech	ASX:MMJ	A\$65	78,000	62,000
AusCann Group Holdings	ASX:AC8	A\$53		
MGC Pharmaceuticals	ASX:MGC	A\$44		
Creso Pharma	ASX:CPH	A\$37*	200,000**	20,000 - 40,000
Zelda Therapeutics	ASX:ZLD	A\$28		
Botanix Pharmaceuticals	ASX:BOT	A\$19		

**Market cap at 42c*

*** Initial facility size is planned to be 20,000 sqft, but scaleable to 200,000 sqft*



TRANSACTION SUMMARY

CONSIDERATION AND VALUATION

Creso Pharma to acquire Mernova Medicinal over three stages for cash payments of C\$1,800,000 and C\$8,300,000 of Creso shares

MILESTONES		
SETTLEMENT	MILESTONE 1 ANNOUNCEMENT OF THE COMPANY PLANTING ITS FIRST CROP FOLLOWING COMPLETION OF THE FACILITY	MILESTONE 2 ANNOUNCEMENT OF SALES LICENSING UNDER ACMPR
<p>Initial cash consideration of C\$600,000</p> <p>Issuance of C\$2,400,000 ordinary Creso (or Creso Sub) shares</p>	<p>Cash consideration of C\$600,000</p> <p>Issuance of C\$2,400,000 ordinary Creso (or Creso Sub) shares</p> <p>(Must be achieved within 24 months of Settlement)</p>	<p>Cash consideration of C\$600,000</p> <p>Issuance of C\$3,500,000 ordinary Creso (or Creso Sub) shares</p> <p>(Must be achieved within 12 months of Milestone 1 being satisfied)</p>

* at an issue price of the 10 day VWAP of the Creso Shares trading on ASX



THE CRESO ADVANTAGE

- Creso Pharma will apply its significant pharmaceutical expertise, methodological rigour and high quality standards to medicinal cannabis production and cultivation in Canada
- Creso will develop and commercialise a variety of medications in innovative proprietary smokeless formulations and delivery systems – offering totally new choices to the patient
- Discrete, patient-friendly delivery of medicinal cannabis: Beyond smoking or oils, patented buccal delivery technologies will enhance the bioavailability and absorption of the cannabinoids in the new proposed products in a unique manner
- Manufactured according to strict pharmacological and therapeutic protocols and will contain various standardised amounts of active ingredients from cannabis extracts
- Controlling for dose and formulation: Fully GMP, with standardised formulations, and precise dosage



OVERVIEW OF CRESO PHARMA

- Creso Pharma is the leader in cannabidiol innovation, and develops cannabis and full plant hemp-derived nutraceuticals and medical cannabis products for both human and animal health segments
- Creso's multi-pronged approach ensures that the company remains at the forefront of the medical and recreational cannabis industry
- Following the acquisition, the company will have three distinct arms:





IN-LINE PRODUCT PIPELINE: BRANDS

FULL PLANT CBD-RICH NUTRACEUTICALS

ANIMAL HEMP-BASED COMPLEMENTARY FEED

- anibidiol® 2.5 Small Companion Animals
- anibidiol® 80 Large Companion and Zoo Animals
- anibidiol® 100 Small Companion Animals
- anibidiol® 400 Large Companion and Zoo Animals

HUMAN HEALTH

- cannaQix® in 1st Proprietary delivery system
- cannaQix® in 2nd Proprietary delivery system
- cannaQix® Line extension in proprietary delivery systems

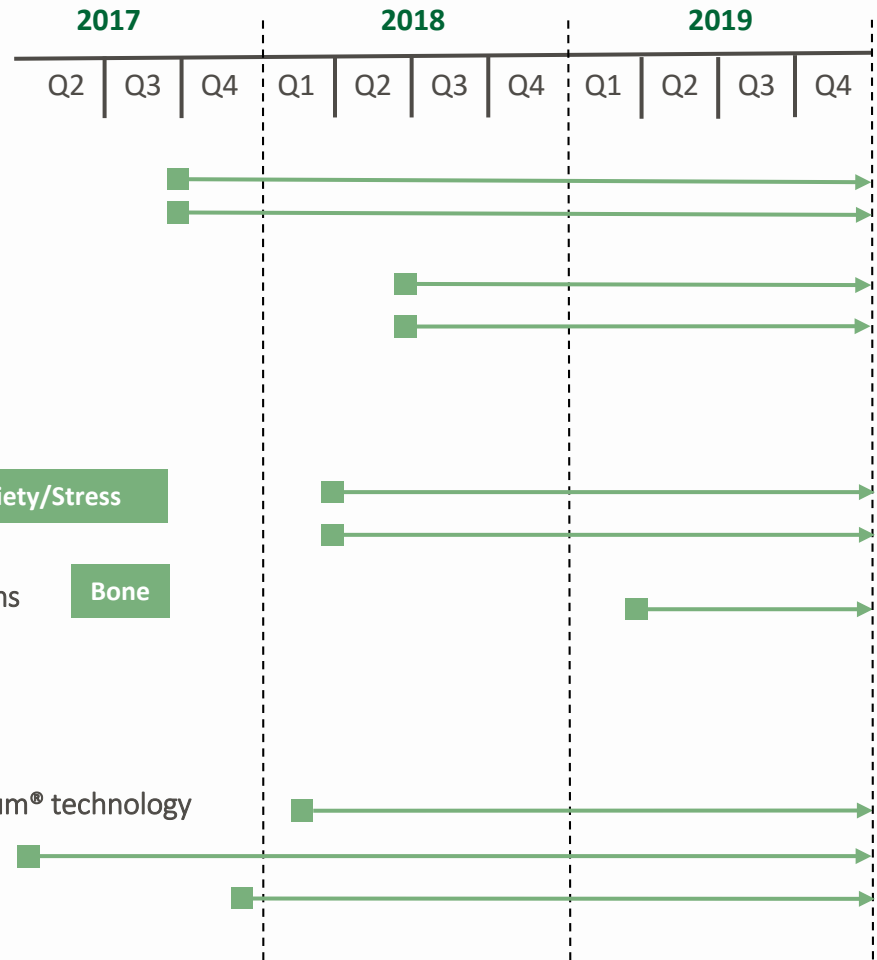
Anxiety/Stress

Bone

MEDICAL CANNABIS & SWISSVIT

HUMAN HEALTH

- SwissVit™ Range of nutraceuticals in INNutriGEL SoftGum® technology
- Australia Medicinal Cannabis (CanniMed®)
- Australia Medicinal Cannabis (Cannapharm AG)



■ Launch



BOARD OF DIRECTORS OF CRESO PHARMA



**DR. MIRI
HALPERIN
WERNLI**
CEO
& CO-FOUNDER

Dr. Halperin Wernli is a senior pharma executive with over 25 years of strategic and operational leadership in global drug and product development in the pharmaceutical and biomedical industries. She held worldwide executive leadership positions in R&D and in strategic marketing within global pharmaceutical companies in Switzerland and in the US



**BOAZ
WACHTEL**
CHAIRMAN
& CO-FOUNDER

Mr. Wachtel is a leading Medical cannabis expert, co-founder and former managing director of Phytotech Medical (MMJ.ASX), Australia's first publically traded medical cannabis company. He initiated and helped implement the National Medical Cannabis Program in Israel. Mr. Wachtel is a certified Clinical research manager and holds an MA in management and marketing from the University of Maryland



**ADAM
BLUMENTHAL**
NON-EXECUTIVE
DIRECTOR
& CO-FOUNDER

Mr. Blumenthal has 10 years experience in investment banking and corporate finance. He has deep exposure to Australian and International markets, having provided capital raising and financing solutions to an extensive number of listed and unlisted companies. He has successfully brought to market several medical cannabis companies spanning Israel, Canada, Switzerland and Australia



**DR. JAMES
ELLINGFORD**
NON-EXECUTIVE
DIRECTOR

Dr. Ellingford's professional life culminated in being President of an international publicly listed billion dollar business with its headquarters in Geneva, Switzerland and New York, USA. He has vast experience in the international arena and has successfully developed close ties with both financial institutions as well as governments throughout the world



BILL FLEMING
CEO

Mr. Fleming has founded and served as CEO for a number of entrepreneurial companies and has served with senior executive teams dealing with equity and debt financings. He has developed corporate strategies for a wide range of companies, from family-owned businesses to multi-national companies. He is the Executive Chairman of Mountain Lake Minerals. Previously, he was the CEO and Director of Abattis Bioceuticals Corp. and a Director of NWest Energy Corp.



CHARLES WILLIAMS
QUALITY ASSURANCE

Dr. Williams completed a Ph.D. in Organic Chemistry at McGill University in 1991. He spent four years as an Evaluation Officer in the Health Evaluation Division of the Pest Management Regulatory Agency (PMRA) of Health Canada. He founded CRW Regulatory Services Inc. and has extensive experience and training in Good Laboratory Practice procedures and requirements, Good Manufacturing Practices and an understanding of the techniques related to the production of pure products.



CONTACT

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