
CRESO PHARMA LIMITED
ACN 609 406 911
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 16 June 2020
DATE: 1:30pm AEST
PLACE: By Virtual Meeting Facility

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

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.

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 5:00pm AEST on 14 June 2020.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2019 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2019."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR JAMES ELLINGFORD

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

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Dr James Ellingford, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule

7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF INITIAL COLLATERAL SHARES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 6,000,000 Initial Collateral Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Lind) or an associate of that person or those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 5 – APPROVAL TO ISSUE SUBSEQUENT COLLATERAL SHARES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Lind (or its nominee)) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 6 – APPROVAL TO ISSUE ADDITIONAL COLLATERAL SHARES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Lind (or its nominee)) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 7 – APPROVAL TO ISSUE CONVERTIBLE SECURITIES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue one Convertible Note and 10,752,688 Options, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Lind (or its nominee) and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF ADDITIONAL COLLATERAL SHARES TO THE NOMINEE OF L1 CAPITAL UNDER THE NEW L1 CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 10,812,526 Additional Collateral Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>, the nominee of L1 Capital) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. RESOLUTION 9 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO L1 CAPITAL UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely L1 Capital or their nominee) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

11. RESOLUTION 10 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO CHIFLEY UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Chifley or their nominee) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

12. RESOLUTION 11 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO SUBURBAN HOLDINGS UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENT

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 15,000,000 Shares to Suburban Holdings (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Suburban Holdings (and its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

13. RESOLUTION 12 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY

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

“That, for the purposes of section 327B of the Corporations Act and for all other purposes, BDO Audit Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting.”

14. RESOLUTION 13 – NON-EXECUTIVE DIRECTORS’ REMUNERATION

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

“That, for the purposes of clause 14.8 of the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive

Directors from \$300,000 per annum to \$500,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director or any of their associates. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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. However, 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.

15. RESOLUTION 14 – APPROVAL TO ISSUE SETTLEMENT 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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,310,954 Settlement Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the nominee of the Settlement Parties) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 12 May 2020

By order of the Board

A handwritten signature in black ink that reads "E Dale". The signature is written in a cursive style with a large, stylized 'E'.

**Eryn Dale
Joint Company Secretary**

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 two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (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:

- 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.

Voting in person

In light of the status of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the date of this Notice of Meeting, the Directors have made a decision that Shareholders will not be able to physically attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting or attend and vote online at the Virtual Meeting.

Voting online via Virtual Meeting

In light of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the time of this Notice of Meeting, the Company invites shareholders to attend and participate in a virtual Meeting through an online meeting platform powered by 'Lumi' (**Virtual Meeting**).

Shareholders who attend the Virtual Meeting will be able to watch, listen, submit written questions and participate in all poll votes put to the Meeting.

To vote online at the Virtual Meeting, attend the Virtual Meeting at the date and time set out in this Notice, being 1:30pm AEST on 16 June 2020, and following the instructions below:

1. Open your internet browser and go to **web.lumiagm.com/334572025**. Alternatively, the Lumi AGM app can be downloaded for free from Apple or Google Play stores.
2. Enter the Meeting ID: **334-572-025**.
3. Enter your SRN or HIN, and your registered postcode when prompted.

Further information and support on how to use the Virtual Meeting platform is available on the Company's website.

You may still attend the meeting and vote at the Virtual Meeting even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance at the Virtual Meeting will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment will be deemed to be revoked with respect to voting on that resolution.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 3180.

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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cresopharma.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR JAMES ELLINGFORD

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Dr James Ellingford, who has served as a Director since 20 November 2015 and was last re-elected on 31 May 2018, retires by rotation and seeks re-election.

3.1 Qualifications and other material directorships

Dr Ellingford previously served as International President of a multi-billion dollar NASDAQ software business Take-Two Interactive Software with its headquarters in Geneva and New York. He has vast international experience in the software industry and has close ties with financial institutions and governments throughout the world. Dr Ellingford has had ample experience over the last several years in the cannabis space as well as living for a period in West Coast of USA. He is considered an expert in the areas of collaboration of media and digital assets, data sharing and corporate communications to enable workflow acceleration and has close ties with large US based corporates who dominate this space. Dr Ellingford holds a Postgraduate in Corporate Management, Master's in Business Administration and a Doctorate in Management. Dr Ellingford has lectured MBA students in corporate governance, ethics and marketing at a leading Sydney University which are areas he has a keen interest in.

Dr Ellingford is currently a non-executive director of MinRex Resources Limited (ASX:MRR), Esense-Lab Limited (ASX:ESE) and Roots Sustainable Agricultural Technologies Ltd (ASX:ROO).

3.2 Independence

If re-elected the Board considers Dr Ellingford will be an independent Director.

3.3 Board recommendation

The Board has considers that Dr Ellingford's skills and experience continue to enhance the Board's ability to perform its role and accordingly the Board supports the election of Dr Ellingford and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF 7.1A MANDATE

4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 3 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 3:

4.2.1 Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

4.2.2 Minimum Price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(i), the date on which the Equity Securities are issued.

4.2.3 Use of funds raised under the 7.1A Mandate

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for:

- (i) advancing the Company's existing operations, including the development, marketing and distribution of human and animal health products and investment in the cannabis cultivation facilities and operations of the Company's subsidiaries in Canada and Colombia;
- (ii) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and
- (iii) general working capital.

4.2.4 Risk of Economic and Voting Dilution

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 24 April 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.032	\$0.064	\$0.10
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	291,932,848 Shares	29,193,284 Shares	\$934,185	\$1,868,370	\$2,802,555
50% increase	437,899,272 Shares	43,789,927 Shares	\$1,401,277	\$2,802,555	\$4,203,832
100% increase	583,865,696 Shares	58,386,569 Shares	\$1,868,370	\$3,736,740	\$5,605,110

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 291,932,848 Shares on issue comprising:
 - (a) 224,621,894 existing Shares as at the date of this Notice of Meeting;
 - (b) 67,310,954 Shares which may be issued if Resolutions 5, 6, 9, 10 and 11 are passed at this Meeting (assuming that the Company issues the maximum number of Shares under each Resolution); and

- (c) no other Shares are issued for any other purposes.
2. The table set out above does not include any additional collateral shares which may be issued under the terms of the Original Convertible Securities Agreements or the New L1 Capital Convertible Securities Agreement.
 3. The issue price set out above is the closing market price of the Shares on the ASX on 24 April 2020 (being \$0.064).
 4. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
 5. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
 6. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 7. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
 8. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
 9. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 10. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

4.2.5 Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (a) the purpose of the issue;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase

- plan, placement or other offer where existing Shareholders may participate;
- (c) the effect of the issue of the Equity Securities on the control of the Company; the circumstances of the Company, including, but not limited
- (d) to, the financial position and solvency of the Company; prevailing market conditions; and
- (e) advice from corporate, financial and broking advisers (if applicable).

4.2.6 Previous approval under Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 31 May 2019 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 16 June 2019, the Company issued 8,299,271 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 3.88% of the total diluted number of Equity Securities on issue in the Company on 16 June 2019, which was 212,985,113.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 3B	Date of Issue: 29 November 2019 Date of Appendix 3B: 2 December 2019
Recipients	Professional and sophisticated investors as part of a placement announced on 2 December 2019. The placement participants were identified through a bookbuild process, which involved EverBlu Capital seeking expressions of interest to participate in the placement from non-related parties of the Company.
Number and Class of Equity Securities Issued	8,299,271 Shares ²
Issue Price and discount to Market Price¹ (if any)	\$0.191 per Share (at a discount 6.83% to Market Price).
Total Cash Consideration and Use of Funds	Amount raised: \$1,585,161 Amount spent: \$1,585,161 Use of funds: funds were applied towards repayment of the PharmaCielo Loan, expenses of the Placement and Tranche 1 Convertible Note Facility, as detailed in the Prospectus released to the ASX on 28 November 2019 and ongoing working capital.

Notes:

- Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: CPH (terms are set out in the Constitution).

4.3 Voting Exclusion Statement

A voting exclusion statement is included in Resolution 3 this Notice.

5. BACKGROUND TO RESOLUTIONS 4 TO 11 – ISSUES UNDER CONVERTIBLE SECURITIES AGREEMENTS

Prior to entering into each of the Original Convertible Securities Agreements, the New L1 Convertible Securities Agreement and the Lind Convertible Securities Agreement (together, the **Convertible Securities Agreements**), the Company considered other funding alternatives including conducting a placement, share purchase plan or rights issue. The Company engaged with a number of corporate advisers globally in order to seek to identify alternative financial options, however the interest in providing financing was limited and, where alternative financing proposals were available, the Company considered that the terms of the alternative financing, where available, were not favourable to the Company and might involve substantial dilution to Shareholders.

Accordingly, the Company determined that entry into the Convertible Securities Agreements was the most effective and expedient method for raising funds to meet operational requirements.

The Company is presently considering other fundraising initiatives to meet the medium-term working capital requirements of the Company and repayment of the Tranche 1 Convertible Notes and any convertible notes issued under the Lind Convertible Securities Agreement or the Lind Agreement, in the future, if they are not converted into Shares. The Company is confident that it will be able to generate further funding as and when available. Additionally, the Company continuously explores merger and acquisition opportunities with a view to strengthening its existing businesses and/or divesting operations. Further, the Company continuously explores further product offerings and available market opportunities in line with its business strategies and objectives which may enable the Company access additional funding.

As previously disclosed, as at the date of this Notice, the Company is considering undertaking a placement of Shares pursuant to its existing ASX Listing Rule 7.1A placement capacity in the future. Based on the Company's current placement capacity, this would enable the Company to issue up to 19,562,603 Shares. However, although the Company and its corporate adviser have approached sophisticated and professional investors, the Company has not yet been successful in obtaining interest for such placement at appropriate prices that would not be highly dilutionary to Shareholders.

The entry into the Security Documents was a term of the agreements reached with Lind, L1 Capital and the Tranche 1 Investors (together, the **Investors**) and the Investors only agreed to advance funds subject to the funds and Creso Pharma's obligations under the Convertible Securities Agreements being secured against Creso Pharma's assets.

6. BACKGROUND TO RESOLUTIONS 4 TO 7 – LIND CONVERTIBLE SECURITIES AGREEMENT

6.1 General

On 20 April 2020, the Company announced that it had entered into a convertible securities agreement with Lind Global Macro Fund, LP (**Lind**) to enable the Company to raise \$1,000,000 (less the applicable commitment fee) (**Lind Convertible Securities Agreement**).

In accordance with the terms of the Lind Convertible Securities Agreement the Company has agreed to issue Lind (or its nominee):

- (a) a debt security with a face value of \$1,111,111 and a subscription price of \$1,000,000, which will be issued as a unconvertible debt until such time as Shareholder approval is obtained for the debt to be replaced by the issue of a convertible equity security (**Lind Convertible Note**);
- (b) 21,000,000 Shares for nil cash consideration to be issued as collateral shares (**Collateral Shares**), comprising of:
- (c) 6,000,000 Collateral Shares which were issued pursuant to the Company's capacity under Listing Rule 7.1 on 20 April 2020 (**Initial Collateral Shares**); and
- (d) a further 15,000,000 Collateral Shares which will be issued subject to the Company obtaining Shareholder approval (**Subsequent Collateral Shares**); and
- (e) subject to obtaining Shareholder approval, 10,752,688 Options exercisable at \$0.1386 each on or before the date that is 36 months from the date of issue (**Lind Options**).

The Company has also agreed to seek Shareholder approval to issue up to 15,000,000 Shares to Lind (or its nominee) as additional collateral shares (**Additional Collateral Shares**). These Additional Collateral Shares may be issued to Lind (or its nominee) if at any time the Collateral Shareholding Number is less than the greater of:

- (a) 21,000,000; and
- (b) 20% of the aggregate of the amount outstanding under the Lind Convertible Securities Agreement divided by the numeric average of the 10 daily VWAPs for the 10 Trading Days immediately prior to the day on which the determination is made,

(the **Threshold Amount**) within 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

A summary of the terms and conditions of the Lind Convertible Securities Agreement is set out in Annexure A.

6.2 Further background to the Lind Convertible Securities Agreement

The Company acknowledges it has reviewed the guidance given by ASIC in its Market Integrity Update - COVID-19 Special Issue - 31 March 2020 (**ASIC Guidance**) in respect of capital raising during the COVID-19 pandemic. The Company confirms that it considered the ASIC Guidance during the negotiation stages of the Lind Convertible Securities Agreement and still reached the conclusion that it was in the Company's best interests to enter the Lind Convertible Securities Agreement as it provided for expedient access to funding. The Company will consider providing institutional and retail Shareholders with an opportunity to participate in the Company's fundraising activities where the Company considers it appropriate and in the best interests of the Company, considering the need for quick and certain capital, the perceived market interest from Shareholders and sophisticated investors and the cost to and possible dilution of existing Shareholders.

The funds raised by the Company under the Lind Convertible Securities Agreement will largely be used to fund the Company's current liabilities and outstanding obligations and for the Company's operations and working capital purposes.

The funds advanced under the Lind Convertible Securities Agreement will be secured by the Security Documents. The grant of security was agreed between the Company and Lind to enable Lind to have the benefit of the security granted to the other convertible note holders who have advanced funds to the Company under the Original Convertible Securities Agreements and the New L1 Convertible Securities Agreement.

As noted above, as at the date of this Notice, the Company is considering undertaking a placement of Shares pursuant to its existing ASX Listing Rule 7.1A placement capacity in the future. Based on the Company's current placement capacity, this would enable the Company to issue up to 19,562,603 Shares. However, although the Company and its corporate adviser have approached sophisticated and professional investors, the Company has not yet been successful in obtaining interest for such placement at appropriate prices that would not be highly dilutionary to Shareholders. The Company is also considering conducting a capital raising in accordance with ASX emergency capital raising relief (as announced on 31 March 2020 and 22 April 2020).

6.3 Lead Manager

EverBlu Capital Pty Ltd (**EverBlu Capital**) was lead manager to this debt raising. In connection with this, EverBlu Capital will be paid a cash fee of \$66,667 and will also be issued, subject to the receipt of prior Shareholder approval, 833,333 Shares and 833,333 Options (3 year term, \$0.20 exercise price). Shareholder approval for the issue of these Securities is not being sought at this Meeting but the Company intends to seek approval for the issues at the next general meeting of the Company.

6.4 Lind Convertible Note

In accordance with the terms of the Lind Convertible Securities Agreement, Lind may elect to convert all or a portion of the aggregate amount outstanding of the Lind Convertible Note (which for clarity may but need not include accrued interest) (**Conversion Amount**).

The Lind Convertible Note may be converted at the lesser of:

- (a) \$0.35; and
- (b) 90% of the average of the 5 lowest daily VWAPs from the daily VWAPs for the 20 Trading Days immediately prior to the conversion notice date (provided that if the resultant number contains four or more decimal places, that number will be rounded down to the next lowest number containing three decimal places).

Set out below is a worked example of the number of Shares that may be issued on conversion of the Conversion Amount of \$1,111,111 based on an assumed conversion price of \$0.032, \$0.064 and \$0.128. This example does not include the conversion of any interest.

Assumed conversion price	Number of Shares issued on conversion of Conversion Amount of \$1,111,111	Dilution effect on existing Shareholders ²
\$0.032	34,722,219	13.39%
\$0.064	17,361,109	7.17%
\$0.128	8,680,555	3.72%

Notes:

1. Rounded up to the nearest whole number.
2. Based on the number of Shares on issue as at the date of this Notice, being 224,621,894 Shares.

Assuming no convertible securities are exercised or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 224,621,894 (being the number of Shares on issue as at the date of this Notice) to 259,344,113 and the shareholding of existing Shareholders would be diluted by 13.39%.

The Company notes that as there is no limitation upon the maximum number of Shares that may be issued to Lind (or its nominee) on conversion of the Lind Convertible Note, the conversion of the Lind Convertible Note could be highly dilutive to existing Shareholders if the market price of Shares falls substantially prior to the date of conversion of the Lind Convertible Note. Further details in respect of the conversion of the Lind Convertible Note and the potential dilution that may result are set out in Section 6.6.

Accordingly, the Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

6.5 Fees payable to Lind

A summary of the fees payable and which are proposed to Lind pursuant to the Lind Convertible Securities Agreement and the valuation of these fees is set out in the table below:

	Resolution	Options ¹	Cash	Total Value ¹
Fees paid to Lind prior to the date of this Notice				
Commitment Fee	-	-	\$77,777	\$77,777
Fees that will be that will be payable to Lind, subject to Shareholder approval being obtained				
Lind Options	8	10,752,688	-	\$327,430
TOTAL		10,752,688	\$77,777	\$405,207

Notes:

1. The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option.
2. The Lind Options are exercisable at \$0.1386 each. Accordingly, if all 10,752,688 Lind Options are exercised, the Company will receive \$1,490,323.

6.6 Dilution

As at the date this Notice was finalised, being 24 April 2020, Lind and its nominees currently hold 5,675,000 Shares representing a relevant interest in 2.53% of the issued capital of the Company.

The dilutionary impact in percentage terms on current Shareholders assuming that the Company issues the Subsequent Collateral Shares, the Lind Options and the Lind Convertible Note and no convertible securities are exercised or converted and no other Shares are issued is equal to 6.26%. In these circumstances, Lind would hold 20,675,000 Shares (assuming Lind does not otherwise acquire or dispose of Shares) and have a relevant interest in 8.63% of the Company.

If subsequently the Lind Options are exercised and the Lind Convertible Note is converted (assuming 17,361,109 Shares are issued on conversion based on a conversion price of \$0.064 in accordance with the example set out in Section 6.4 above), the dilutionary impact in percentage terms on current Shareholders would be equal to 7.89%. In these circumstances, Lind would hold 41,210,712 Shares (assuming Lind does not otherwise acquire or dispose of Shares) and have a relevant interest in 15.84% of the Company.

For the avoidance of doubt, where an issue of Shares under the Lind Convertible Securities Agreement would result in the voting power of Lind or any other person exceeding 19.99%, the Company will not issue the relevant Shares to Lind. In these circumstances the Company may be required to pay the Cash Substitution Amount.

6.7 Treatment of Collateral Shares under the Lind Convertible Securities Agreement

The number of Collateral Shares issued to Lind (or its nominee) under the Lind Convertible Securities Agreement (as increased or reduced from time to time in accordance with the terms summarised below) is referred to as the **Collateral Shareholding Number**.

The Collateral Shares are issued as collateral to Lind. Accordingly, Lind does not have unrestricted rights to the Collateral Shares. Subject to the exceptions set out under the Lind Convertible Securities Agreement, once there is no amount outstanding under the Lind Convertible Securities Agreement, Lind must sell the Collateral Shareholding Number of Shares on market and pay 95% of the net sale proceeds to the Company, in essence repaying the Company for those Collateral Shares.

The exceptions set out in the Lind Convertible Securities Agreement include:

- (a) the ability of Lind to purchase a reduction in the Collateral Shareholding Number through either advancing funds to the Company or reducing the amount outstanding under the Lind Convertible Note (if issued);
- (b) the ability of Lind to elect to satisfy the Company's obligation to issue Shares upon conversion of the Lind Convertible Note (if issued); and
- (c) failure to obtain Shareholder approval to Resolutions 5 to 7 in this Notice, whereby the Collateral Shareholding Number will be reduced to zero and the Collateral Shares will simply be retained by Lind.

In addition, if at any time the Collateral Shareholding Number is less than the Threshold Amount, Lind may give the Company written notice requesting that the Company issue additional Shares to Lind (or its nominee) as Collateral Shares (**Additional Collateral Shares**), so that following the issue, the Collateral Shareholding Number will be at least the Threshold Amount (**Top-Up Notice**). The issue of any Shares upon receipt of a Top-Up Notice will be subject to the Company obtaining Shareholder approval.

As set out in the table below, subject to Shareholder approval being obtained pursuant to Resolution 5, the Collateral Shareholding Number will be increased to 21,000,000.

	Resolution	Shares ¹	Total Value ¹
Collateral Shares issued to Lind prior to the date of this Notice			
Initial Collateral Shares ²	5	6,000,000	\$384,000
Collateral Shares that will be issuable to Lind, subject to Shareholder approval being obtained			
Subsequent Collateral Shares ²	6	15,000,000	\$960,000
TOTAL		21,000,000	\$1,344,000

Notes:

1. The value is based on the closing price of the Shares (\$0.064) on the ASX on 24 April 2020.
2. Further details in respect of the treatment of Collateral Shares under the Lind Convertible Securities Agreement is set out in this Section 6.7 and in Annexure A. Note that currently the Collateral Shares are held by Lind as collateral in respect of Creso Pharma's obligations under the Lind Convertible Securities Agreement and accordingly Lind does not have full retention rights in respect of the Collateral Shares or the value ascribed to them.

The Company is also seeking Shareholder approval pursuant to this Notice to be able to issue up to 15,000,000 Additional Collateral Shares if required within the 3 months following the Meeting.

Refer to the Annexure A for further details in respect of the terms and conditions of the Lind Convertible Securities Agreement including the treatment of Collateral Shares.

7. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF INITIAL COLLATERAL SHARES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

7.1 General

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of 6,000,000 Initial Collateral Shares to Lind under the terms of the Lind Convertible Securities Agreement.

Further information in respect of the issue of the Initial Collateral Shares and the Lind Convertible Securities Agreement is set out in Section 6 above and Annexure A.

7.2 Listing Rules 7.1 and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

The issue of the Initial Collateral Shares does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part

of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Initial Collateral Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Initial Collateral Shares.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Initial Collateral Shares.

7.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Initial Collateral Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Initial Collateral Shares.

If Resolution 4 is not passed, the Initial Collateral Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Initial Collateral Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 3 being passed at this Meeting.

7.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) the Initial Collateral Shares were issued to Lind who is not a related party of the Company;
- (b) 6,000,000 Initial Collateral Shares were issued and the Initial Collateral 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;
- (c) the Initial Collateral Shares were issued on 20 April 2020;
- (d) in accordance with the terms of the Lind Convertible Securities Agreement, the Initial Collateral Shares were issued for nil cash consideration;
- (e) the purpose of the issue of the Initial Collateral Shares was to satisfy the Company's obligations under the Lind Convertible Securities Agreement;

- (f) the Initial Collateral Shares were issued under the Lind Convertible Securities Agreement. A summary of the material terms of the Lind Convertible Securities Agreement is set out in Annexure A; and
- (g) a voting exclusion statement is included in Resolution 4 of the Notice.

8. RESOLUTION 5 – APPROVAL TO ISSUE SUBSEQUENT COLLATERAL SHARES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

8.1 General

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 15,000,000 Subsequent Collateral Shares to Lind (or its nominee) under the terms of the Lind Convertible Securities Agreement.

Further information in respect of the issue of the Subsequent Collateral Shares and the Lind Convertible Securities Agreement is set out in Section 6 above and Annexure A.

8.2 Listing Rule 7.1

As summarised in Section 7.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Subsequent Collateral Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

8.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Subsequent Collateral Shares. In addition, the issue of the Subsequent Collateral Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, an event of default will occur under the Lind Convertible Securities Agreement which may result in 120% of the amount outstanding under the Lind Convertible Securities Agreement becoming immediately due and payable. The consequences of an event of default occurring are summarised in further detail in Annexure A. In addition, the Company will not be able to proceed with the issue of the Subsequent Collateral Shares. Further, the Collateral Shareholding Number under the Lind Convertible Securities Agreement will be automatically reduced to zero.

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Subsequent Collateral Shares.

8.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Subsequent Collateral Shares will be issued to Lind (or its nominee) who is not a related party of the Company;

- (b) the maximum number of Subsequent Collateral Shares to be issued is 15,000,000. The Subsequent Collateral Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Subsequent Collateral Shares 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 Listing Rules) and it is intended that issue of the Subsequent Collateral Shares will occur on the same date;
- (d) in accordance with the terms of the Lind Convertible Securities Agreement, the Subsequent Collateral Shares will be issued for nil cash consideration;
- (e) the purpose of the issue of the Subsequent Collateral Shares is to satisfy the Company's obligations under the Lind Convertible Securities Agreement;
- (f) the Subsequent Collateral Shares are being issued under the Lind Convertible Securities Agreement. A summary of the material terms of the Lind Convertible Securities Agreement is set out in Annexure A;
- (g) the Subsequent Collateral Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 5 of the Notice.

9. RESOLUTION 6 – APPROVAL TO ISSUE ADDITIONAL COLLATERAL SHARES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

9.1 General

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 15,000,000 Additional Collateral Shares to Lind (or its nominee) under the terms of the Lind Convertible Securities Facility.

If Resolution 6 is approved, the Company will only issue all or a portion of the Subsequent Collateral Shares to Lind (or its nominee) where the Collateral Shareholding Number is less than the Threshold Amount.

Further information in respect of the issue of the Additional Collateral Shares and the Lind Convertible Securities Agreement is set out in Section 6 above and Annexure A.

9.2 Listing Rule 7.1

As summarised in Section 7.2 **Error! Reference source not found.** above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Additional Collateral Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

9.3 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Additional Collateral Shares. In addition, the issue of the Additional Collateral Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, an event of default will occur under the Lind Convertible Securities Agreement which may result in 120% of the amount outstanding under the Lind Convertible Securities Agreement becoming immediately due and payable. The consequences of an event of default occurring are summarised in further detail in Annexure A. In addition, the Company will not be able to proceed with the issue of the Additional Collateral Shares. Further, the Collateral Shareholding Number under the Lind Convertible Securities Agreement will be automatically reduced to zero.

Resolution 6 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Additional Collateral Shares.

9.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the Additional Collateral Shares will be issued to Lind (or its nominee) who is not a related party of the Company;
- (b) the maximum number of Additional Collateral Shares to be issued is 15,000,000. The Additional Collateral Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Additional Collateral Shares 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 Listing Rules) and it is intended that issue of the Additional Collateral Shares will occur progressively;
- (d) in accordance with the terms of the Lind Convertible Securities Agreement, the Additional Collateral Shares will be issued for nil cash consideration;
- (e) the purpose of the issue of the Additional Collateral Shares is to satisfy the Company's obligations under the Lind Convertible Securities Agreement;
- (f) the Additional Collateral Shares are being issued under the Lind Convertible Securities Agreement. A summary of the material terms of the Lind Convertible Securities Agreement is set out in Annexure A;
- (g) the Additional Collateral Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 6 of the Notice.

10. RESOLUTION 7 – APPROVAL TO ISSUE CONVERTIBLE SECURITIES TO LIND UNDER THE LIND CONVERTIBLE SECURITIES AGREEMENT

10.1 General

As set out in Section 6, pursuant to Resolution 7 of this Notice of Meeting, the Company is seeking Shareholder approval to issue the Lind Convertible Note and the Lind Options (together, the **Lind Convertible Securities**).

Further information in respect of the issue of the Lind Convertible Note, the Lind Options and the Lind Convertible Securities Agreement is set out in Section 6 above and Annexure A.

10.2 Listing Rule 7.1

As summarised in Section 7.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The issue of the Lind Convertible Securities does not fall within any of the exceptions set out in Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

10.3 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Lind Convertible Note and the Lind Options. In addition, the issue of the Lind Convertible Note and the Lind Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed, an event of default occurring under the Lind Convertible Securities Agreement which may result in 120% of the amount outstanding under the Lind Convertible Securities Agreement becoming immediately due and payable. The consequences of an event of default occurring are summarised in further detail in Annexure A. In addition, the Company will not be able to proceed with the issue of the Lind Convertible Note and the Lind Options. Further, the Collateral Shareholding Number under the Lind Convertible Securities Agreement will be automatically reduced to zero.

10.4 Dilution

A summary of the terms of conversion of the aggregate amount outstanding of the Lind Convertible Note (which for clarity may but need not include accrued interest) and the potential dilutive effect that such conversion may have is set out at Section 6.4.

10.5 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the Lind Convertible Securities will be issued to Lind (or its nominee), who is not a related party of the Company;
- (b) a maximum of one Lind Convertible Note will be issued;
- (c) a maximum of 10,752,688 Lind Options will be issued;
- (d) the Lind Convertible Note will be issued on the terms and conditions set out in Schedule 1;
- (e) the Lind Options will be issued on the terms and conditions set out in Schedule 2;
- (f) any Shares issued on the conversion of the Lind Convertible Securities will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the Lind Convertible Securities 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 Listing Rules) and it is intended that issue of the Lind Convertible Securities will occur on the same date;
- (h) the Lind Convertible Note will be issued at an issue price of \$1,000,000;
- (i) the Lind Options will be issued for nil cash consideration;
- (j) the Company intends that any funds drawn down under the Lind Convertible Securities Agreement will be used for operational and working capital purposes; and
- (k) a summary of the Lind Convertible Securities Agreement is set out in Annexure A.

11. BACKGROUND TO RESOLUTIONS 8 AND 9 – ISSUE OF ADDITIONAL COLLATERAL SHARES TO L1 CAPITAL (OR ITS NOMINEE) UNDER THE L1 CONVERTIBLE SECURITIES AGREEMENTS

11.1 Original L1 Convertible Securities Agreement

As at the date of this Notice, L1 Capital has advanced the Company an aggregate of \$2,017,500, under the Original Convertible Securities Agreement with L1 Capital (**Original L1 Convertible Securities Agreement**), comprising of:

- (a) \$1,500,000 under the Tranche 1 Convertible Note Facility; and
- (b) \$517,500 under the Tranche 2 Convertible Note Facility.

Following the draw-down of funds under the Original L1 Convertible Securities Agreement, the Company issued 1,666,667 Tranche 1 Convertible Notes and 575,000 Tranche 2 Convertible Notes.

As a result of L1 Capital electing to purchase a reduction in the number of Tranche 1 Convertible Notes held (as announced on 14 April 2020) and converting the

Tranche 2 Convertible Notes, L1 Capital currently holds 1,319,747 Tranche 1 Convertible Notes. There are no Tranche 2 Convertible Notes on issue as at the date of this Notice.

A summary of the fees payable to L1 Capital in respect of the Tranche 1 Convertible Note Facility and the Tranche 2 Convertible Note Facility, and the Collateral Shares issuable in respect of the Tranche 1 Convertible Note Facility is set out in Sections 11.1.1, 11.1.2 and 11.1.3.

11.1.1 Fees payable in respect of the Tranche 1 Convertible Note Facility

A summary of the fees which have been paid to L1 Capital in respect of the Tranche 1 Convertible Note Facility, the valuation of these fees is set out in the table below:

Original Convertible Securities Agreement – Tranche 1 Convertible Note Facility				
	Shares ¹	Options ^{1,2}	Cash	Total Value ¹
Securities that have been issued to L1 Capital as at the date of this Notice				
Tranche 1 Options ²	-	2,727,272	-	\$44,343
Drawdown Fee Shares	261,780	-	-	\$16,754
Drawdown Fee	-	-	\$66,667	\$66,667
TOTAL	261,780	2,727,272	\$66,667	\$127,764

Notes:

- In respect of the Shares, the value is based on the closing price of the Shares (\$0.064) on the ASX on 24 April 2020. In respect of the unquoted Options, the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option.
- The Tranche 1 Options are exercisable at \$0.40 each. Accordingly, if all 10,752,688 Lind Options are exercised, the Company will receive \$1,090,909.

11.1.2 Fees payable in respect of the Tranche 2 Convertible Note Facility

A summary of the fees which have been paid to L1 Capital in respect of the Tranche 2 Convertible Note Facility, the valuation of these fees is set out in the table below:

Original Convertible Securities Agreement – Tranche 2 Convertible Note Facility		
	Shares ¹	Total Value ¹
Securities that have been issued to L1 Capital as at the date of this Notice		
Drawdown Fee Shares	139,394	\$8,921
Conversion Shares ³	6,388,889 ³	\$408,8898
TOTAL	6,528,283	\$417,810

Notes:

- The value is based on the closing price of the Shares (\$0.064) on the ASX on 24 April 2020.
- As announced on 18 February 2020, L1 Capital converted the 575,000 Tranche 2 Convertible Notes that it was issued under the Tranche 2 Convertible Note Facility into 6,388,889 Shares.

11.1.3 Treatment of Collateral Shares under the Original L1 Convertible Securities Agreements

The number of Collateral Shares issued to L1 Capital (or its nominee) under the Original L1 Convertible Securities Agreement (as increased or reduced from time

to time in accordance with the terms summarised below) is referred to as the **Collateral Shareholding Number**.

The Collateral Shares are issued as collateral to L1 Capital, accordingly L1 Capital does not have unrestricted rights to the Collateral Shares. Subject to the exceptions set out under the Original L1 Convertible Securities Agreements once there is no amount outstanding under the Original L1 Convertible Securities Agreement, L1 Capital must sell the Collateral Shareholding Number of Shares on market and pay 95% of the net sale proceeds to the Company, in essence repaying the Company for those Collateral Shares.

The exceptions set out in the Original L1 Convertible Securities Agreement include:

- (a) the ability of L1 Capital to purchase a reduction in the Collateral Shareholding Number through either advancing funds to the Company or reducing the number of Tranche 1 Convertible Notes held by L1 Capital; and
- (b) the ability of L1 Capital to purchase a reduction in the Collateral Shareholding Number following the occurrence of an event of default through either advancing funds to the Company or reducing the amount outstanding in respect of the Tranche 1 Convertible Notes held by L1 Capital.

In addition, if at any time the market value of the Collateral Shareholding Number of Shares held by L1 Capital is less than 20% of the amount outstanding under the Original L1 Convertible Securities Agreement, L1 Capital may give the Company a top-up notice requesting that the Company issues additional Shares to L1 Capital (or its nominee) as Collateral Shares, so that following the issue, the market value of the Collateral Shareholding Number of Shares (as increased by the issue of the additional Shares) will be at least 20% of the amount outstanding (**Top-Up Notice**). The issue of any Shares upon receipt of a Top-Up Notice will be subject to the Company obtaining Shareholder approval.

As set out in the table below, subject to Shareholder approval being obtained pursuant to Resolution 9, the Collateral Shareholding Number under the Original L1 Convertible Securities Agreement will be increased to 18,333,334.

Collateral Shares issued and issuable under the Original L1 Convertible Securities Agreement		
	Shares¹	Total Value¹
Collateral Shares that have been issued to L1 Capital		
Collateral Shares	3,333,334	\$213,333
Collateral Shares that will be issuable to L1 Capital, subject to Shareholder approval being obtained		
Additional Collateral Shares	15,000,000	\$960,000
TOTAL	18,333,334	\$1,173,333

Notes:

1. The value is based on the closing price of the Shares (\$0.064) on the ASX on 24 April 2020.

Refer to the notice of meeting released on 23 December 2019 and the addendum to the notice of meeting released on 13 January 2020 for further details in respect of the terms and conditions of the Original L1 Convertible Securities Agreement including the treatment of Collateral Shares.

11.2 New L1 Convertible Securities Agreement

As at the date of this Notice, L1 Capital has advanced the Company an aggregate of \$2,250,000 under the New L1 Convertible Securities Agreement.

Following the draw-down of funds under the New L1 Convertible Securities Agreement, the Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) 2,500,000 New Convertible Notes each with a face value of \$1.00 and a deemed subscription price of \$0.90; and
- (b) that number of New Options which is equal to the aggregate Face Value (in A\$) of Convertible Notes being issued at the relevant draw down, divided by the closing price on ASX of the Shares on the Actual Trading Day immediately prior to the relevant Purchase Date,

(together, the **New L1 Convertible Securities**) to L1 Capital (or its nominee). Shareholder approval for the issue of the New L1 Convertible Securities is being sought at a shareholder meeting to be held on 18 May 2020.

A summary of the fees payable to L1 Capital in respect of the New L1 Convertible Note Facility, and the Collateral Shares issuable in respect of the New L1 Convertible Note Facility is set out in Sections 11.2.1 and 11.2.2.

11.2.1 Fees payable in respect of the New L1 Convertible Note Facility

A summary of the fees which have been paid to L1 Capital in respect of the New L1 Convertible Note Facility, the valuation of these fees is set out in the table below:

New L1 Convertible Securities Agreement			
	Options ¹	Cash	Total Value ¹
Securities will be issuable to L1 Capital, subject to Shareholder approval being obtained			
Drawdown Fee	-	\$90,000	\$90,000
New Options ²	39,062,500		\$1,117,109
TOTAL	39,062,500	\$90,000	\$1,207,109

Notes:

1. The value of the Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option.
2. The number of Options to be issued to L1 Capital (or its nominee) is equal to that number equivalent to the aggregate face value (in A\$) of Convertible Notes being issued to L1 Capital (or its nominees) at the relevant purchase, divided by the closing price on ASX of the Shares on the actual Trading Day immediately prior to the relevant purchase date. This table assumes that the closing price on ASX of the Shares on the Actual Trading Day immediately prior to each purchase date is \$0.064.
3. The New Options will be exercisable at 250% of the closing price on ASX of the Shares on the Actual Trading Day immediately prior to the relevant purchase date. If the closing price on ASX of the Shares on the Actual Trading Day immediately prior to each purchase date is \$0.064, and all New Options are exercised, the Company would receive \$6,250,000.

11.2.2 Treatment of Collateral Shares under the New L1 Convertible Securities Agreement

The number of Collateral Shares issued to L1 Capital (or its nominee) under the New L1 Convertible Securities Agreement (as increased or reduced from time to

time in accordance with the terms summarised below) is referred to as the **Collateral Shareholding Number**.

The Collateral Shares are issued as collateral to L1 Capital. Accordingly, L1 Capital does not have unrestricted rights to the Collateral Shares. Subject to the exceptions set out under the New L1 Convertible Securities Agreement, once there is no amount outstanding under the New L1 Convertible Securities Agreement, L1 Capital must sell the Collateral Shareholding Number of Shares on market and pay 95% of the net sale proceeds to the Company, in essence repaying the Company for those Collateral Shares.

The exceptions set out in the New L1 Convertible Securities Agreement include:

- (a) the ability of L1 Capital to purchase a reduction in the Collateral Shareholding Number through either advancing funds to the Company or reducing either the Tranche 1 Convertible Notes or the New Convertible Notes (if issued) held by L1 Capital or the outstanding amount of the Advance under the New L1 Convertible Securities Agreement;
- (b) the ability of L1 Capital to elect to satisfy the Company's obligation to issue Shares upon conversion of the New Convertible Notes (if issued);
- (c) the ability of L1 Capital to purchase a reduction in the Collateral Shareholding Number following the occurrence of an event of default through either advancing funds to the Company or reducing either the amount outstanding in respect of the Tranche 1 Convertible Notes or the New Convertible Notes (if issued) held by L1 Capital or the outstanding amount of the Advance under the New L1 Convertible Securities Agreement; and
- (d) failure to obtain Shareholder approval to resolutions 4 and 5 in the notice of meeting released on 15 April 2020, whereby the Collateral Shareholding Number will be reduced to zero and simply retained by L1 Capital.

In addition, if at any time the Collateral Shareholding Number is less than the Threshold Amount, L1 Capital may give the Company written notice requesting that the Company issue additional Shares to L1 Capital as Collateral Shares (**Additional Collateral Shares**), so that following the issue, the Collateral Shareholding Number will be at least the Threshold Amount (**Top-Up Notice**). The issue of any Shares upon receipt of a Top-Up Notice will be subject to the Company obtaining Shareholder approval.

As set out in the table below, the Collateral Shareholding Number under the New L1 Convertible Securities Agreement is currently 10,835,676.

Collateral Shares that have been issued under the New L1 Convertible Securities Agreement		
	Shares ¹	Total Value ¹
Initial Collateral Shares ⁴	23,150	\$1,482
Additional Collateral Shares ⁵	10,812,526	\$692,0024
TOTAL	10,835,676	\$693,483

Notes:

1. The value is based on the closing price of the Shares (\$0.064) on the ASX on 24 April 2020.
2. As announced on 14 April 2020, the Company received a collateral purchase notice and a Top-Up Notice (together, the **Notices**) from L1 Capital pursuant to the New L1 Convertible Securities Agreement. In accordance with the terms of the Notices and the New L1 Convertible Securities

Agreement, the number of Tranche 1 Convertible Notes held by the nominee of L1 Capital was reduced from 1,666,667 Tranche 1 Convertible Notes to 1,319,747 Tranche 1 Convertible Notes (through L1 Capital's election to purchase a reduction in the number of collateral shares held by it in consideration for reducing the outstanding amount of Tranche 1 Convertible Notes). Additionally, the Company agreed to issue 10,812,526 Shares to L1 Capital (or its nominee) as Additional Collateral Shares in order to top up L1 Capital's outstanding balance of collateral shares.

The Company is seeking Shareholder approval at an upcoming meeting to be able to issue up to 30,000,000 Additional Collateral Shares if required within the 3 months following the Meeting.

Refer to the ASX announcement released on 5 February 2020 and the Notice of Meeting released on 15 April 2020 for further details in respect of the terms and conditions of the New L1 Convertible Securities Agreement including the treatment of Collateral Shares.

12. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF ADDITIONAL COLLATERAL SHARES TO THE NOMINEE OF L1 CAPITAL UNDER THE NEW L1 CONVERTIBLE SECURITIES AGREEMENT

12.1 General

As announced on 14 April 2020, the Company received a top-up notice from L1 Capital Global Opportunities Fund (**L1 Capital**) requesting the issue of 10,812,526 Shares as additional collateral shares in accordance with the terms of the L1 Convertible Securities Agreement (**L1 Additional Collateral Shares**).

The Company issued CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C> (the nominee of L1 Capital) the L1 Additional Collateral Shares pursuant to its available placement capacity under Listing Rule 7.1 on 20 April 2020.

12.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 8 being passed at this Meeting.

The issue of the L1 Additional Collateral Shares does not fit within any of these exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the L1 Additional Collateral Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for

such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the L1 Additional Collateral Shares.

Resolution 8 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the L1 Additional Collateral Shares.

12.3 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the L1 Additional Collateral Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the L1 Additional Collateral Shares.

If Resolution 8 is not passed, the L1 Additional Collateral Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the L1 Additional Collateral Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 8 being passed at this Meeting.

12.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 8:

- (a) the L1 Additional Collateral Shares were issued to CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C> (the nominee of L1 Capital), who is not a related party of the Company;
- (b) 10,812,526 L1 Additional Collateral Shares were issued and the L1 Additional Collateral 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;
- (c) the L1 Additional Collateral Shares were issued on 20 April 2020;
- (d) in accordance with the terms of the New L1 Convertible Securities Agreement, the L1 Additional Collateral Shares will be issued for nil cash consideration;
- (e) the purpose of the issue of the L1 Additional Collateral Shares is to satisfy the Company's obligations under the New L1 Convertible Securities Agreement;
- (f) the L1 Additional Collateral Shares were issued under the New L1 Convertible Securities Agreement. A summary of the material terms of the New L1 Convertible Securities Agreement is set out in the ASX announcement released on 5 February 2020 and the Notice of Meeting released on 15 April 2020; and
- (g) a voting exclusion statement is included in Resolution 8 of the Notice.

13. BACKGROUND TO RESOLUTIONS 9, 10 AND 11 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO CHIFLEY, L1 CAPITAL AND SUBURBAN HOLDINGS UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENTS

13.1 General

As announced on 20 April 2020, in light of recent market volatility and the resulting decline in Share price, the Company has agreed to issue an aggregate of 32,000,000 Shares to Chifley Portfolios Pty Limited (ACN 001 303 939) (**Chifley**), Suburban Holdings Pty Limited (ACN 106 824 471) (**Suburban Holdings**) and L1 Capital (together, the **Tranche 1 Investors**) (or their nominees) as additional collateral shares under the Original Convertible Securities Agreements (**Additional Tranche 1 Collateral Shares**).

The Company has agreed to issue the Additional Tranche 1 Collateral Shares in consideration for the Tranche 1 Investors providing their respective consents (required under the terms of the Original Convertible Securities Agreements) to the issues of subsequent securities in order to allow the Company to continue fund raising.

13.2 Treatment of Collateral Shares under the Original Convertible Securities Agreements

The number of Collateral Shares issued to each of the Tranche 1 Investors (or its nominee) under the Original Convertible Securities Agreements (as increased or reduced from time to time in accordance with the terms summarised below) is referred to as the **Collateral Shareholding Number**.

The Collateral Shares are issued as collateral to the Tranche 1 Investors, accordingly Tranche 1 Investors does not have unrestricted rights to the Collateral Shares. Subject to the exceptions set out under the Original Convertible Securities Agreements, once there is no amount outstanding under an Original Convertible Securities Agreement, the relevant Tranche 1 Investor must sell the Collateral Shareholding Number of Shares on market and pay 95% of the net sale proceeds to the Company, in essence repaying the Company for those Collateral Shares.

The exceptions set out in the Original Convertible Securities Agreements include:

- (a) the ability of the Tranche 1 Investors to purchase a reduction in the Collateral Shareholding Number through either advancing funds to the Company or reducing the number of Tranche 1 Convertible Notes held by the relevant Tranche 1 Investor; and
- (b) the ability of a Tranche 1 Investor to purchase a reduction in the Collateral Shareholding Number following the occurrence of an event of default through either advancing funds to the Company or reducing the amount outstanding in respect of the Tranche 1 Convertible Notes held by the Tranche 1 Investor.

In addition, if at any time the market value of the Collateral Shareholding Number of Shares held by a Tranche 1 Investor is less than 20% of the amount outstanding under the relevant Original Convertible Securities Agreement, the Tranche 1 Investor may give the Company a top-up notice requesting that the Company issues additional Shares to the Tranche 1 Investor (or its nominee) as Collateral Shares, so that following the issue, the market value of the Collateral Shareholding Number of Shares (as increased by the issue of the additional Shares) will be at least 20% of the amount outstanding (**Top-Up Notice**). The issue of any Shares upon

receipt of a Top-Up Notice will be subject to the Company obtaining Shareholder approval.

Refer to the notice of meeting released on 23 December 2019 and the addendum to the notice of meeting released on 13 January 2020 for further details in respect of the terms and conditions of the Original Convertible Securities Agreement including the treatment of Collateral Shares.

13.3 Issue of Additional Tranche 1 Collateral Shares

Pursuant to this Notice, the Company is seeking Shareholder approval for the purposes of:

- (a) Listing Rule 7.1 for the issue of 15,000,000 Additional Tranche 1 Collateral Shares to L1 Capital (or its nominee) pursuant to Resolution 9;
- (b) Listing Rule 7.1 for the issue of 2,000,000 Additional Tranche 1 Collateral Shares to Chifley (or its nominee) pursuant to Resolution 10; and
- (c) Listing Rule 10.11 for the issue of 15,000,000 Additional Tranche 1 Collateral Shares to Suburban (or its nominee) pursuant to Resolution 11.

The Shareholding of each of the Tranche 1 Investors as at the date this Notice was finalised, being 24 April 2020, and their proposed Shareholding after the completion of the issues set out in this Notice is set out in the table below

Tranche 1 Investors	Current Shareholding ¹		Future Shareholding ²	
	Shares	Percentage	Shares	Percentage
CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C> (the nominee of L1 Capital)	11,028,856	4.91%	26,028,856	10.14%
Chifley Portfolios Pty Ltd <David Hannon Ret Fund A/C>	400,000	0.18%	2,400,000	0.94%
Suburban Holdings Pty Ltd <The Suburban Super Fund A/C>	170,000	0.08%	15,170,000	5.91%
TOTAL	11,598,856	5.16%	43,598,856	16.99%

Notes:

1. Based on the number of Shares on issue as at the date this Notice was finalised, being 224,621,894 Shares.
2. Assumes that the Company issues the maximum number of Shares under Resolutions 9, 10 and 11, being 32,000,000 Shares and no other Shares are issued for any other purpose.
3. This table does not include the effect of any Shares issues pursuant to the notice of meeting released on ASX on 15 April 2020.

Further details in respect of the agreement to issue the Additional Tranche 1 Collateral Shares is set out in the ASX announcement released on 20 April 2020.

14. RESOLUTION 9 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO L1 CAPITAL UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENT

14.1 General

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 15,000,000 Additional Tranche 1 Collateral Shares to L1 Capital (or its nominee).

Further details in respect of the agreement to issue the Additional Tranche 1 Collateral Shares is set out in Section 11.

14.2 Listing Rule 7.1

As summarised in Section 7.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Additional Tranche 1 Collateral Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

14.3 Technical information required by Listing Rule 14.1A

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of 15,000,000 Additional Tranche 1 Collateral Shares.

If Resolution 9 is passed, the Company will be able to proceed with the issue of 15,000,000 Additional Tranche 1 Collateral Shares to L1 Capital (or its nominee). In addition, the issue of the 15,000,000 Additional Tranche 1 Collateral Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 9 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of 15,000,000 Additional Tranche 1 Collateral Shares.

14.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the 15,000,000 Additional Tranche 1 Collateral Shares will be issued to L1 Capital (or its nominee), who are not related parties of the Company;
- (b) the maximum number of Additional Tranche 1 Collateral Shares to be issued under Resolution 9 is 15,000,000. The Additional Tranche 1 Collateral Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares 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 Listing Rules) and it is intended that issue of the Additional Tranche 1 Collateral Shares will occur on the same date;
- (d) the Additional Tranche 1 Collateral Shares will be issued at a nil issue price, in consideration for L1 Capital providing its consent (required under the terms of the Original Convertible Securities Agreements) to the issues of subsequent securities in order to allow the Company to continue fund raising;
- (e) the purpose of the issue of the Additional Tranche 1 Collateral Shares is to satisfy the Company's obligations under the Original Convertible Securities Agreements;

- (f) the Additional Tranche 1 Collateral Shares are being issued under the Original Convertible Securities Agreements. A summary of the material terms of the Original Convertible Securities Agreements is set out in the notice of meeting released on 23 December 2019 and the addendum to the notice of meeting released on 13 January 2020;
- (g) the Additional Tranche 1 Collateral Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 9 of the Notice.

15. RESOLUTION 10 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO CHIFLEY UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENT

15.1 General

Resolution 10 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 2,000,000 Additional Tranche 1 Collateral Shares to Chifley (or its nominee). Further details in respect of the agreement to issue the Additional Tranche 1 Collateral Shares is set out in Section 11.

15.2 Listing Rule 7.1

As summarised in Section 7.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Additional Tranche 1 Collateral Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

15.3 Technical information required by Listing Rule 14.1A

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of 2,000,000 Additional Tranche 1 Collateral Shares.

If Resolution 10 is passed, the Company will be able to proceed with the issue of 2,000,000 Additional Tranche 1 Collateral Shares to Chifley (or its nominee). In addition, the issue of the 2,000,000 Additional Tranche 1 Collateral Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 10 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of 2,000,000 Additional Tranche 1 Collateral Shares.

15.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the 2,000,000 Additional Tranche 1 Collateral Shares will be issued to Chifley (or its nominee), who are not related parties of the Company;
- (b) the maximum number of Additional Tranche 1 Collateral Shares to be issued under Resolution 10 is 2,000,000. The Additional Tranche 1 Collateral Shares issued will be fully paid ordinary shares in the capital of the

Company issued on the same terms and conditions as the Company's existing Shares;

- (c) the Shares 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 Listing Rules) and it is intended that issue of the Additional Tranche 1 Collateral Shares will occur on the same date;
- (d) the Additional Tranche 1 Collateral Shares will be issued at a nil issue price, in consideration for Chifley providing its consent (required under the terms of the Original Convertible Securities Agreements) to the issues of subsequent securities in order to allow the Company to continue fund raising;
- (e) the purpose of the issue of the Additional Tranche 1 Collateral Shares is to satisfy the Company's obligations under the Original Convertible Securities Agreements;
- (f) the Additional Tranche 1 Collateral Shares are being issued under the Original Convertible Securities Agreements. A summary of the material terms of the Original Convertible Securities Agreements is set out in the notice of meeting released on 23 December 2019 and the addendum to the notice of meeting released on 13 January 2020;
- (g) the Additional Tranche 1 Collateral Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 10 of the Notice.

16. RESOLUTION 11 – APPROVAL TO ISSUE ADDITIONAL TRANCHE 1 COLLATERAL SHARES TO SUBURBAN HOLDINGS UNDER THE ORIGINAL CONVERTIBLE SECURITIES AGREEMENT

16.1 General

Resolution 11 seeks Shareholder approval for the issue of 15,000,000 Additional Tranche 1 Collateral Shares to Suburban Holdings (**Additional Suburban Collateral Shares**). Further details in respect of the agreement to issue the Additional Tranche 1 Collateral Shares is set out in Section 11.

16.2 Chapter 2E of the Corporations Act and Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Additional Suburban Collateral Shares will constitute giving a financial benefit and Suburban Holdings is a related party of the Company by virtue of being controlled by Alvin Blumenthal, the father of Director, Adam Blumenthal.

The Directors (other than Adam Blumenthal 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 issue of the Additional Suburban Collateral Shares because the agreement to issue additional collateral shares to Suburban Holdings is on arm's length terms.

The issue of Additional Suburban Collateral Shares falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 11 seeks the required Shareholder approval for the issue of 15,000,000 Additional Tranche 1 Collateral Shares under and for the purposes of Listing Rule 10.11.

16.3 Technical information required by Listing Rule 14.1A

If Resolution 11 is not passed, the Company will be able to proceed with the issue of 15,000,000 Additional Tranche 1 Collateral Shares to Suburban within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of 15,000,000 Additional Tranche 1 Collateral Shares (because approval is being obtained under Listing Rule 10.11), the issue of the 15,000,000 Additional Tranche 1 Collateral Shares will not use up any of the Company's 15% annual placement capacity.

If Resolution 11 is not passed, the Company will not be able to proceed with the issue of the 15,000,000 Additional Tranche 1 Collateral Shares to Suburban.

16.4 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 11:

- (a) the Additional Suburban Collateral Shares will be issued to by Suburban Holdings (or its nominee), who falls within the category set out in Listing Rule 10.11.1 by virtue of being controlled by Alvin Blumenthal, the father of Director, Adam Blumenthal;
- (b) the maximum number of Additional Suburban Collateral Shares to be issued is 15,000,000. The Additional Suburban Collateral Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Additional Suburban Collateral Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is

intended that issue of the Additional Suburban Collateral Shares will occur on the same date;

- (d) the Additional Suburban Collateral Shares will be issued at a nil issue price, in consideration for Suburban Holdings providing its consent (required under the terms of the Original Convertible Securities Agreements) to the issues of subsequent securities in order to allow the Company to continue fund raising;
- (e) the purpose of the issue of the Additional Suburban Collateral Shares is to satisfy the Company's obligations under the Suburban Convertible Securities Agreement;
- (f) the Additional Suburban Collateral Shares are being issued under the Original Convertible Securities Agreement with Suburban. A summary of the material terms of the Original Convertible Securities Agreement with Suburban is set out in the notice of meeting released on 23 December 2019 and the addendum to the notice of meeting released on 13 January 2020; and
- (g) a voting exclusion statement is included in Resolution 11 of the Notice.

17. RESOLUTION 12 – APPOINTMENT OF AUDITOR AT AGM TO FILL VACANCY

As a result of a merger transaction between BDO East Coast Partnership, which is the Company's current auditor, and BDO Brisbane, it is proposed that the Company transition its audit contract to the newly formed corporate entity of the merger, BDO Audit Pty Ltd.

To give effect to the appointment of BDO Audit Pty Ltd as the Company's auditor, BDO East Coast Partnership, has given notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act).

Upon receipt of ASIC's consent to their resignation, BDO East Coast Partnership has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for BDO Audit Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached to this Explanatory Statement as Annexure B.

BDO Audit Pty Ltd has given its written consent to act as the Company's auditor, subject to Shareholder approval and the resignation of BDO East Coast Partnership.

If Resolution 12 is passed, the appointment of BDO Audit Pty Ltd as the Company's auditors will take effect from the close of the Annual General Meeting.

18. RESOLUTION 13 – NON-EXECUTIVE DIRECTORS' REMUNERATION

18.1 General

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 14.7 and 14.8 of the Constitution also provide that total aggregate remuneration payable to the non-executive Directors will not exceed the sum initially set by the Constitution and subsequently increased by ordinary resolution of Shareholders in a general meeting.

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$300,000.

Resolution 13 seeks Shareholder approval for the purposes of clause 14.8 of the Constitution and Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$500,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

18.2 Technical information required by Listing Rule 10.17

If Resolution 13 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$200,000 to \$500,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 13 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$300,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

In the past 3 years, the Company has issued an aggregate of 1,958,387 Shares, 2,128,387 Options and 1,700,000 Performance Rights] to non-executive Directors (or their nominees) pursuant to Listing Rules 10.11 and 10.14.

These Securities were issued to the following non-executive Directors (or their nominees):

- (a) Anglo Australasia Holdings Pty Ltd <Anglo Australasia A/C>, the nominee of Adam Blumenthal, was issued 750,000 CPHPERR10 Performance Rights and 750,000 CPHPERR11 Performance Rights on 27 July 2017.
- (b) Atlantic Capital Holdings Pty Ltd <Atlantic Capital A/C>, a nominee for EverBlu Capital Pty Ltd, a director-related entity of Adam Blumenthal, was issued 1,958,387 Shares and 2,128,387 CPHOPT20 Options on 11 February 2020.
- (c) James Ellingford was issued 100,000 CPHPERR12 Performance Rights and 100,000 CPHPERR13 Performance Rights on 27 July 2017. A voting exclusion statement is included in Resolution 13 of this Notice.

18.3 Board Recommendation

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

19. RESOLUTION 14 – APPROVAL TO ISSUE SETTLEMENT SHARES

19.1 General

On 6 September 2018, Creso Pharma Switzerland GmbH (**Creso Switzerland**) a wholly-owned subsidiary of the Company, Asaf Cohen (**Cohen**) and Creso Grow Ltd., an Israeli corporation jointly owned by Creso Switzerland and Cohen (the **Israeli JV Entity**), entered into a Joint Venture and Shareholders Agreement (the **JV Agreement**), which was superseded by an Amended and Restated Joint Venture and Shareholders Agreement (the **Amended JV Agreement**) entered into by the parties on 31 October 2018 (effective 6 September 2018) to pursue a cannabis business related joint venture in Israel. The Amended JV Agreement was later supplemented by a Memorandum of Understanding entered into by the parties and Cohen Propagation Nurseries Ltd. (**Cohen Nurseries** and together with Cohen, collectively referred to as the **Cohen Group**) on 28 April 2019 (the **MOU** and together with the **JV Agreement** and **Amended JV Agreement**, the **Israeli JV Agreements**), pursuant to which, the Cohen Group through the Israeli JV Entity, would pursue obtaining all the necessary regulatory approvals to begin cultivating cannabis in Israel (the **Israeli JV**).

As announced on 2 March 2020, the Company received a letter of termination in respect of the Israeli JV Agreements. The Cohen Group also advised that they intended to seek damages in respect of alleged breaches by Creso Switzerland of its obligations under the Israeli JV Agreements.

As announced on 20 April 2020, the Company and Creso Switzerland have entered into a settlement agreement with the Cohen Group and various other parties (**Settlement Parties**) to agree a final, absolute, and complete settlement in connection with all of the claims and counterclaims related to the Israeli JV (**Settlement Agreement**).

In connection with the Settlement Agreement, the Company has agreed, subject to obtaining Shareholder approval, to issue up to an aggregate of 5,310,954 Shares to the nominee of the Settlement Parties (**Settlement Shares**).

19.2 Listing Rule 7.1

As summarised in Section 7.2 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders

over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Settlement Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

19.3 Technical information required by Listing Rule 14.1A

If Resolution 14 is passed, the Company will be able to proceed with the issue of the Settlement Shares. In addition, the issue of the Settlement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 14 is not passed, the Company will not be able to proceed with the issue of the Settlement Shares and the Company will be required to pay the Cohen Group US\$200,000 (AUD \$315,308¹) in cash within 90 days of the Meeting.

Resolution 14 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Settlement Shares.

19.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 14:

- (a) the Settlement Shares will be issued to the nominee of the Settlement Parties (or their nominees), who are not related parties of the Company;
- (b) the maximum number of Settlement Shares to be issued is 5,310,954. The Settlement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Settlement Shares 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 Listing Rules) and it is intended that issue of the Settlement Shares will occur on the date same;
- (d) the Settlement Shares will be issued at a nil issue price, in consideration for settlement of claims made by the Settlement Parties (as summarised in Section 19.1 above);
- (e) the purpose of the issue of the Settlement Shares is to satisfy the Company's obligations under the Settlement Agreement.
- (f) the Settlement Shares are being issued under the Settlement Agreement. A summary of the material terms of the Settlement Agreement is set out in Annexure C;
- (g) the Settlement Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 15 of the Notice.

¹ Based on the Reserve Bank of Australia AUD:USD exchange rate of 0.6343 which was published on 24 April 2020.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 4.1.

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

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.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Chifley means Chifley Portfolios Pty Limited (ACN 001 303 939).

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) for the purposes of the definition of 'closely related party' in the Corporations Act.

Collateral Shareholding Number means the number of Collateral Shares issued to the Lind or its nominee (as may be adjusted from time to time) in accordance with the terms of the Lind Convertible Securities Agreement.

Company means Creso Pharma Limited (ACN 609 406 911).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or

indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

L1 Capital means L1 Capital Global Opportunities Master Fund.

Lind means Lind Global Macro Fund, LP.

Listing Rules means the Listing Rules of ASX.

New L1 Convertible Securities Agreement means the agreement between the Company and L1 Capital in respect of the New L1 Convertible Securities Facility as announced on 5 February 2020.

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.

Original Convertible Securities Agreements means the convertible securities agreements entered into between the Company and each of Chifley, Suburban Holdings and L1 Capital as announced on 28 November and 2 December 2019.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2019.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Suburban Holdings means Suburban Holdings Pty Limited (ACN 106 824 471).

Trading Days has the meaning given to that term in the Listing Rules.

Variable A means "A" as set out in the formula in Listing Rule 7.1A(2).

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

ANNEXURE A – TERMS AND CONDITIONS OF LIND CONVERTIBLE SECURITIES AGREEMENT

Lind Convertible Note	<p>Lind will advance \$1,000,000 to the Company (Closing Price) (less the applicable Commitment Fee) within one business day after the Company issues the Initial Collateral Shares to Lind (as set out below) (the Closing Date).</p> <p>In consideration for receipt of the Closing Price, the Company must issue Lind an uncertificated debt security with a face value of AU\$1,111,111 (Lind Security). The Lind Security is solely a debt instrument which has no right of conversion into Shares or to the issue of any other securities.</p> <p>The process of the payment of the Closing Price and the issue of the Lind Security is referred to as the Closing.</p> <p>Closing is conditional on:</p> <ul style="list-style-type: none"> • the Company obtaining the consent of each of the professional and sophisticated investors who have advanced funds to the Company under the 'Original Convertible Securities Agreements' (as announced on 28 November and 31 December 2019) and L1 Capital Global Opportunities Master Fund under the New L1 Convertible Securities Agreement (as announced on 5 February 2020); and • the Company issuing the Initial Collateral Shares (defined below) to Lind (or its nominee). <p>On or before 26 June 2020 (the Shareholder Approval End Date), the Company must seek Shareholder approval for the issue of a replacement convertible security to Lind, on the basis that the replacement convertible security will be on the same terms as the Lind Security, and will have the same outstanding face value, but the replacement convertible security will have a right of conversion into Shares (Lind Convertible Note). If Shareholder approval is not obtained, an event of default will have occurred.</p> <p>A summary of the material terms of the Lind Convertible Note is set out in Schedule 1.</p>
Commitment Fee	<p>The Company will pay Lind a fee of \$77,777, being 7% of the Face Value (Commitment Fee). The Commitment Fee will be deducted from the Closing Price.</p>
Options	<p>On or before the Shareholder Approval End Date, the Company must seek Shareholder approval for the issue of 10,752,688 Options to Lind (or its nominee). The Options will be exercisable at \$0.1386 each on or before the date which is 36 months after the date of issue. If Shareholder approval is not obtained, an event of default will have occurred.</p> <p>A summary of the material terms of the Lind Options is set out in Schedule 2.</p>
Collateral Shares	<p>The number of Collateral Shares issued to Lind (or its nominee) under the Lind Convertible Securities Agreement (as increased or reduced from time to time in accordance with the terms summarised below) is referred to as the Collateral Shareholding Number.</p> <p>The Company has agreed to issue Lind 6,000,000 Collateral Shares pursuant to its existing Listing Rule 7.1 capacity (Initial Collateral Shares). Additionally, the Company has agreed, subject to obtaining Shareholder approval, to issue Lind a further 15,000,000 Collateral Shares (Subsequent Collateral Shares).</p> <p>If, in respect of a requested purchase, immediately following the purchase, the Collateral Shareholding Number will be less than the greater of:</p> <ul style="list-style-type: none"> • 21,000,000 Shares; and

- 20% of the Amount Outstanding, divided by the numeric average of the 10 daily VWAPs for the 10 Trading Days immediately prior to the day on which the determination is made,

(the **Threshold Amount**), then Lind may give the Company written notice requesting that the Company issue additional Shares to Lind as Collateral Shares (**Additional Collateral Shares**), so that following the issue, the Collateral Shareholding Number will be at least the Threshold Amount (**Top-Up Notice**). The issue of any Shares upon receipt of a Top-Up Notice will be subject to the Company obtaining Shareholder approval.

On or before the Shareholder Approval End Date, the Company must seek Shareholder approval to issue up to 15 million Additional Collateral Shares. These Additional Collateral Shares will only be issued upon receipt of a valid Top-Up Notice (as set out above).

If Lind gives a Top-up Notice, the Company must issue the Additional Collateral Shares to Lind, within 5 Business Days of the date that the Company receives Shareholder approval (or if the Company has previously obtained Shareholder approval to the issue of Additional Collateral Shares to Lind which remains valid, within 5 Business Days of the date of the Top-up Notice).

Lind may at any time by written notice to the Company elect to purchase a reduction in the Collateral Shareholding Number (**Collateralisation Election Notice**). Upon Lind giving a Collateralisation Election Notice:

- Lind must either:
 - advance in cleared funds to the Company an amount determined by multiplying the number of Collateral Shares that is subject of the Collateralisation Election (**Reduction Number**) by the Collateralisation Price (with the total amount being the **Reduction Payment**); or
 - state in the Collateralisation Election Notice that that the Amount Outstanding in respect of the Lind Convertible Note has been reduced by 98% of the Reduction Payment; and
- the Collateral Shareholding Number will be reduced by the Reduction Number.

Nothing in the Lind Convertible Securities Agreement prevents the Company from issuing Shares to Lind from time to time as additional Collateral Shares, subject to the Company first obtaining the prior written consent of Lind. If the Company does so (in full compliance with the Lind Convertible Securities Agreement, and with Lind's prior written consent), then upon the Company doing so the Collateral Shareholding Number will be increased by the number of additional Collateral Shares issued.

Other than as set out below, if:

- the Lind Agreement terminates or expires;
- there is no Amount Outstanding; and
- the Collateral Shareholding Number is greater than zero,

(**Completion Event**), then Lind must, at Lind's election, either:

- in the time period stipulated by the Company and on the Company's strict instructions, sell the Collateral Shareholding Number of Shares on-market (subject to the Shares being able to be traded on-market at the relevant time) and pay 95% of the net sale proceeds to the Company. For clarity, where at the relevant time Lind does not hold at least the Collateral Shareholding Number of Shares, Lind must first acquire them (at Lind's cost); or
- within 10 Business Days of the conditions in this clause being met, pay the Company an amount calculated by multiplying the Collateral Shareholding Number by the Collateralisation Price.

	<p>However, if a Completion Event occurs and the Shares are not able to be traded on-market (whether because of trading halt or suspension or otherwise) then:</p> <ul style="list-style-type: none"> • Lind's obligations set out above will be suspended for the period while the Shares are not able to be traded on-market; and • if the Shares are not able to be traded on-market for a continuous period of 60 days, then the Collateral Shareholding Number will be reduced to zero and Lind will have no further obligations in respect of the Collateral Shares.
Security	<p>The Lind Convertible Note will be secured by:</p> <ul style="list-style-type: none"> • a general security agreement by the Company in favour of the Collateral Agent, on terms acceptable to L1 Capital; • a general security, collateral security and a general assignment of rents and leases in favour of the Collateral Agent granted by Mernova Medicinal Inc. on terms acceptable to L1 Capital; • a collateral agency agreement between Lind, each Co-Investor, the Collateral Agent, the Company, Mernova Medicinal Inc, 3321739 Nova Scotia Limited, Creso Canada Limited and Creso Pharma Switzerland GmbH on terms acceptable to L1 Capital; • a guarantee and indemnity in favour of the Collateral Agent granted by Mernova Medicinal Inc. on terms acceptable to L1 Capital; • a guarantee and indemnity in favour of the Collateral Agent granted by Creso Pharma Switzerland GmbH on terms acceptable to L1 Capital; and • from each of Creso Canada Limited and 3321739 Nova Scotia Limited: <ul style="list-style-type: none"> ○ a guarantee and indemnity in favour of the Collateral Agent granted by the relevant entity. on terms acceptable to L1 Capital; and ○ a general security agreement by the relevant entity in favour of the Collateral Agent (or such document is equivalent in the place of jurisdiction of the relevant entity, on terms acceptable to the Tranche 1 Investors). <p>(together, the Security Documents).</p>
Periodic Redemption	<p>The Company must redeem the Lind Convertible Note by making cash payments to Lind on the dates which are 180 days after the Closing Date and 270 days after the Closing Date.</p> <p>These cash payments must be equal to 102% of the lesser of:</p> <ul style="list-style-type: none"> • the balance of the aggregate of the outstanding Face Value of the Lind Convertible Note (Amount Outstanding); and • the sum of 25% of the aggregate Face Value of the Lind Convertible Note and all interest then accrued.
Mandatory Redemption	<p>If the Lind Convertible Note has not been converted prior to the respective Maturity Date, the Company must repay the 102% Amount Outstanding to Lind in cash.</p>
Ranking on Conversion	<p>Shares issued on conversion of the Lind Convertible Note will rank equally with existing Shares on issue.</p>
Reconstruction of capital	<p>If at any time the Company undertakes a consolidation, subdivision or pro-rata cancellation of its issued capital, pays a dividend on its Shares or undertakes a distribution of Shares, the Fixed Price and the Collateral Shareholding Number will be reduced or increased in the same proportion as the issued capital of the Company is consolidated, subdivided or cancelled.</p>

Events of Default

Each of the following constitutes an event of default under the Lind Convertible Securities Agreement:

- Any of the representations, warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any transaction document, materials delivered to Lind or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to Lind, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made or repeated (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates).
- The Company or any subsidiary of the Company (other than a dormant or non-trading subsidiary with less than \$5,000 in assets) suffers or incurs an insolvency event.
- The Company or any of its subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or disposes of, or threatens to dispose of, a substantial part of its assets.
- The Company or any of its subsidiaries takes action to reduce its capital or pass a resolution referred to in section 254N(1) of the Corporations Act.
- The Company does not comply with its obligations to cleanse the securities (either by issuing the securities under a prospectus or by lodging a cleansing prospectus) or, despite so complying, any Shares issued to Lind (other than Subsequent Collateral Shares or additional Collateral Shares) cannot be freely traded upon receipt, or any Subsequent Collateral Shares or additional Collateral Shares cannot be freely traded after the date upon which the Company is required to lodge a prospectus or cleansing prospectus in respect of them (as relevant).
- Any Shares are not issued to Lind within the timeframes required under the Lind Convertible Securities Agreement.
- Any Shares are not quoted on ASX (as appropriate) within three (3) Business Days following the date of their issue.
- There is a stop order, suspension of trading, cessation of quotation, or removal of the Company or the Shares from the ASX Official List (or a fact or circumstance which may cause such an event), except for a suspension of trading not exceeding five (5) Trading Days in a rolling twelve month period, where such period commences from the date of execution of the Lind Convertible Securities Agreement (**Execution Date**) (or as agreed to by Lind).
- Any of the conditions precedent to Closing or conditions precedent to the issue of Shares under the Lind Convertible Securities Agreement have not been fulfilled in a timely manner or the time prescribed.
- The Company challenges, disputes or denies the right of Lind to receive any Shares or Options, or otherwise dishonours or rejects any action taken, or document delivered, in furtherance of Lind's rights to receive any Shares or Options (provided that the Company is permitted to challenge Lind's actions to which Lind is in fact not entitled under the Lind Convertible Securities Agreement).
- A Transaction Document (being the Lind Convertible Securities Agreement, an option certificate, exercise form, cleansing statement or cleansing prospectus issued in connection with the Lind Convertible Securities Agreement) or a transaction contemplated under the Lind Convertible Securities Agreement

	<p>(Contemplated Transaction) has become, or is claimed (other than in a vexatious or frivolous proceeding) by any person that is not Lind or a person controlled by Lind (Affiliate) to be, wholly or partly void, voidable or unenforceable.</p> <ul style="list-style-type: none"> • Any person has commenced any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted any claim before any Governmental authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of Lind or the Company to enter into any Transaction Documents or undertake any of the Contemplated Transactions (other than a vexatious or frivolous proceeding or claim). • Any event, condition or development occurs or arises after the Execution Date which in the opinion of Lind (acting reasonably) has or would be likely to have a material adverse effect. • Any consent, permit, approval, registration or waiver necessary for the consummation of a Contemplated Transaction that remain to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect. • The transactions to be undertaken at Closing would result in the Company breaching Listing Rule 7.1. • Lind has not received all those items required to be delivered to it in connection with Closing or upon the exercise of Options in accordance with the Lind Convertible Securities Agreement. • If the Company does not have a bid for its Shares on ASX for five (5) consecutive trading days. • The Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any Transaction Document. • A default judgment of an amount of AU\$100,000 or greater is entered against the Company or any of its subsidiaries. • The Company and/or any of its subsidiaries defaults in relation to any payment obligation under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party). • Other than in respect of the Israeli JV Settlement, any present or future liabilities, including contingent liabilities, of the Company or any of its subsidiaries for an amount or amounts totalling more than AU\$250,000 have not been satisfied on time (taking into account any applicable grace period agreed by the relevant third party to whom such liabilities are owed), or have become prematurely payable as a result of its default or breach (howsoever described). • The Company does not obtain Shareholder Approval to the issue of the Lind Convertible Note on or before the Shareholder Approval End Date and issue the Lind Convertible Note to Lind within 5 business days of the date of Shareholder approval. • The Company obtains any debt funding or other financial accommodation after the Execution Date (including by the issue of a convertible note or convertible security or preferred shares) other than as agreed pursuant to the Lind Convertible Securities Agreement, and does not repay up to 50% of the Amount Outstanding to Lind, unless waived by Lind. • The Company and/or any of its subsidiaries grants any security interest over any of its assets, or a security interest comes into existence over any assets of the Company and/or any of its subsidiaries, without the prior written consent of Lind. • Any event of default (however described) occurs under any of the Security Documents.
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	<ul style="list-style-type: none"> • The Company does not pay the Commitment Fee when due. • if the Company undertakes one or more capital raisings and raises at least \$2,500,000 in aggregate, the Company does not seek and procure Shareholder Approval to vary the Fixed Price to be the Lesser Price, within 60 days of completion of the capital raising giving rise to the Company's obligation to seek Shareholder approval. • The Company does not, within 60 days of receipt of a Top-up Notice, issue additional Shares to Lind as Collateral Shares, so that following the issue, the Collateral Shareholding Number (as increased by the issue of the Additional Collateral Shares) will be at least the Threshold Amount. • The Company does not comply with any of its obligations to Lind under the Lind Convertible Securities Agreement within the timeframes required under the Lind Convertible Securities Agreement as a result of the COVID-19 pandemic. <p>If any event of default occurs, which:</p> <ul style="list-style-type: none"> • either: <ul style="list-style-type: none"> ○ is not capable of being remedied; or ○ is capable of being remedied but has not been remedied to the satisfaction of the Lind within ten Business Days of Lind notifying the Company of its occurrence; or ○ there have been two or more previous events of default; and • the event of default has not been expressly waived by Lind in writing; <p>(an Unremedied Default), then Lind may:</p> <ul style="list-style-type: none"> • declare, by notice to the Company, 120% of the then Amount Outstanding under the Transaction Document to be immediately due and payable; and/or • terminate the Lind Convertible Securities Agreement, by notice to the Company, effective as of the date set out in the notice. The Company will have seven business days from receive of a notice of termination to repay Lind the Amount Outstanding and an interest owing (as set out below). <p>If an event of default occurs, interest shall be payable on the Amount Outstanding at a rate of 15% per annum, which interest shall accrue daily and shall be compounded monthly, from the date of the event of default until the Company discharges the Amount Outstanding in full.</p>
<p>Termination</p>	<p>The Lind Convertible Securities Agreement may be terminated by Lind on the occurrence or existence of:</p> <ul style="list-style-type: none"> • trading in securities generally in Australia or the United States has been suspended or limited for a consecutive period of greater than ten (10) Business Days; or • minimum prices have been established on securities in Australia or the United States or on the ASX for a consecutive period of greater than ten (10) Business Days; • if the daily VWAP of the Shares is less than A\$0.01 for 5 consecutive Trading Days and Lind has given written notice to the Company (Share Consolidation Notice), requesting the Company to consider undertaking a Share consolidation and the Company does not subsequently convene a general meeting of shareholders as soon as reasonably practical and, in any event, within ninety (90) calendar days of the date of the Share Consolidation Notice and seek Shareholder approval for the Share consolidation (on the terms set out in the Share Consolidation Notice);

	<ul style="list-style-type: none"> • a change of control in relation to the Company where Lind has not provided its prior written consent; • the price of the Shares on ASX falling below AU\$0.01 per Share; or • the Company does not procure all of the Shareholder approval for the issue of the Lind Convertible Note, the Lind Options, the Subsequent Collateral Shares and 15,000,000 Additional Collateral Shares on or before the Shareholder Approval End Date; <p>If Lind terminates the Lind Convertible Securities Agreement as set out above, Lind may declare, by notice to the Company, all outstanding obligations by the Company under the Transaction Documents to be due and payable in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding) and the Company must within seven (7) Business Days of such notice being received, pay in immediately available funds the Amount Outstanding to Lind.</p> <p>The Lind Convertible Securities Agreement may be terminated by Lind on the occurrence of an event of default in accordance with the procedure described above.</p> <p>The Lind Convertible Securities Agreement may be terminated by Lind if there is a Change in Law Termination Event or in the reasonable opinion of Lind, at any time there exists a Law which, or an official or reasonable interpretation of which, makes it, or may make it, illegal or impossible in practice for Lind to undertake any of the Contemplated Transactions, or render any of the Contemplated Transactions unenforceable, void or voidable. If Lind gives a notice to terminate on this basis, the Company will be required to pay, and must pay, the Amount Outstanding and any interest owing by the Company to Lind on that Amount Outstanding by the date which is forty (40) Business Days after the Change in Law Termination Event (or any earlier date required by, or to comply with, the applicable Law).</p> <p>The Lind Convertible Securities Agreement may be also be terminated:</p> <ul style="list-style-type: none"> • by the mutual written consent of the parties, at any time; or • by either party, by written notice to the other party, effective immediately, if the Closing Date has not occurred within ten (10) Business Days of the Execution Date or such later date as the parties agree in writing, provided that this right to terminate is not available to any party: <ul style="list-style-type: none"> ○ that is in breach of or default under the Lind Convertible Securities Agreement; or ○ whose failure to fulfil any obligation under the Lind Convertible Securities Agreement has been the principal cause of, or has resulted in the failure of the Closing to occur.
<p>Conduct of Business</p>	<p>The Company has warranted that, while there is any Amount Outstanding, the Company must not enter into a prohibited transaction, being a transaction with a third party or third parties in which the Company issues or sells (or arranges or agrees to issue or sell):</p> <ul style="list-style-type: none"> • any debt, equity or equity-linked securities (including options) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:

	<ul style="list-style-type: none"> ○ at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or ○ at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such debt, equity or equity-linked security or upon the occurrence of specified or contingent events; or • any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions; <p>and including transactions generally referred to as equity lines of credit and stand-by equity distribution agreements, and convertible securities, equity swaps, ATMs and loans having a similar effect.</p> <p>In addition, the Company has warranted that, while there is any Amount Outstanding, the Company will maintain a minimum cash balance of \$100,000 in uncommitted, immediately available funds.</p> <p>Additionally, the Company has agreed that, while there is any Amount Outstanding, it must not, and must cause all of its subsidiaries not to, directly or indirectly, without Lind's written approval (such approval must not to be unreasonably withheld):</p> <ul style="list-style-type: none"> • farm-outs and/or asset sales), of all or any part of its assets unless such disposal is in the ordinary course of business, undertaken on an arm's length basis and to an arm's length party, for fair market value and approved by the board of directors of the Company other than in relation to the Israeli JV Settlement; • undertake any consolidation of its share capital other than where expressly permitted in accordance with the terms of the Lind Convertible Securities Agreement; • reduce its issued share capital or any uncalled liability in respect of its issued capital, except (i) by means of a purchase or redemption of the share capital that is permitted under Australian law, (ii) redemption of partly-paid shares and performance shares for a total consideration not exceeding \$1,000, and (iii) expiry of any unexercised options or convertible securities; • change the nature of its business or the nature of the business of any subsidiary (subject to the Company being permitted to sell or dispose of any assets as set out above or wind up or deregister a dormant subsidiary); • make an application under section 411 of the Corporations Act; • transfer the jurisdiction of incorporation of the Company or any of its subsidiaries; or • enter into any agreement with respect to any of the matters referred to above.
<p>Takeover Threshold</p>	<p>Where an issue of Shares under the Lind Convertible Securities Agreement would result in the voting power (as defined in Chapter 6 of the Corporations Act) in the Company of Lind or any other person exceeding 19.99%, then without limiting any of Lind's other rights under the Lind Convertible Securities Agreement:</p> <ul style="list-style-type: none"> • Lind may by written notice to the Company (Cash Substitution Notice) require the Company to pay a cash amount to Lind equal to Z multiplied by \$C, where: <p>Z = the number of new Shares which would have been issued to Lind; and</p>

	<p>\$C = the VWAP per Share on the date Lind's Shares were to be issued,</p> <p>(Cash Substitution Amount); and</p> <ul style="list-style-type: none">• upon the Company receiving a Cash Substitution Notice from Lind, the Company must within five (5) Business Days pay Lind in immediately available funds the Cash Substitution Amount.
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ANNEXURE B – NOMINATION OF AUDITOR LETTER

7 May 2020

Creso Pharma Limited
Level 24
300 Barangaroo Avenue
Barangaroo NSW 2000

Azalea Investments Pty Ltd, being a member of Creso Pharma Limited (ACN 609 406 911) (**Company**), nominate BDO Audit Pty Ltd (ACN 134 022 870) in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**) to fill the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Signed and dated 7 May 2020:



Winton Willesee
Director
Azalea Investments Pty Ltd

ANNEXURE C – TERMS AND CONDITIONS OF SETTLEMENT AGREEMENT

The currency conversions set out above in this Schedule are based on the Reserve Bank of Australia AUD:USD exchange rate of 0.6343 which was published on 24 April 2020.

Settlement	The Company, Creso Switzerland, the Settlement Parties, Dr Halperin Wernli and Boaz Wachtel have agreed to the final, complete, absolute, and irrevocable settlement of all of the claims of the parties, against each other, including in relation to the Israeli JV, on the following terms.
Settlement Amount	<p>The Company will pay the Settlement Parties an amount of USD 260,000 (AUD \$409,901) (Settlement Amount), which will be payable as follows:</p> <ul style="list-style-type: none"> • USD 60,000 (AUD \$94,592) within seven days from the date on which the Settlement Agreement is given the force of a judgment (Initial Payment); • USD 60,000 (AUD \$94,592) within 30 days of the Initial Payment; and • and the balance in the amount of USD 140,000 (AUD \$220,716), in five equal monthly payments of USD 28,000 (AUD \$44,143) each, the first of which within 30 days of the Subsequent Payment, and thereafter upon the lapse of 30 days from the previous payment.
Settlement Shares	<p>Subject to obtaining Shareholder approval (which is sought under Resolution 14), the Company will issue the Settlement Parties an aggregate of 5,310,954 Shares (Settlement Shares).</p> <p>If Shareholder approval is not obtained for the issue of the Settlement Shares pursuant to Resolution 14, the Company must pay the Settlement Parties US\$200,000 (AUD \$315,308) in cash, within 90 days of the Meeting (Additional Payment).</p>
Creso Israel	Creso Switzerland agrees to transfer the shares that it holds in the Israeli JV entity to Cohen within 30 days from the date on which the Settlement Agreement is given the force of a judgment (Share Transfer).
Liquidated Damages	<p>If the obligations of the Company and Creso Switzerland to pay the Settlement Sum, issue the Settlement Shares and complete the Share Transfer are not upheld, in full and on time, and the breach is not remedied within thirty days, the amount of USD\$150,000 (AUD \$236,481) will be available for immediate payment as liquidated damages for the breach.</p> <p>However, if the Company does not obtain Shareholder approval for the issue of the Settlement Shares, neither the failure to issue the Settlement Shares nor an alleged failure to make the Additional Payment will trigger the liquidated damages.</p>

SCHEDULE 1 – TERMS AND CONDITIONS OF LIND CONVERTIBLE NOTE

Face Value	\$1,111,111
Closing Price	\$1,000,000 (less the applicable commitment fee)
Conversion Price	<p>The lesser of:</p> <ul style="list-style-type: none"> • \$0.35 (Fixed Price); and • 90% of the average of the 5 lowest daily VWAPs from the daily VWAPs for the 20 Trading Days immediately prior to the Conversion Notice Date (provided that if the resultant number contains four or more decimal places, that number will be rounded down to the next lowest number containing three decimal places). (Variable Price). <p>However, if the Company undertakes one or more capital raisings after the date of execution of the Lind Convertible Securities Agreement and raises of at least \$2,500,000 in aggregate at a price per Share lower than the Fixed Price, the Company must seek Shareholder approval to vary the Fixed Price to the issue price under the relevant capital raising (Lesser Price). If Shareholder approval is not obtained within 60 days from the date of completion of the capital raising, an event of default will have occurred.</p>
Interest Rate	4% per annum on the outstanding Face Value of the Lind Convertible Note, which interest will accrue daily, from the date on which Closing occurs until the Company discharges the Amount Outstanding in full. The Company must pay all accrued interest on the date which is 180 days after Closing and every 90 days afterward.
Maturity Date	The date which is 12 months after the Closing, the date upon which the Company pays Lind the whole of the Amount Outstanding in cash, or 30 days after all obligations of the Company in relation to the Lind Convertible Note are satisfied, whichever is later.
Conversion Rights	<p>Subject to the Company obtaining Shareholder approval for the issue of the Replacement Security, Lind may at any time and on more than one occasion provide the Company no less than two (2) Business Day's prior notice (Conversion Notice) (each date of such notice, a Conversion Notice Date) requiring the Company to effect a conversion of the Lind Convertible Note at any time during the Conversion Period specified by Lind in its sole discretion (each a Conversion Date).</p> <p>The Conversion Notice will specify:</p> <ul style="list-style-type: none"> • the Conversion Date by which Lind requires Conversion to occur, giving at least two (2) Trading Days; • the aggregate Amount Outstanding of the Lind Convertible Note to be converted (which for clarity may but need not include accrued interest), determined by Lind in its sole discretion, except that it must be less than or equal to the Amount Outstanding (Conversion Amount); • whether the Conversion Amount will be constituted in whole or in part by a reduction in the Collateral Shareholding Number and if so, advise the reduction in the Collateral Shareholding Number which will be applied to satisfy some or all of the Conversion Amount (Conversion Collateral Capitalisation Election); and • the Conversion Price applicable to the Conversion.
Redemption on Capital Raising	If the Company arranges to obtain any debt funding or other financial accommodation after the Execution Date other than as agreed, the Company must unless waived in writing by Lind, immediately on receipt of the proceeds raised through such debt funding or financial accommodation use those proceeds to repay, with no penalty, up to

	50% of the Amount Outstanding on the Lind Convertible Note, unless otherwise agreed in writing by Lind.
Early Redemption by the Company	<p>At any time, the Company may, in its sole discretion, buy-back the whole (or part, only where Lind has already given a Conversion Notice to the Company) of the outstanding Face Value of the Lind Convertible Note on 10 Business Days' notice to Lind. In the event the Company elects to exercise its right under this clause, it must issue Lind with a notice stating the Company's intention to buy-back the Lind Convertible Note (Buy-Back Notice).</p> <p>A Buy-Back Notice must exclude that part of the outstanding Face Value of a Lind Convertible Note in respect of which, as of the time the Company gives Lind a Buy-Back Notice, Lind has already given a Conversion Notice to the Company (the Excluded Converted Amount).</p> <p>Within five (5) Business Days of receiving a Buy-Back Notice, Lind may give one or more Conversion Notices to the Company for up to (in aggregate) 50% of the Face Value of the Lind Convertible Note at the time of issue (Buy-Back Conversion Notice, Buy-Back Conversion Amount).</p> <p>Upon issuing a Buy-Back Notice to Lind, the Company irrevocably and unconditionally agrees to, within five (5) Business Days of receiving the Buy-Back Conversion Notice, or if no Buy-Back Conversion notice is received then within ten (10) Business Days of issuing the Buy-Back Notice:</p> <ul style="list-style-type: none"> • pay to Lind in immediately available funds, 105% of: <ul style="list-style-type: none"> ○ the Amount Outstanding; ○ less any Excluded Converted Amount; and ○ less any Buy-Back Conversion Amount requested by Lind in a Buy-Back Conversion Notice that is permitted under the Lind Convertible Securities Agreement to be settled with Conversion Shares; and • (where Lind has given the Company a Buy-Back Conversion Notice) issue the Buy-Back Conversion Shares to Lind, <p>and upon the Company doing so the Lind Convertible Note will be redeemed.</p>

SCHEDULE 2 – TERMS AND CONDITIONS OF LIND OPTIONS

(a) **Nature of Options**

- (i) Each Option will grant the holder of that Option the right but not the obligation to be issued by the Company one Share at an exercise price of \$0.1386 per Option (**Options Exercise Price**) (subject to any adjustment under this Agreement).
- (ii) Each Option will be exercisable by the Option holder complying with its obligations at any time after the time of the grant of the Option and prior to the date which is 36 months after the date of issue of the options (**Options Expiration Date**), after which time it will lapse.

(b) **Exercise of Options**

- (i) Without limiting the generality of, and subject to, the other provisions of the Agreement, an Option holder may exercise any of its Options at any time prior to their expiration, by delivery of:
 - (A) a copy, whether facsimile or otherwise, of a duly executed Option exercise form (the **Exercise Form**), to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder);
 - (B) a copy, whether facsimile or otherwise, of any exercise form required by the share registrar; and
 - (C) payment of an amount equal to the Options Exercise Price multiplied by the number of Shares in respect of which the Options are being exercised at the time by wire transfer to the account specified by the Company from time to time or by bank draft delivered to the Company during normal business hours on any Business Day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Option holder).
- (ii) As soon as reasonably practicable, but in any event no later than two (2) Business Days after receipt of a duly completed Exercise Form and the payment referred to in clause (b)(C) above, the Company must cause its securities registrar to:
 - (A) issue and Electronically Deliver the Shares in respect of which the Options are so exercised by the Option holder; and
 - (B) provide to the Option holder holding statements evidencing that such Shares have been recorded on the Share register.

(c) **Bonus Issues**

If prior to an exercise of an Option, but after the issue of the Option, the Company makes an issue of Shares by way of capitalisation of profits or out of its reserves (other than pursuant to a dividend reinvestment plan), pursuant to an offer of such Shares to at least all the holders of Shares resident in Australia, then on exercise of the Option, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have

received if the Option had been exercised before the date on which entitlements to the issue were calculated.

(d) **Rights Issues**

If prior to an exercise of an Option, but after the issue of the Option, any offer or invitation is made by the Company to at least all the holders of Shares resident in Australia for the subscription for cash with respect to Shares, options or other securities of the Company on a pro rata basis relative to those holders' shareholding at the time of the offer, the Options Exercise Price will be reduced as specified in the Listing Rule 6.22.2 in relation to pro-rata issues (except bonus issues).

(e) **Reconstruction of Capital**

In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, and subject to such changes as are necessary to comply with the Listing Rules applying to a reconstruction of capital at the time of the reconstruction:

- (i) the number of the Shares to which each Option holder is entitled on exercise of the outstanding Options will be reduced or increased in the same proportion as, and the nature of the Shares will be modified to the same extent that, the issued capital of the Company is consolidated, subdivided or reconstructed (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the consolidation, subdivision or reconstruction); and
- (ii) an appropriate adjustment will be made to the Options Exercise Price of the outstanding Options, with the intent that the total amount payable on exercise of the Options will not alter.

(f) **Cumulative Adjustments**

Full effect will be given to the provisions of clauses (c) to (e), as and when occasions of their application arise and in such manner that the effects of the successive applications of them are cumulative, the intention being that the adjustments they progressively effect will be such as to reflect, in relation to the Shares issuable on exercise of the Options outstanding, the adjustments which on the occasions in question are progressively effected in relation to Shares already on issue.

(g) **Notice of Adjustments**

Whenever the number of Shares over which an Option is exercisable, or the Options Exercise Price, is adjusted pursuant to the Lind Convertible Securities Agreement, the Company must give notice of the adjustment to all the Option holders as soon as reasonably practicable and in any event, within five (5) Business Days.

(h) **Rights Prior to Exercise**

Prior to its exercise, an Option does not confer a right on the Option holder to participate in a new issue of securities by the Company.

(i) **Redemption**

The Options will not be redeemable by the Company.

(j) **Assignability and Transferability**

The Options will be freely assignable and transferable, subject to the provisions of Chapter 6D of the Corporations Act and the applicable Law.

If you are attending the virtual Meeting please retain this Proxy Card For online Securityholder registration.

Holder Number:

Vote by Proxy: CPH

Your proxy voting instruction must be received by **1.30pm (AEST) on Sunday, 14 June 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>



Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

- Individual:** Where the holding is in one name, the Shareholder must sign.
- Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.






ATTENDING THE VIRTUAL MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the virtual Meeting online if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the virtual Meeting online, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the virtual Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



Contact	Return your completed form		All enquiries to Automic		
	 BY MAIL Automic GPO Box 5193 Sydney NSW 2001	 IN PERSON Automic Level 5, 126 Phillip Street Sydney NSW 2000	 BY EMAIL meetings@automicgroup.com.au		 WEBCHAT https://automic.com.au/
			 PHONE 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)		

STEP 1: Virtual Participation

Virtual participation at the AGM

The Company is pleased to provide shareholders with the opportunity to participate in the Meeting virtually through an online platform, which can be accessed by navigating to **web.lumiagm.com/334572025** on any internet browser. Alternatively, the Lumi AGM app can be downloaded for free from the Apple or Google Play stores.

The ID for this meeting that will need to be entered in to the Lumi platform is:

334-572-025

Shareholders should then log in to the meeting using their SRN/HIN and postcode as detailed on the reverse of this form.

Further information on how to do this is set out in the letter to shareholders which accompanies the Notice of Meeting. The Explanatory Notes that accompany and form part of this Notice of Annual General Meeting describe the various matters to be considered.

STEP 2: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online or intend to attend the virtual meeting

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Creso Pharma Limited, to be held virtually at **1.30pm(AEST) on Tuesday 16 June 2020** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

Authority for Chair to vote undirected Proxies on remuneration related resolutions

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 13 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 13 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction

Resolutions	For	Against	Abstain	Resolutions	For	Against	Abstain
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Ratification of prior issue of Additional Collateral Shares to the Nominee of L1 Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Dr James Ellingford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Approval to issue Additional Tranche 1 Collateral Shares to L1 Capital under the original Convertible Securities Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of 7.1a Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Approval to issue Additional Tranche 1 Collateral Shares to Chifley under the original Convertible Securities Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of prior issue of Initial Collateral Shares to Lind under the Lind Convertible Securities Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval to issue Additional Tranche 1 Collateral Shares to Suburban Holdings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval to issue Subsequent Collateral Shares to Lind under the Lind Convertible Securities Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Appointment of Auditor at AGM to fill vacancy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval to issue Additional Collateral Shares to Lind under the Lind Convertible Securities Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13. Non-executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Approval to issue Convertible Securities to Lind under the Lind Convertible Securities Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14. Approval to issue Settlement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 4: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

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Email Address:

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Contact Daytime Telephone

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Date (DD/MM/YY)

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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).