



11 May 2020

## Creso's Canadian Subsidiary Mernova to Commence Retail Cannabis Sales Following Receipt of Sales License from Health Canada

### Highlights:

- Health Canada approves Sales License allowing Mernova to commence sales to the medicinal and rapidly growing, higher margin, recreational markets in Canada
- Recreational product brand '*Ritual*' will be launched and sold through Nova Scotia Liquor Corporation's (NSLC) stores and e-commerce platform
- Retail sales through other provinces' stores and online platforms to follow
- First available recreational product will be Mernova's high quality dried flower in its natural form – additional high-quality products will be added as they become available
- Mernova ramping-up cannabis production to meet surging demand - wholesale sales pipeline continues to grow

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that the Company's wholly owned subsidiary Mernova Medicinal Inc. ('Mernova'), a Licensed Producer in Nova Scotia, Canada, has received its Sales License from Health Canada, effective May 8 2020.

The Sales Licence provides for the sale of dried and fresh cannabis products to provincially and territorially authorised retailers and to holders of a licence for sale for medical purposes. The Sales License is valid until February 2022, with opportunities to renew the license at the end of the term, in line with Health Canada's standard licensing policy.

This is a key development that significantly expands Mernova's addressable market, allowing the sale of its high quality range of cannabis products to retail customers in Canada's medicinal, and rapidly growing recreational markets. Importantly, expansion into these high-margin retail markets further diversifies Mernova's revenue streams and builds on an established and growing wholesale product sales pipeline.

### Recreational Retail Product Launch

Mernova's retail recreational products will be launched under the brand name '*Ritual*' and will initially be sold through the Nova Scotia Liquor Corporation's ('NSLC') stores and e-commerce platform.



Figures 1-3 (L-R): A selection of Mernova's retail products including PG-13, Peyote Cookies and Nuken



The first product available to recreational customers will be Mernova's high quality dried flower in its natural form. Several additional high quality products will be added to the product line as they become available.

#### Management Commentary

**Creso Pharma's CEO and Co-Founder Dr Miri Halperin Wernli, commented:** "This is a tremendous development for Mernova, and provides an exciting opportunity to quickly establish and expand our retail footprint in these profitable markets.

"With the surge in demand for on-line cannabis purchases across Canada, the launch of Mernova's retail products comes at a perfect time to showcase its range of high quality cannabis products and establish a large network of local customers from which to build.

"I am confident that Mernova's high quality products will enable us to establish a robust foothold in Nova Scotia's recreational market and I look forward to providing further updates once sales are underway."

**Mernova's General Manager (and Managing Director from 1 June 2020), Jack Yu said:** "This is an exciting and potentially lucrative development for Mernova that allows us to quickly expand our sales into the rapidly growing recreational market in Nova Scotia.

"Having the ability to sell directly to the end users of our product gives us the opportunity to build our brand and brand loyalty in order to establish Mernova as a trusted producer of high quality cannabis products, starting in our home province of Nova Scotia.

We are busy ramping up production to meet the growing demand for high-quality cannabis in these newly accessible, higher-margin markets, and our wholesale sales pipeline is continuing to build quickly."

#### Next Steps

Creso Pharma will continue to provide regular updates on both retail and wholesale sales and on additional expansion opportunities available to Mernova across both the recreational and medicinal cannabis markets.

Mernova is also making considerable progress towards securing EU Good Manufacturing Practice (GMP) certification and further updates will be provided as this process advances.

**-Ends-**

#### **Authority and Contact Details**

This announcement has been authorised for release by the Creso Board

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**About Creso Pharma**

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

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

**Forward Looking statements**

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

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