



ASX Announcement

9 December 2020

Creso's Canadian subsidiary Mernova secures new purchase orders and expands into Canada's largest recreational market

- **Three purchase orders received for a total value of C\$275,023 (A\$288,159)**
- **POs received include a bulk purchase order from the Truro Cannabis Co., the maiden purchase order from the Yukon, and an additional purchase order from the NSLC.**
- **Mernova will become one of a select group of licenced producers to have products available in the Yukon territory – additional POs and strong sales growth anticipated**
- **Notice to Purchase also received from the Province of Ontario, being Canada's largest recreational cannabis market**
- **Orders open potential new opportunities for new Canadian markets in Ontario and the Yukon, which recorded combined sales for recreational cannabis of over C\$300 million for 2020 YTD**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that the Company's wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ('Mernova') has received three purchase orders with a total combined value of C\$275,023 (A\$288,159), as well as a Notice to Purchase from the Province of Ontario, marking the Company's imminent entry into Canada's largest recreational cannabis market. The first purchase order valued at C\$232,826 (A\$243,841) is from Truro Cannabis Company. It is a bulk order for three of Mernova's high quality, indoor grown, hand trimmed, hang dried, cured, artisanal cannabis strains, in dried flower form, specifically HPG13, Lemon Haze and Mimosa.

Truro Cannabis Company is a licensed producer of medical and recreational cannabis products. The group has an established presence across Canada, and will sell Mernova's products through their well established distribution channels.

Creso Pharma also received a maiden purchase order from the Yukon Liquor Corporation ("Yukon"), opening a new Canadian market, with the Company anticipating further orders in the future. The purchase order is valued at C\$24,333 (A\$25,436) and is for the HPG13, Lemon Haze and Mimosa strains, in dried flower form. These products will be sold under the *Ritual Green* brand in 3.5 gram and 7 gram units, through leading retailer Triple J's Canna Space. Creso Pharma anticipates further repeat orders from the Yukon in the short term.

The third purchase order was secured from the Nova Scotia Liquor Corporation ('NSLC') for the Lemon Haze and Mimosa strains, and is valued at C\$17,863 (A\$18,708). This is the fourth purchase order received from the NSLC, indicating a trend towards a recurring revenue model from the NSLC.

Mernova has also received a Notice to Purchase from the Province of Ontario for its HPG13, Lemon Haze and Mimosa strains. Mernova is currently finalising formal registration and listing phases and expects the receipt of an initial purchase order in the near term. It is anticipated that



Mernova's *Ritual Green* products will be sold in stores at Ontario Cannabis Store (OCS) locations across the region, and through their online sales platform.

Once finalised, this order will mark Creso Pharma's entry into Ontario, a significantly large new sales channel. Ontario is regarded as Canada's largest recreational market and has over a quarter of the country's market share, with almost C\$400 million in legal sales recorded from 1 April 2019 to 31 March 2020.

These developments serve as confirmation of the significant demand for Mernova's high-quality cannabis products in the rapidly growing Canadian retail recreational market. The Company looks forward to providing further details around potential purchase orders as they materialise.

As previously announced, the Company is exploring opportunities in the United States following the US House of Representatives passing the Marijuana Opportunity Reinvestment and Expungement (MORE) Act. The Mernova facility is located only approximately 220 miles from the US border, and is therefore an ideal location to service both the US and Canadian markets.

Management Commentary

Mernova Managing Director Jack Yu said: "Mernova continues to make very strong progress in the Canadian recreational market. The three most recently secured purchase orders will contribute to Creso Pharma's growing revenue profile and we expect additional orders to materialise in the very near term.

"We are proud to announce that Mernova has been chosen to become part of a very select group of licensed producers with cannabis products for sale in the Yukon. This is a major achievement for us, and we expect growth to continue across Canada and, with our pending entry into Ontario, Canada's largest recreational market, we expect rapid growth to continue."



Figures 1,2: Exterior of Mernova's Nova Scotia cultivation facility and interior grow room

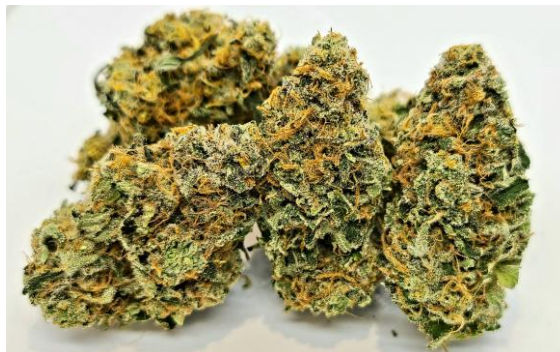


Figure 3: Ritual Green Mimosa, 15-20% THC, <1% CBD

-Ends-

Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

Ben Jarvis – Six Degrees Media
P: +61 2 9230 0661

EverBlu Capital
E: info@everblucapital.com
P: +61 2 8249 0000

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

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.