



ASX Announcement

21 January 2019

Creso signs three-year supply agreement with TerrAscend Canada

Highlights:

- By signing this agreement, Creso has committed a large portion of its capacity to TerrAscend, to meet strong consumer demand for cannabis product
- Creso is in ongoing discussions with the NSLC (Nova Scotia Liquor Corp) retail network, and as a home-grown Nova Scotia cultivator, expects to receive preferred placement.
- Creso's state-of-the-art GMP facility, staffed with experienced growers, will propagate the highest quality product demanding premium pricing.

Creso Pharma Limited (ASX: "CPH", the "Company" or "Creso") is pleased to announce it has signed a three-year supply agreement with TerrAscend Canada, a wholly-owned subsidiary of TerrAscend Corp., (CSE: TER; OTCQX: TRSSF) ("TerrAscend") to provide its premium cannabis product to help meet the significant consumer demand driven by Canada's federal legalisation of cannabis in October 2018.

Under the terms of the Supply Agreement, Creso has agreed to sell and TerrAscend has agreed to purchase a minimum of 100 kgs of cannabis flower per month from Creso from the date that Creso is licensed to sell cannabis under Canadian laws. Pricing is determined on a sliding scale depending on the grade/quality of the flower and also whether the flower has been grown to a GMP standard.

Said John Griese, Creso Chief Operating Officer: "Creso is ticking off each step in its strategic plan and quietly building a diverse global enterprise. Few cannabis companies are currently commercial in countries across Europe and even less have established proprietary branded products such as Creso's CBD based Nutraceuticals cannaQIX® and anibidiol® in human and animal health.

"As a result of supply agreements like the one with TerrAscend, Creso now enters the Canadian market place with committed revenues from product destined for the legal cannabis markets."



Creso has recently completed a greenfield, state-of-the-art build of their Windsor Nova Scotia cultivation facility. The building is built to GMP standard and designed to operate at the peak of efficiency. The 24,000 square foot facility is on a land parcel capable of expanding to 200,000 square foot of grow space. It currently accommodates a two-tier grow room structure, with the capacity to yield in excess of 4,000 kgs of cannabis annually. The facility is well positioned to supply material B2B as well as direct to retail.

Creso recently announced its upcoming listing on the TSX-V. With no significant debt, any funds raised can assist further commercial expansion of its human and animal CBD products. The raise will also fund the phase two expansion of value-added production in Windsor Nova Scotia to support the imminent regulations of infused edible products.

“We are pleased to be working with Creso given their expertise in cultivation, propagation and product development. Creso’s state-of-the-art production facility makes them an ideal partner to support TerrAscend’s growth trajectory and commitment to the best-in-class products and formulations,” commented Dr. Michael Nashat, Chief Executive Officer of TerrAscend.

Said Dr. Miri Halperin Wernli, Creso’s CEO and Co-Founder: “This agreement is the result of a long history of positive conversations with TerrAscend. We believe our missions are complimentary and that opportunity beyond supply will strengthen both organisations. Confirming revenues for our dried flower supports a successful entrance into the Canadian cannabis space. ”



Figure 1: Mernova growing facility



About Creso Pharma Ltd

(www.cresopharma.com)

Creso 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 uses GMP 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.

About TerrAscend Corp.

TerrAscend is a biopharmaceutical and wellness company that is committed to quality products, brands and services for the global cannabinoid market. TerrAscend provides support to patients and consumers through its wholly-owned subsidiaries, TerrAscend Canada Inc., a licensed producer of cannabis pursuant to the *Cannabis Regulations* under the *Cannabis Act* (Canada) that provides medical cannabis to patients through its online medical marketplace Solace Health, and Solace Health Network Inc., a clinical support program and education platform led by healthcare professionals. TerrAscend participates in the legal adult-use market in Canada through direct and indirect supply agreements in several provinces and the US market in states where cannabinoids have been legalized for therapeutic or adult-use. TerrAscend, in partnership with leading researchers Cistron Corp, launched Ascendant Labs, a biotechnology and licensing company committed to the continuous improvement of cannabinoid expressing plants.

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.

Investor and Media Enquiries:

EverBlu Capital
Level 39, Aurora Place
88 Phillip Street, Sydney NSW 2000
E: info@everblucapital.com
P: +61 2 8249 000