



15 April 2019

Update on Cannabis Cultivation at Creso's GMP State-of-the-Art Wholly-owned Canadian Facility

Investment Highlights:

- Creso Pharma's wholly-owned subsidiary Mernova Medical Ltd commenced cultivation of premium cannabis clones at its state-of-the-art facility in Nova Scotia, Canada
- Harvest of the first crops to be carried out in May, facility scheduled to be at full capacity by end-June
- Cannabis from the facility will be used to service Canada's large and growing recreational and medicinal marketplace
- The Company has also progressed its European Union Good Manufacturing Practice (EU-GMP) certification process for the facility which will allow it to supply European pharmaceutical companies
- The Company has a three-year agreement with TerrAscend to supply a minimum of 100kgs of cannabis flower per month, worth an estimated \$6m per year in sales
- As part of the agreement with TerrAscend, the Company has received a shipment of premium cannabis genetics from TerrAscend to facilitate Mernova's first crop. The shipment was highly successful, with facility-to-facility logistics having been refined to the point of zero loss
- Creso Pharma is the only ASX-listed company that has a 100% ownership interest in a company licensed to cultivate cannabis in Canada, and only the fifth licensed producer in Nova Scotia
- The Mernova facility has been designed to accommodate edibles production and will conform with Health Canada regulations when edible products are approved for sale in Canada by the end of CY19.

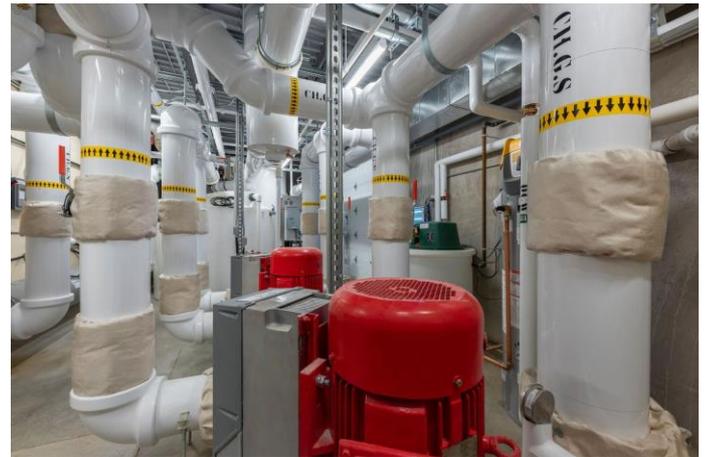
Creso Pharma Limited (ASX:CPH) ("Creso" or "the Company") is pleased to announce that the Company's wholly-owned subsidiary Mernova Medical Ltd ("Mernova") has commenced cultivating cannabis at its state-of-the-art GMP facility in Nova Scotia, Canada.

Cultivation commences

Initial clone planting of Mernova-owned cannabis genetics 'Nuken' and 'Peyote Cookies' commenced shortly after Health Canada granted Mernova its license to cultivate. Harvest of the first crops of Nuken and Peyote Cookies are scheduled for May.



Figures 1-8: The Mernova facility





Creso has a full library of strains characterised by high tetrahydrocannabinol (THC), high cannabidiol (CBD) and various blends of both to be used at the Mernova facility. The inaugural planting of clones has focused on hardy Sativa and Indica strains. The mother plants of these clones are well into their growth cycle with initial high volume clippings taken. The facility is scheduled to be at full capacity by end-June.

Creso was granted the license to cultivate earlier this year [ASX Announcement: February 18 2019], making it the only ASX-listed company that has a 100% ownership interest in a company licensed to cultivate cannabis in Canada, and only the fifth licensed producer in Nova Scotia.

Mernova facility applies for EU-GMP certification and eyes edibles production

Mernova's cultivation operation is housed in a 24,000 square foot purpose-built state-of-the-art facility in Nova Scotia.

The facility has the capacity to produce up to 4,000 kilograms of cannabis annually and expansion capability of up to 10 times this amount. It also includes a custom-built secure storeroom that can store up to \$100m in concentrated product.

Mernova 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 genetics.

Under the terms of the agreement, Creso has agreed to sell and TerrAscend has agreed to purchase a minimum of 100kgs of cannabis flower per month from Creso. Depending on the grade/quality of the flower and also whether the flower has been grown to a GMP standard, with estimated revenues of approximately C\$6 million per annum to be generated from the contract.



Via Mernova, Creso intends to use the facility to service the Canadian recreational and medicinal marketplace with super premium flowers and value-added products.

The Company has also progressed the European Union Good Manufacturing Practice (EU-GMP) certification process for the facility. Once obtained, the EU-GMP certification will allow Creso to export its medicinal cannabis products to European pharma companies with whom it has existing relationships, subject to the receipt of required import/export licenses.

TerrAscend provided the clones for Mernova's first crop and will continue to do so for subsequent crops. The transportation of the clones was a great success, with only a 1% loss of shipment reported. TerrAscend's 'Shishkaberry' strain is growing extremely well and is on track for harvest in mid-May. Based on the success of the first shipment, a second shipment of clones has been shipped to Mernova. Facility-to-facility logistics have since continued to be refined with a goal of zero loss.

Projections for Mernova's business-to-business revenues from operations remain on schedule for the end of May. Mernova's license from Health Canada permits the sales of cannabis immediately on a B2B basis to TerrAscend.

In addition to cannabis flower and oils, the Company is also pursuing opportunities within the edibles space. The Mernova facility has been designed to accommodate edibles production and will conform with Health Canada regulations when edible products are approved for sale in Canada by the end of CY19. The Company estimates that its proprietary human and animal products will provide a stream of revenue that should match revenues from its dried flowers and oils.

Dr Miri Halperin Wernli Creso's CEO and Co-Founder said: "We are very pleased that our subsidiary Mernova has commenced cultivation at its Nova Scotia facility so soon after receiving its license. The cannabis genetics being used there are of very high quality and the grow operation is proceeding as planned along with the certification process of EU-GMP that will allow export to pharma companies in Europe. Mernova's partnership with TerrAscend is progressing well and we look forward to seeing the results of the first harvest from the facility."

Ends

Ends

Investor Enquiries

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

Media Enquiries

Julia Maguire | The Capital Network

E: julia@thecapitalnetwork.com.au

P: +61 419 815 386



About Creso Pharma

www.cresopharma.com

Creso Pharma 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.

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.