



26 March 2021

Creso Pharma receives commitments totalling A\$18m

Highlights

- Firm commitments to raise A\$18m through the issue of approximately 94.7 million new fully paid ordinary shares at an issue price of \$0.19 per share (“Placement”)
- Placement was strongly supported by a range of leading Australian and international institutions
- Key participants include John Langley Hancock, global fund manager L1 Global Master Opportunities Fund, and S3 Consortium Holdings Pty Ltd (“Stocks Digital”)
- Funds to be deployed to undertake psychedelic clinical trials upon completion of the Halucenex transaction, advance sales of nutraceutical products globally and increase marketing of cannabis products through Canada
- With a strong balance sheet, Creso is an attractive partner, and well placed to take advantage of complementary acquisitions and opportunities, should the US proceed with the federal legalisation of cannabis.
- Creso Pharma to benefit from increasing local and international awareness towards psychedelic treatments and benefits
- US OTC market listing expected in Q2 of CY2021 – which will provide additional global exposure
- Creso Pharma is now well funded to execute on its Global revenue push.

Creso Pharma Limited (ASX:CPH, FRA:1X8) (‘Creso Pharma’ or ‘the Company’) is pleased to advise that it has secured firm commitments from institutional, professional and sophisticated investors to raise up to A\$18 million (before costs) through the issue of approximately 94.7 million new fully paid ordinary shares (“shares”) at an issue price of \$0.19 per share (“Placement”).

The Placement was heavily oversubscribed and strongly supported by a range of local and international groups including leading Australian businessman John Langley Hancock, S3 Consortium Holdings Pty Ltd (“Stocks Digital”) and independent global fund manager L1 Global Master Opportunities Fund, amongst others.

The issue price represents a 17.4% discount to the last traded price of \$0.23 on 23 March 2021 and a 8.8% discount to the 15-day volume weighted average price (VWAP). The Placement will be undertaken in a single tranche within the company’s existing placement capacity under ASX listing Rule 7.1A per the Appendix 3B lodged with ASX today.

The Company also intends to seek shareholder approval to issue placement participants one option for every four shares issued. The options will be exercisable at \$0.38 each on or before a date that is 12 months after the date of issue.



EverBlu Capital acted as lead manager to the Placement. EverBlu will earn a 6% fee plus one million broker shares per \$5 million raised (or part thereof) (subject to shareholder approval). Following the successful completion of the capital raising, the Company has extended the term of its engagement with Everblu Corporate Pty Ltd by 24 months, with all other terms and conditions to remain unchanged.

Creso Pharma is now well funded to progress a number of value accretive opportunities including Phase II and Phase III clinical trial initiatives with target acquisition company Halucenex Life Sciences Inc. ("Halucenex"), subject to shareholder approval of the proposed acquisition. Clinical trials will explore the efficacy of psychedelic molecules on a range of mental health conditions such as depression and Post Traumatic Stress Disorder and open up another lucrative vertical.

Funds will also be deployed to expand the Company's current nutraceutical offerings, scale up operations at its wholly-owned Canadian subsidiary Mernova Medicinal Inc. ("Mernova"), in line with recent increasing demand for Mernova's products, and progress a dual listing on the OTCQB ("OTC"). The OTC market is expected to provide greater access to the North American investment community. Further, with a strong cash balance, Creso is well positioned to attract new partners and explore complementary acquisition opportunities that may arise, ahead of the pending federal legislation of recreational cannabis in the US.

Commentary:

Non-executive Chairman Adam Blumenthal said: *"We are extremely pleased to have generated such strong interest and support for the Placement and I would like to welcome a number of new investors to the register. The Board and management would also like to thank new and existing shareholders for their commitment to Creso Pharma.*

"The Placement was very well bid and leaves Creso Pharma well funded to progress a number of near term revenue generating initiatives. Key short-term focus will include finalising the acquisition of Halucenex and undertaking clinical trials. Importantly, the acquisition provides the Company with access to another lucrative vertical and potential revenue stream. We will also be ramping up our nutraceutical division and preparing for the anticipated legalisation of cannabis in the US through our Canadian operations.

"Board and management look forward to providing shareholders with regular updates on progress over the coming months."

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Creso Board

Released through:

Ben Jarvis, Six Degrees Investor Relations: Ph: +61 (0) 413 150 448

For further information, please contact:

Investor Enquiries

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

About Halucenex Life Science:

Halucenex is a life sciences development company with a focus on researching novel psychedelic compounds, developing and licensing psychedelic compounds for the pharmaceutical and nutraceutical markets, and conducting clinical trials on the medical benefits of psychedelic medicine. Halucenex operates a 6000 sq. ft. medical facility in Windsor, Nova Scotia with 6 treatment rooms and a secure laboratory dedicated to performing psychedelic-assisted psychotherapy and clinical research. Halucenex intends to maintain control over all aspects of the product development process – mycological research, extraction technology, and synthetic formulation as well as drug delivery technologies, psychedelic-assisted psychotherapy and regulatory affairs.

www.halucenex.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.