

7 December 2020

US House of Representatives passes bill to decriminalise cannabis at a national level

- **US House of Representatives passes Marijuana Opportunity Reinvestment and Expungement ("MORE") Act to decriminalise cannabis on a national level**
- **MORE Act is expected to encourage investors and larger corporate entities to drive the cannabis industry forward in the USA**
- **Decision follows recent rulings from the United Nations and Court of Justice of the European Union – highlighting public acceptance of cannabis and CBD-derived products**
- **Leaves Creso Pharma well positioned to grow – decision expected to have substantial impact of the Company's global footprint**
- **Creso has substantial operations in North America – this decision paves the way for entrance into the worlds largest Recreational and Medical Cannabis market – US Cannabis market estimated to be worth US\$130bn by 2024¹**
- **Creso is exploring several near term opportunities for entry into the USA market upon legalisation.**

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that the US House of Representatives has passed the Marijuana Opportunity Reinvestment and Expungement ("MORE") Act to remove cannabis for the US Controlled Substances Act². The historic bill aims to erase certain federal convictions and essentially decriminalise cannabis for the first time on a national level.

The bill was passed in the lower chamber 228 to 164 on Friday, 4 December 2020 and will now move to the Senate. This is a major milestone for the cannabis industry. Legislation like the MORE Act is expected to encourage private investors and larger corporate entities that have been hesitant to become involved in the US cannabis industry due to federal prohibition.

The development leaves Creso Pharma very well positioned to capitalise on opportunities in the US market. The Company has an established global distribution network that will benefit from the ruling, as well as a leading Canadian subsidiary, Mernova Medicinal Inc. ("Mernova"), that can scale up operations to meet potential demand from the US market.

Mernova, which is Creso's fully licenced 24,000 square foot cultivation growing facility is only 1700 miles from the US border, which is an ideal location to be able to cater to the Canadian and US market and will provide Mernova with immediate opportunities to benefit upon legislation.

There is also substantial appetite for our swiss CBD products in the US, and we are exploring opportunities to roll these products out as soon as legalisation occurs.

¹ <https://www.google.com.au/amp/s/mjbizdaily.com/chart-us-cannabis-industrys-economic-impact-could-hit-130-billion-by-2024/amp/>

² <https://www.congress.gov/bill/116th-congress/house-bill/3884>



Commentary

Co-founder and Director, Mr Boaz Wachtel, said: "This is a historic ruling that has the ability to create significant growth opportunities in our burgeoning industry. It follows similar regulatory shifts in the European Union and from the United Nations that highlight public acceptance for cannabis and CBD-derived products is at an all time high.

Creso is very well positioned to capitalise on opportunities arising from the market in the USA, including expanding distribution of its existing cannabis products through the scale up its operations in Canada and Switzerland. As a listed vehicle with access to capital, Creso is also an attractive partner for merger and acquisition opportunities, and, following the appointment of Canopy Growth Founder, Bruce Linton to Creso earlier this year, the Company looks forward to exploring such opportunities for the benefit of its shareholders."

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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

**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.