

3 February 2021

## **Creso Pharma's wholly-owned Canadian subsidiary Mernova secures new purchase orders and unlocks a new market**

### **Highlights:**

- Four purchase orders ("PO") for *Ritual Green* products generated a total of C\$242,842 (A\$248,682<sup>1</sup>)
- First PO from Cannabis NB, New Brunswick's only legal cannabis retailer, valued at C\$94,800 (A\$96,371<sup>1</sup>) secured and filled – unlocks New Brunswick market entry
- Two additional POs from the NSLC valued at C\$48,636 (A\$49,440<sup>1</sup>) and C\$55,564 (A\$56,483<sup>1</sup>) – includes first order for new, highly sought after Black Mamba strain
- Second PO from the Yukon secured totalling C\$43,842 (A\$44,903<sup>1</sup>) includes repeat order from Triple J's Canna Space and initial order from new retailer the Herbary
- Multiple outlets currently sold out of some, or all, Mernova products – highlighting the significant demand amongst consumers
- Launch of Black Mamba strain expected to underpin continued growth - additional POs expected to materialise shortly

**Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company')** is pleased to advise its wholly-owned Canadian subsidiary, Mernova Medicinal Inc. ("Mernova") has secured four new purchase orders ("PO") with a total value of **C\$242,842 (A\$248,682<sup>1</sup>)** for its high-quality, indoor grown, hand trimmed, hang dried, cured, artisanal, craft cannabis, in dried flower form, sold under the *Ritual Green* brand.

The new orders include a maiden PO from Cannabis NB, the government-owned retail cannabis monopoly in the Atlantic Canadian Province of New Brunswick, and marks Mernova's entry into the province.

New Brunswick is an important market for Creso and Mernova, and provides another opportunity for the Company to grow its revenue streams. Cannabis NB has an established footprint in the province through 20 brick and mortar stores, and it's online sales platform. During the quarter ended 31 September 2020, the group sold C\$20.1m worth of cannabis, which highlighted a 23% quarter-on-quarter increase. Mernova expects ongoing purchase orders from Cannabis NB in the coming months. Despite having a smaller population than Nova Scotia, New Brunswick generates similar revenues from cannabis sales. Three of Mernova's *Ritual Green* strains are now available for sale online and through all 20 stores province-wide.

Mernova has also received two additional POs from the Nova Scotia Liquor Corporation ("NSLC") totalling C\$104,200 (A\$105,923<sup>1</sup>). Importantly, one of these POs marks Mernova's first ever order for Black Mamba, the latest premium quality offering to be sold under the *Ritual Green* brand.

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<sup>1</sup> Based on AUD/CAD exchange rate of \$0.98.

Black Mamba is an Indica dominant strain, testing at over 20%+ THC content. The Company expects the introduction of Black Mamba to further bolster the size and volume of pending orders across all provinces.

A second PO has been received from the Yukon, valued at C\$**43,842** (A\$**44,903**<sup>1</sup>). This PO is a combination of a repeat order from Triple J's Canna Space and the first order from the Herbary, and also includes the new Black Mamba strain.



**Image one:** Mernova's new Black Mamba strain with 20%+ THC content

Mernova advises that it continues to witness significant demand for its *Ritual Green* product range with a number of large retail locations across Canada currently being sold out, or having been sold out, of some, or all products. The Company expects a number of new POs to materialise in the coming weeks to satisfy the strong consumer demand.

The Company is continuing to explore opportunities to expand its footprint in the Canadian market and has a number of territories earmarked for near term expansion. Mernova is also progressing new product development initiatives and anticipates multiple launches in the coming months. New offerings include Hash products which will be sold under the *Ritual Black* brand, and pre-roll joints to be sold under the *Ritual Sticks* brand. Creso anticipates that these offerings will add another revenue stream for the Company.

#### Management Commentary

**Mernova's Managing Director, Jack Yu said:** "To receive our first PO from the Province of New Brunswick, as well as additional POs from the NSLC and the Yukon, is a great way for Mernova to start the year, and shows that 2021 should be promising for us."

"New Brunswick is proving itself to be a rapidly growing market, with strong demand for cannabis, and we are excited to have *Ritual Green* products for sale online, and in stores province-wide."

"Sales in the Yukon are proving to be stronger than anticipated, with Triple J's Canna Space selling out of all Mernova products purchased in their initial order. We expect this trend to continue, given the high demand for our products, and look forward to filling a number of new POs expected shortly."

"In a major development, we are also excited to have launched our Black Mamba strain. We are very excited for our customer base to try our latest premium quality *Ritual Green* offering. There has been great interest in this strain, and we expect Black Mamba to be as well received as the rest of the *Ritual Green* family of products."



"These latest POs show that our *Ritual Green* brand products continue to gain traction, and that we are developing a reputation for quality. Product sales on a province-by-province basis are progressing well, and we look forward to the imminent launch of our *Ritual Sticks*, and *Ritual Black* brands. We are just getting started."

**-Ends-**

#### **Authority and Contact Details**

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

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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](http://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