



31 August 2021

Creso Pharma to pursue NASDAQ & ASX dual listing following mutual termination of proposed merger with Red Light Holland Corp – leading NY-based corporate advisor mandated to expedite NASDAQ process

Update on proposed merger with Red Light Holland Corp (“Red Light Holland”):

- Creso Pharma’s Board believes that favourable US regulatory changes will occur soon and that retaining an ASX listing and pursuing a dual NASDAQ listing will provide the best vehicle to pursue North American focused growth opportunities
- Multiple US focused growth opportunities are under review – dual listing expected to expedite growth and unlock value for existing Australian and new US shareholders
- Follows mutual decision with Red Light Holland to terminate scheme implementation deed following extensive due diligence, review of market conditions and market consultation
- Creso Pharma and Red Light Holland to continue collaborating – Red Light Holland agreeing to an initial ~\$170,000 purchase order demonstrating commitment to ongoing relationship
- Bruce Linton to remain strategic advisor and major stakeholder in Creso Pharma, as a holder of 30,000,000 Options, exercisable at \$0.039

North American regulatory environment provides ample opportunity:

- Should favourable legislative changes in the US cannabis and psychedelic industries occur, this will potentially provide an ideal operating landscape for Creso Pharma to pursue strategic growth opportunities
- Marijuana Opportunity Reinvestment and Expungement Act, Marijuana Regulation and Taxation Act, and Cannabis Administration and Opportunity Act, all aimed at legalising, taxing and regulating recreational cannabis have been introduced in the US Senate
- SAFE Banking Act will also provide cannabis related businesses with swift access to depository institutions for banking services
- 36 states have legalised cannabis for medical and recreational use with additional states expected to follow
- California State is in advanced stages of legalising the possession of psychedelics including psilocybin and LSD

Leading NY-based corporate advisory firm, EAS Advisors LLC (“EAS”) mandated to expedite NASDAQ listing:

- EAS Advisors was founded in 2008 and has participated in over US\$6.5Bn in successful transactions since inception
- EAS was founded by Edward Sugar, a previous Managing Director of Jefferies & Co. – who has vast experience in dual listings, including in the cannabis and psychedelic industry



- **The group has a deep understanding of capital markets, established institutional investment networks and dual listing experience**
- **Discussions with additional investment banks to further expedite process are well progressed with an appointment expected near term**
- **Creso Pharma actively recruiting key global executives to assist with US listing and international expansion**
- **Creso Pharma is targeting a NASDAQ listing during H1 CY2022**

NASDAQ dual listing is expected to:

- **Provide access to a deeper pool of North American investors**
- **May allow the potential revaluation of Creso Pharma in comparison to North American peers in the cannabis and psychedelic sectors**
- **Advance US growth focused opportunities across all operating divisions**
- **Expedite activity as new legislative changes are introduced in the US cannabis and psychedelic industries**
- **Unlock additional value for existing Australian shareholders while maintaining an ASX listing – Creso Pharma remains fully funded to pursue initiative**

Creso Pharma Limited (ASX:CPH, OTCQB: COPHF, FRA:1X8) ('Creso Pharma' or 'the Company') wishes to advise that the Company and Red Light Holland Corp. ("Red Light Holland") have made the mutual decision to terminate the definitive scheme implementation deed (the "Deed") between the two companies (refer ASX announcement: 17 June 2021). This allows Creso Pharma to retain its listing on the Australian Securities Exchange ("ASX").

The decision to mutually terminate the Deed follows Creso Pharma's ongoing review of market conditions and consultation with shareholders and institutional investors as well as COVID limitations.

Following ongoing discussions with Red Light Holland and challenges stemming from the impacts of COVID-19, both parties have mutually concluded that the merger would no longer be in the best interests of their respective shareholders.

Creso Pharma's Board and management believe that pending regulatory changes in the North American psychedelic and recreational cannabis sectors will provide ample opportunities in the near term for Creso Pharma and remaining listed on the ASX will be in the best interests of its shareholders.

Whilst the merger will not progress, Creso Pharma and Red Light Holland remain committed to a strong working relationship and both parties will remain working closely aligned as partners. As such, Red Light Holland has placed an order to purchase \$170,000 of Creso Pharma's hemp based CBD products, which will be white-labelled through Red Light Holland brands and distributed across the group's wholly-owned distribution company SR-Wholesale's sales channels.

Over the last two months, Creso Pharma has come to work closely with Red Light Holland to understand its business and accomplishments. Creso management is very impressed with the counterparty and expect to work closely together on further synergistic transactions.

Creso Pharma management would like to thank Red Light Holland for their efforts with the proposed transaction and wish the company well in its future endeavours.

Creso Pharma will now shift its focus towards unlocking growth through a proposed NASDAQ dual listing. To assist with the dual listing process, the Company has secured agreements with a leading US group. Creso has retained the services of boutique corporate advisory firm, New York-based, EAS Advisors LLC (“EAS” or “EAS Advisors”) (www.easadvisors.com). As part of its agreement with EAS, the Company has issued 12,000,000 options (\$0.15, 1 August 2024) and 12,000,000 options (\$0.18, 1 August 2024) to the nominee of EAS, as part consideration for its advisory services.

Pending legislative shifts will allow Creso Pharma to unlock value:

The Company expects a number of favourable regulatory shifts to materialise in North America, which will provide a favourable operating environment for Creso Pharma to expand into the US market.

Following the introduction of the Marijuana Opportunity Reinvestment and Expungement (MORE) Act, the Marijuana Regulation and Taxation Act (MRTA), and the Cannabis Administration and Opportunity Act, all aimed at legalising, taxing and regulating recreational cannabis, Creso Pharma is confident that it will be positioned to capitalise on a number of opportunities through a US dual listing. The Company is assessing prospects in the 36 US states where cannabis has been legalised for medicinal and recreational use, prior to potential federal legalisation.

Creso has a major strategic advantage through its wholly-owned recreational cannabis subsidiary, Mernova Medicinal Inc. (“Mernova”). Mernova is a licenced cannabis producer, and operates a facility which is scalable to 200,000 square feet to service the US recreational cannabis market.

Creso Pharma’s initiatives in the psychedelic sector will also be buoyed by Senate Bill 519 (SB519), which seeks to legalise the use and possession of psilocybin and other psychedelic compounds in California.

The bill was introduced to progress a more health-focussed approach to psychedelic compounds and address the current mental health crisis in the US. Should SB519 be passed into law, Creso Pharma is well positioned to capitalise through its wholly-owned, Canadian psychedelic medicines subsidiary, Halucenex.

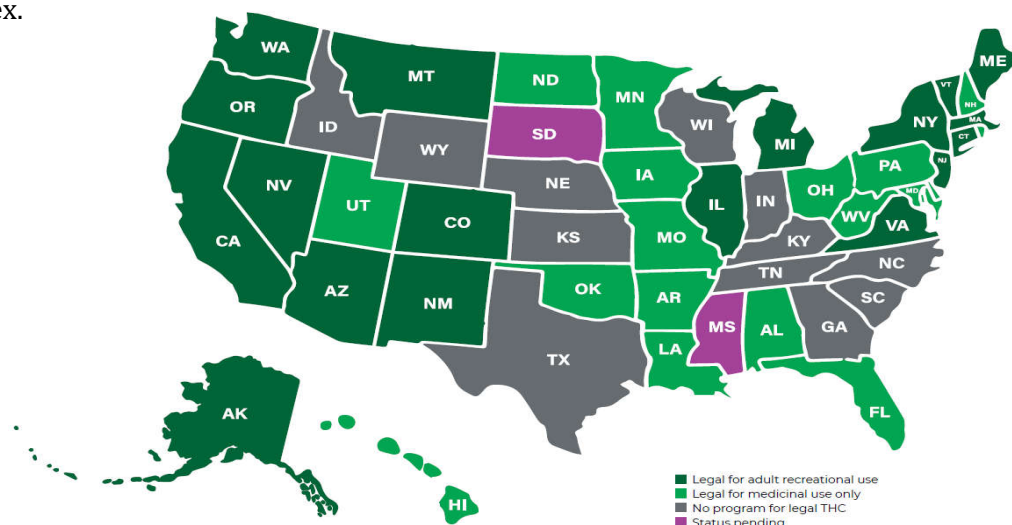


Image: Current US regulatory landscape for recreational and medicinal cannabis and psychedelic substances



Agreements to expedite NASDAQ dual listing:

Creso Pharma has also entered into a corporate advisory agreement with private, New York-based corporate advisory, EAS Advisors LLC. Founded in 2008, EAS provides a range of services to clients, including institutional market engagement, equity and debt raising and M&A advisory. Since inception, EAS has participated in over US\$6.5 billion of successful transactions.

EAS was founded by Edward “Eddie” Sugar. Prior to EAS, Mr Sugar was a Managing Director of Jefferies & Co. in New York from 1999 until 2008. During this time, he was responsible for international equity sales and trading.

The group has established networks in the US and a deep level of understanding of capital markets, which will allow Creso Pharma to successfully progress its dual listing. EAS will provide access to equity research providers to secure North American research coverage, generate global investor awareness with potential strategic investors in the USA, Europe, Asia and Australia and assist in financial modelling, presentation preparation, external dataroom maintenance and advise on additional M&A opportunities.

Discussions with additional investment banks are well progressed. Creso has garnered significant interest from US investment groups and expects to make an additional appointment in the coming months. The Company is also exploring a number of opportunities with its partner to uplift from the OTCQB market to the NASDAQ and is targeting a listing on the NASDAQ Stock Exchange in H1 CY2022. Creso Pharma remains very well funded to progress these initiatives.

NASDAQ dual listing – strategic rationale:

The Company is confident that a dual listing will provide access to deeper pools of capital and access to North American investors. Further, the secondary listing is expected to provide North American investors with accessibility and liquidity to invest in an established cannabis and psychedelics medicines business. This also has the potential for a revaluation of Creso Pharma in line with international peers.

Creso Pharma operates advanced cannabis and psychedelic medicines research and development divisions. It is expected that a NASDAQ listing will provide opportunities for the Company to grow these verticals, recognise additional value as milestones are achieved and significant value for longstanding and loyal Australian shareholders. A secondary listing will also allow for more efficient M&A activity, as well as expedite potential partnerships with North American groups.

Creso Pharma’s management believes that a dual listing will allow it to act quickly on potential legislative changes, which have a positive effect on the recreational cannabis industry and the use of psychedelic compounds as an alternative therapy route.

The Company will leverage the expertise and relationships of strategic advisor, Mr Bruce Linton to pursue US-focused development initiatives, as well as engage with large North American institutional investors.

The Creso Pharma group has made significant progress in recent months, highlighted by:

- Record revenue growth of 451% across all subsidiaries (Q2 CY21 vs Q2 CY20)
- Halucenex securing its Controlled Drugs and Substances Dealer’s Licence from Health Canada allowing it to fast track phase II clinical trials
- Creso’s wholly owned subsidiary Mernova being awarded Craft Designation by the Ontario Cannabis Store (OCS) for its *Ritual Green* Products



The Company is confident that a number of other milestones will materialise in the coming months, which will support its trajectory towards a secondary listing on the NASDAQ.

Commentary:

Non-executive Chairman Mr Adam Blumenthal said: *“The mutual and strategic decision to terminate our agreement with Red Light Holland follows extensive due diligence, as well as in depth market reviews and consultation with a number of investors in the US and Australia. We will maintain a strong working relationship with Red Light Holland in the future and look forward to progressing agreements that will unlock value for both parties.*

“We are now shifting our resources and focus to the proposed NASDAQ dual listing. The Company anticipates that this development will allow for easier comparisons to our North American listed peers and allow Creso Pharma to be valued accordingly. Following potentially favourable legislative shifts, a NASDAQ listing will also provide us with access to the world’s largest recreational cannabis market and a growing psychedelic medicines sector.

“Pleasingly, a dual listing opportunity will also allow Creso Pharma to retain its ASX listing, which we believe is in the best interests of our longstanding and faithful shareholders. The Company remains well capitalised, with considerable financial flexibility to pursue these initiatives.

“The Company has achieved a number of milestones in recent months, which set a very strong foundation for growth. We look forward to progressing a number of corporate and operational developments and unlocking value for our shareholders.”

EAS Advisors Principal Mr Edward Sugar added: *“We look forward to working with Creso Pharma’s management team and assisting them through a NASDAQ dual listing, which could potentially unlock significant value for shareholders. After following Creso Pharma’s story for some time I have been extremely impressed with the progress management has made. As a firm we are extremely excited to be engaged by Creso Pharma to assist with achieving such a milestone.”*

-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

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.