



Announcement Summary

Entity name

CRESO PHARMA LIMITED

Announcement Type

New announcement

Date of this announcement

3/2/2022

The Proposed issue is:

A placement or other type of issue

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +security code	+Security description	Maximum Number of +securities to be issued
CPH	ORDINARY FULLY PAID	3,082,383,312

Proposed +issue date

31/3/2022

Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of +Entity

CRESO PHARMA LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type

ABN

Registration Number

89609406911

1.3 ASX issuer code

CPH

1.4 The announcement is

New announcement

1.5 Date of this announcement

3/2/2022

1.6 The Proposed issue is:

A placement or other type of issue



Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis? Yes

7A.1a Conditions

Approval/Condition	Date for determination	Is the date estimated or actual?	** Approval received/condition met?
+Security holder approval	31/3/2022	<input checked="" type="checkbox"/> Estimated	No

Comments

Subject to shareholder approval, the Company intends to issue an estimated maximum of 3,082,383,312 CPH Shares to the vendors of Sierra Sage Herbs, LLC ("SSH") in consideration for the acquisition of SSH. The consideration is comprised of:

a) Upfront Consideration of USD21m in CPH Shares (being an estimated 358,069,697 Shares at a deemed issue price of 8.3c); and

b) Milestone Payment 1 and 2 of up to a maximum of USD15m and USD 23.5M respectively in Shares (being an estimated 1,061,420,889 and 1,662,892,726 Shares based on the floor price of 2c).

Shares to be issued for Upfront Consideration and Milestone Payments are estimates only and are based on an assumed AUD/USD exchange rate of 0.7066 which is subject to change. The Milestone Payments are expected to be materially less than the maximum shown herein, as actual shares issued will be based on the higher of the floor price of 2c and the 10 VWAP at the time of issue. Refer to ASX announcement dated 3/02/2022 for further details.

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

 Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

 No

Details of +securities proposed to be issued

ASX +security code and description

CPH : ORDINARY FULLY PAID



Number of +securities proposed to be issued

358,069,697

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

Securities are proposed to be issued as Upfront Consideration for the Acquisition of 100% of SSH. Refer to ASX announcement dated 3 February 2022 for further details.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

29,719,784.890000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

No

Details of +securities proposed to be issued

ASX +security code and description

CPH : ORDINARY FULLY PAID

Number of +securities proposed to be issued

1,061,420,889

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

The Shares are proposed to be issued in settlement of Milestone Payment 1 under the Acquisition of 100% of SSH. The number of Shares proposed to be issued under Milestone Payment 1 is an estimate of the maximum only, and is subject to the achievement of defined performance milestones, and exchange rate assumptions. The actual number of Shares to be issued (if any) is expected to be materially less than the maximum shown herein, as the calculation will be based on



the higher of the floor price of \$0.02 and the 10 VWAP at the time of issue. Refer to ASX announcement dated 3 February 2022 for further details.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

21,228,417.780000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

No

Details of +securities proposed to be issued

ASX +security code and description

CPH : ORDINARY FULLY PAID

Number of +securities proposed to be issued

1,662,892,726

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

Securities are proposed to be issued in settlement of Milestone Payment 2 under the Acquisition of 100% of SSH. The number of Securities proposed to be issued under Milestone Payment 2 is an estimate of the maximum only, and is subject to the achievement of defined performance milestones, and exchange rate assumptions.

The actual number of Shares to be issued (if any) is expected to be materially less than the maximum shown herein, as the calculation will be based on the higher of the floor price of \$0.02 and the 10 VWAP at the time of issue. Refer to ASX announcement dated 3 February 2022 for further details.

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

33,257,854.510000

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes



Part 7C - Timetable

7C.1 Proposed +issue date

31/3/2022

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1?

Yes

7D.1a Date of meeting or proposed meeting to approve the issue under listing rule 7.1

31/3/2022

7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

Yes

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

Yes

7D.4a Please enter the number and +class of the +securities subject to +voluntary escrow and the date from which they will cease to be subject to +voluntary escrow

In respect of 226,794,867 Upfront Consideration Shares, 672,284,785 Milestone Payment 1 Shares and 1,053,246,163 Milestone Payment 2 Shares issuable to Jodi, Kathy and Jennifer Scott: 37.5% are subject to escrow for a period of 6 and 12 months from issue, with the remaining 25% being freely tradable upon issue.
In respect of the 131,274,830 Upfront Consideration Shares, 389,136,104 Milestone Payment 1 Shares and 609,646,563 Milestone 2 Payment Shares issuable to all other SSH Vendors, 25% are subject to voluntary escrow restrictions for a period of 4, 8 and 12 months after issue, with the remaining 25% being freely tradable upon issue.
Refer to the ASX announcement dated 3 February 2022 for further details.

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

No

7E.2 Is the proposed issue to be underwritten?

No



7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

No material fees (other than standard issuer costs) will be incurred in respect of the proposed issue.

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

Securities are proposed to be issued as consideration for the acquisition of 100% of SSH. Refer to ASX announcement dated 3 February 2022 for further details.

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

No

7F.2 Any other information the entity wishes to provide about the proposed issue

The maximum indicative number of shares set out in this Appendix 3B is indicative only and is subject to a number of variables, as outlined throughout this form. Refer to ASX announcement dated 3 February 2022 for further details. The estimated date of issue set out in this Appendix 3B related to the Upfront Consideration Shares only. Milestone Payment Shares will be issued on future dates, subject to the satisfaction of the relevant performance milestone.

7F.3 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:

The publication of a cleansing notice under section 708A(5), 708AA(2)(f), 1012DA(5) or 1012DAA(2)(f)