



4 April 2022

US House of Representatives passes the MORE Act - Creso Pharma continues to progress opportunities to capitalise on further US legislative change to legalise cannabis

Highlights:

- **Marijuana Opportunity Reinvestment and Expungement (“MORE”) Act passed through the House of Representativesⁱ – a major step towards federal legalisation of cannabis in the US**
- **Lawmakers approved the measure in a 220-204 vote on Friday, 1 April 2020 (US time)ⁱ**
- **The MORE Act is designed to remove cannabis from the US Controlled Substances Act and erase certain federal convictions**
- **The passing of the MORE Act into law would be expected to encourage broader investment and corporate activity in the US cannabis industry**
- **The passing of the Act through the House of Representatives takes it one step closer to making it into law, with the passing in the Senate still one requirement for it to become law.**
- **The MORE Act proposed a tax on cannabis sales which would be used to fund job training, mentoring, legal aid and other initiatives beneficial for socially and economically disadvantaged groups**
- **US cannabis market is anticipated to grow to US\$130Bn by 2024ⁱⁱ – provides Creso Pharma with significant value accretive opportunities**
- **The passing of the MORE Act is extremely encouraging given Creso has increased its focus to the US market, with the pending acquisition of Denver based Sierra Sage Herbs.**
- **Following the closing of the Sierra Sage Herbs acquisition, Creso Pharma will be one of the only ASX-listed companies with established North American operations focused on the cannabis sector and any additional positive legislation changes such as the MORE Act have the potential to further benefit Creso**
- **Work towards proposed NASDAQ dual-listing continues to progress**
- **Several other US focused growth initiatives continue ahead of potential decriminalisation**

Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) (‘Creso Pharma’ or ‘the Company’) is pleased to provide an update on initiatives that will allow the Company to capitalise on the recent developments associated with the Marijuana Opportunity Reinvestment and Expungement (“MORE”) Act, which passed through the US House of Representatives on Friday, 1 April 2022 (US time). This highlights a major milestone in the potential decriminalisation of cannabis in the US on a federal level.

The MORE Act aims to remove cannabis from the US Controlled Substances Act. Should the Act also pass the Senate and ultimately be made into law, it would also erase certain federal convictions and essentially decriminalise cannabis for the first time, on a federal level. The MORE Act was passed by lawmakers in a 202-204 vote.



The new legislation provides Creso Pharma with a number of near term and significant opportunities to capitalise on a market that is anticipated to reach US\$130Bn in sales by 2024ⁱⁱ.

Creso Pharma already has an established foothold in the US CBD market through its recent agreement with Sierra Sage Herbs, LLC (“SSH”) (Refer ASX announcement: 3 February 2022).

Upon completion of the SSH transaction, Creso Pharma will have an operating subsidiary in the US, which could serve as a platform for future M&A in the US THC sector, upon changes in federal legislation. Creso Pharma board members, William Lay, and Bruce Linton have extensive experience in this sector, having conducted over C\$5Bn of M&A in the US THC segment specifically. The board and management team continuously monitor the regulatory landscape in order to be able to act quickly if and when regulations change.

Additionally, Creso Pharma’s Canadian subsidiary, Mernova Medicinal, produces industry leading THC products in Canada. If changes in regulations were to allow Creso Pharma to acquire US THC entities, the Company would leverage its leading standard operating procedures to ensure availability of products with similar quality levels in the US.



Image one: Sen. Cory Booker (D-N.J.), Senate Majority Leader Chuck Schumer (D-N.Y.), and Sen. Ron Wyden (D-Ore.) at the press conference to introduce the bill

The Company wishes to advise that work towards its proposed NASDAQ dual listing (Refer ASX announcement: 31 August 2021) continues to progress pleasingly. Board and management are in



ongoing discussions with US consultants and advisors and are confident that the proposed dual listing will unlock considerable value for shareholders.

Commentary:

CEO and Managing Director Mr William Lay said: *“The passing of the MORE Act through the House of Representatives is a positive development for cannabis legalisation. It highlights the ongoing shift and major acceptance of cannabis products and their use in the US, as well as the potential market opportunity that Creso Pharma can immediately capitalise on if the bill is passed into law.*

“In planning for a scenario where the bill passes through the Senate, we have continued to work diligently to monitor the US market and identify opportunities to unlock value for shareholders. The Company also has contingency plans in place which may allow for exposure to the US market in a scenario where the MORE Act is not passed into law.

“We look forward to providing shareholders with additional updates over the coming months.”

-Ends-

Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

Creso Pharma Limited
E: info@cresopharma.com
P: +61 (0) 497 571 532

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 lifestyle 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

Creso Pharma offices:

Australia

Suite 5 CPC, 145 Stirling Hwy, Nedlands, WA, 6009

**Switzerland**

Allmendstrasse 11, 6310 Steinhausen, Schweiz

Canada

59 Payzant Drive, Windsor, Nova Scotia, B0N 2T0 and 50 Ivey Ln, Windsor, Nova Scotia, B0N 2T0

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.

ⁱ <https://www.cnn.com/2022/04/01/house-to-vote-on-bill-to-legalize-marijuana.html>

ⁱⁱ <https://mjbizdaily.com/chart-us-cannabis-industrys-economic-impact-could-hit-130-billion-by-2024/>