ABN: 89 609 406 911



14 April 2023

Dear Shareholder,

# **General Meeting - Notice and Proxy Form**

Notice is hereby given that a General Meeting ('Meeting') of Shareholders of Creso Pharma Limited ('Company') will be held by virtual meeting facility at 3:00pm (AWST) on Monday, 15 May 2023.

In accordance with section 110D of the Corporations Act 2001 (Cth) (as inserted by the Corporations Amendment (Meeting and documents) Act 2022 (Cth)), the Company will not be dispatching physical copies of the Notice of Meeting ('Notice') unless specifically requested to do so. Instead, a copy of the Notice is available on the Company's ASX Announcement Platform at www2.asx.com.au (ASX:CPH).

If you have elected to receive notices by email, a copy of your personalised proxy form will be emailed to you. If you have not elected to receive notices by email, a copy of your personalised proxy form will be posted to you, together with this letter for your convenience. **Shareholders are encouraged to elect to receive all notices by email, as this will significantly reduce printing and postage costs for the Company, and helps reduce the Company's environmental impact**. You can provide your email address via your account with the Company's share registry, Automic, which can be accessed as set out further below, or by contacting the share registry on 1300 288 664 (within Australia) (or +61 (0)2 9698 5414 (Overseas)) or by email at: hello@automicgroup.com.au.

All shareholders will be able to participate in the Meeting by:

- (a) attending and voting their Shares at the Meeting to be held virtually at 3:00pm (AWST) on 15 May 2023;
- (b) voting prior to the Meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 3:00pm (AWST) on 13 May 2023) either:
  - **online at:** https://investor.automic.com.au/#/loginsah;
  - **by post to**: Automic, GPO Box 5193, Sydney, NSW, 2001;
  - **in person to:** Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000;
  - by email to: <a href="meetings@automicgroup.com.au">meetings@automicgroup.com.au</a>; or
  - by any other means permitted on the proxy form; and/or
- (c) lodging questions in advance of the Meeting by emailing the questions to Winton Willesee, Joint Company Secretary at <a href="winton@azc.com.au">winton@azc.com.au</a>, by no later than 8 May 2023.

If you are a shareholder, please follow the below step-by-step process to be able to access, vote and ask questions at the meeting:

- 1. Open your internet browser and go to <u>investor.automic.com.au</u>.
- 2. Login with your username and password or click "register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.
- 3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears.
- 4. Click on "**Register**" and follow the steps.

ABN: 89 609 406 911



- 5. Click on the URL to join the virtual meeting facility where you can join and listen to the meeting.
- 6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen.
- 7. Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

If you have any difficulties obtaining a copy of the Notice, or for any other relevant information please contact the Company Secretary on +61 8 9389 3180 or <a href="winton@azc.com.au">winton@azc.com.au</a>.

Authorised for release by the Board of Creso Pharma Limited.

Sincerely,

Winton Willesee

Joint Company Secretary Creso Pharma Limited

# CRESO PHARMA LIMITED ACN 609 406 911 NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3:00pm (AWST)

**DATE**: 15 May 2023

**PLACE**: By Virtual Meeting Facility

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 3:00pm (AWST) on 13 May 2023.

# BUSINESS OF THE MEETING

# **AGENDA**

#### 1. RESOLUTION 1 – APPROVAL TO ISSUE INVESTOR OPTIONS TO UNRELATED LENDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 30,000,000 Investor Options to the Unrelated Lenders (or its nominee/s) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 2. RESOLUTION 2 – APPROVAL TO ISSUE INVESTOR OPTIONS TO ADAM BLUMENTHAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Investor Options to Mr Adam Blumenthal (or his nominee/s), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and a voting prohibition statement applies to this Resolution. Please see below.

# 3. RESOLUTION 3 – APPROVAL TO ISSUE BROKER OPTIONS TO EVERBLU CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 304,000,000 Options to EverBlu Capital (or its nominee/s), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and a voting prohibition statement applies to this Resolution. Please see below.

# 4. RESOLUTION 4 – APPROVAL TO ISSUE OPTIONS TO THE 2020 LENDERS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 4,315,790 Options to the 2020 Lenders (or their nominee/s) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 5. RESOLUTION 5 - APPROVAL TO ISSUE THE 2021 PLACEMENT OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 23,684,144 Options to the 2021 Placement Participants (or their nominee/s) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 6. RESOLUTION 6 – APPROVAL TO ISSUE SHARES TO ADVISIR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will be valued up to \$160,000 on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 7. RESOLUTION 7 – APPROVAL TO ISSUE SECURITIES ON CONVERSION OF CONVERTIBLE NOTES TO LA PLATA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, as calculated by the Face Value of each Convertible Note divided by the Conversion Price, together with one free attaching Option for every four Shares, on conversion of 713 Convertible Notes to La Plata (or its nominee/s), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 8. RESOLUTION 8 – APPROVAL TO ISSUE SECURITIES TO ADAM BLUMENTHAL UNDER THE PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,612,320 Shares and up to 4,612,320 Options to Mr Adam Blumenthal (or his nominee/s) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

#### 9. RESOLUTION 9 – APPROVAL TO ISSUE OPTIONS TO EVERBLU CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 4,612,320 Options to EverBlu Capital (or its nominee/s) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

# 10. RESOLUTION 10 - RATIFICATION OF PRIOR ISSUE OF SHARES - LISTING RULE 7.1A

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 101,726,426 Shares to the February Participants on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 11. RESOLUTION 11 – APPROVAL TO ISSUE FEBRUARY OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 203,452,852 February Options to the February Participants on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 12. RESOLUTION 12 – RATIFICATION OF PRIOR ISSUE OF SBC TRANCHE 1 NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,700,000 SBC Tranche 1 Notes each with a face value of \$1.1111 to SBC Global on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 13. RESOLUTION 13 – APPROVAL TO ISSUE OF SBC TRANCHE 2 NOTES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given is given for the Company to issue 800,000 Convertible Notes each with a face value of \$1.1111 to SBC Global, on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

#### 14. RESOLUTION 14 – APPROVAL TO ISSUE SBC COMMITMENT OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 70,000,000 Options to SBC Global on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 15. RESOLUTION 15 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,940,239 Shares to Achievement Nominees Pty Ltd on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 16. RESOLUTION 16 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,842,098 Shares to EAS Advisors on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 17. RESOLUTION 17 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,710,491 Shares to Six Degrees Group Holdings Pty Ltd on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 18. RESOLUTION 18 – APPROVAL TO ISSUE FEBRUARY OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 29,880,478 February Options to Achievement Nominees Pty Ltd on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

#### 19. RESOLUTION 19 – APPROVAL TO ISSUE FEBRUARY OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 7,684,196 February Options to EAS Advisors on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 20. RESOLUTION 20 – APPROVAL TO ISSUE FEBRUARY OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 11,420,982 February Options to Six Degrees Group Holdings Pty Ltd on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

# 21. RESOLUTION 21 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 53,358,712 Options on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 9 April 2023

By order of the Board

Winton Willesee Joint Company Secretary

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# **Voting Prohibition Statements**

Resolution 2 – Approval to Issue		on appointed as a proxy must not vote on the basis of that tment, on this Resolution if:			
Investor Options to Adam Blumenthal	(a)	the proxy is either:			
Addin Biomenina		(i) a member of the Key Management Personnel; or			
		(ii) a Closely Related Party of such a member; and			
	(b)	the appointment does not specify the way the proxy is to vote on this Resolution.			
	Howeve	er, the above prohibition does not apply if:			
	(a)	(a) the proxy is the Chair; and			
	though	pointment expressly authorises the Chair to exercise the proxy ever this Resolution is connected directly or indirectly with pration of a member of the Key Management Personnel.			
Resolution 3 – Approval to Issue		on appointed as a proxy must not vote on the basis of tha tment, on this Resolution if:			
Broker Options to EverBlu Capital	(c)	the proxy is either:			
·		(i) a member of the Key Management Personnel; or			
		(ii) a Closely Related Party of such a member; and			
	(d)	the appointment does not specify the way the proxy is to vote on this Resolution.			
	However, the above prohibition does not apply if:				
	(b)	the proxy is the Chair; and			
	(c)	the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly o indirectly with remuneration of a member of the Key Management Personnel.			
Resolution 8 – Approval to Issue		on appointed as a proxy must not vote, on the basis of tha ment, on this Resolution if:			
Securities to Adam Blumenthal under the	(a)	the proxy is either:			
Placement		(i) a member of the Key Management Personnel; or			
		(ii) a Closely Related Party of such a member; and			
	(b)	the appointment does not specify the way the proxy is to vote of this Resolution.			
	However, the above prohibition does not apply if:				
	(a)	the proxy is the Chair; and			
	though t	pointment expressly authorises the Chair to exercise the proxy even this Resolution is connected directly or indirectly with remuneration of our of the Key Management Personnel.			
Resolution 9 – Approval to Issue		on appointed as a proxy must not vote, on the basis of that ment, on this Resolution if:			
Options to EverBlu Capital	(a)	the proxy is either:			
		(i) a member of the Key Management Personnel; or			
		(ii) a Closely Related Party of such a member; and			
	(b)	the appointment does not specify the way the proxy is to vote of this Resolution.			
	Howeve	er, the above prohibition does not apply if:			
	(a)	the proxy is the Chair; and			

(b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

# **Voting Exclusion Statements**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 1 – Approval to Issue Investor Options to Unrelated Lenders	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the Unrelated Lenders) or an associate of that person (or those persons).
Resolution 2 – Approval to Issue Investor Options to Adam Blumenthal	Mr Adam Blumenthal (or its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 3 – Approval to Issue Broker Options to Everblu Capital	EverBlu Capital (or its nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 4 – Approval to Issue Options to the 2020 Lenders	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the 2020 Lenders) or an associate of that person (or those persons).
Resolution 5 – Approval to Issue the 2021 Placement Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the 2021 Placement Participants) or an associate of that person (or those persons).
Resolution 6 – Approval to Issue Shares to Advisir	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Advisir) or an associate of that person (or those persons).
Resolution 7 – Approval to Issue Securities on Conversion of Convertible Notes to La Plata	A person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely La Plata) or an associate of that person (or those persons).
Resolution 8 – Approval to Issue Securities to Adam Blumenthal under the Placement	Mr Adam Blumenthal (or his nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 9 – Approval to Issue Options to EverBlu Capital	EverBlu Capital (or its nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 10 – Ratification of Prior Issue of Shares – Listing Rule 7.1A	A person who participated in the issue or is a counterparty to the agreement being approved (namely the February Participants) or an associate of that person or those persons.
Resolution 11 – Approval to Issue February Options	A person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the February Participants) or an associate of that person (or those persons).
Resolution 12 – Ratification of Prior	A person who participated in the issue or is a counterparty to the agreement being approved (namely SBC Global) or an associate of that person or those persons.

Issue of SBC Tranche 1 Notes	
Resolution 13 – Approval to Issue SBC Tranche 2 Notes	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely SBC Global) or an associate of that person (or those persons).
Resolution 14 – Approval to Issue SBC Commitment Options	A person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely SBC Global) or an associate of that person (or those persons).
Resolution 15 — Ratification of Prior Issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely Achievement Nominees Pty Ltd) or an associate of that person or those persons.
Resolution 16 — Ratification of Prior Issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely EAS Advisors) or an associate of that person or those persons.
Resolution 17 — Ratification of Prior Issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely Six Degrees Group Holdings Pty Ltd) or an associate of that person or those persons.
Resolution 18 – Approval to issue February Options	A person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Achievement Nominees Pty Ltd) or an associate of that person (or those persons).
Resolution 19 – Approval to Issue February Options	A person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely EAS Advisors) or an associate of that person (or those persons).
Resolution 20 – Approval to Issue February Options	A person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely Six Degrees Group Holdings Pty Ltd) or an associate of that person (or those persons).
Resolution 21 – Ratification of Prior Issue of Options	A person who participated in the issue or is a counterparty to the agreement being approved (namely the March Participants) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

#### Voting in person

In accordance with the Company's Constitution, the Directors have elected to hold the Meeting virtually and therefore Shareholders will not be able to physically attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting or attend and vote online at the Virtual Meeting.

#### Voting online via Virtual Meeting

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where shareholders will be able to watch, listen, and vote online.

To access the virtual meeting:

- 1. Open your internet browser and go to investor.automic.com.au
- 2. Login with your username and password or click "register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting
- 3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears
- 3. Click on "Register" and follow the steps
- 4. Click on the URL to join the webcast where you can view and listen to the virtual meeting
- 5. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
- 6. Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted

You may still attend the meeting and vote at the Virtual Meeting even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance at the Virtual Meeting will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment will be deemed to be revoked with respect to voting on that resolution.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 3180.

# **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

# 1. BACKGROUND TO RESOLUTION 1 TO RESOLUTION 3

# 1.1 Overview

As announced on 1 November 2022 and 15 December 2022, the Company secured firm commitments from institutional, professional and sophisticated investors (also including former Director, Mr Adam Blumenthal) to raise \$2.8 million (before costs) (Loan 1) and on 6 March 2023, the Company and La Plata agreed to roll over an existing loan (and portion of accumulated interest) of \$700,000 with its wholly owned subsidiary Sierra Sage Herbs, LLC into a loan consistent with terms of Loan 1 (Loan 2) (together, the Loans). The Loans have an interest rate of 30% per annum, payable quarterly in arrears. For the purpose of this Section, LaPlata, Mr Adam Blumenthal and the institutional, professional and sophisticated investors are referred to as the Lenders. The Lenders, other than Mr Blumenthal are referred to as the Unrelated Lenders.

The Loans will be secured by a general security granted over the Cannabis Cultivation Facility located in Nova Scotia, Canada, which is owned by Mernova Medical Inc, a wholly owned subsidiary of the Company (Mernova) and a property mortgage over land held by Mernova (Mortgage Security). A trustee will hold the Mortgage Security on behalf of the Lenders. Until the Company receives a waiver of Listing Rule 10.1, Mr Blumenthal will not receive the benefit of the Mortgage Security. As at the date of this Notice, the Company confirms it is seeking the waiver. For the avoidance of doubt, the Unrelated Lenders do not need to seek a waiver to be granted the benefit of the Mortgage Security.

Under the current terms of the Loans, the Company agreed to issue, subject to Shareholder approval, 35 Convertible Notes with a face value of \$100,000 (Convertible Note Offer). Former Director, Mr Blumenthal, has confirmed his commitment to participate in the secured Convertible Note Offer for \$500,000 of the \$2.8m. Under the current terms of the Loan, if the Loans are not converted into Convertible Notes on or before 30 April 2023 the Loan 1 and Loan 2 will become repayable by 21 May 2023 and 2 September 2023, respectively.

For the avoidance of doubt there is no requirement for the Company to make any offer of Convertible Notes to replace the Loans. Additionally, there is no obligation of the Lender once an offer is received to apply for Convertible Notes to replace the Loans.

# 1.2 Convertible notes

The material terms of the Convertible Notes to be issued are set out below:

- (a) (Face Value): Each Convertible Note will have a face value of \$100,000.
- (b) (Interest): 30% per annum, payable quarterly in arrears.
- (C) (Maturity Date):
  - (i) 23 Convertible Notes: 6 months from the date of the Loans; and
  - (ii) 7 Convertible Notes: 2 September 2023.

- (d) (**Security**): The Convertible Notes will remain secured by the Security. The Security will be extinguished if and when the Convertible Notes are converted or otherwise repaid in full.
- (e) (Conversion Price): The Convertible Notes are convertible into Shares at \$0.05 per Share, together with four attaching Convertible Note Options for every one Share issued.
- (f) (Conversion): At the election of the holders of the Convertible Notes (Noteholders), the face value is convertible at any time from the date of issue of the Convertible Notes until the Maturity Date.
- (g) (**Redemption**): If a Noteholder has not elected to convert the Convertible Notes on or before the maturity date, the Company must repay the face value of the Convertible Notes together with any accrued interest on the maturity date.

# 1.3 Investor Options

In addition to the Convertible Notes, the Company has agreed under the Loan, subject to Shareholder approval, to issue the to the Lenders 1,000,000 Options per \$100,000 invested, regardless of whether the Convertible Notes are converted to equity or get repaid back in cash, exercisable at \$0.08 each on or before the date that is approximately four (4) years after the date of issue (Investor Options).

The Company seeks Shareholder approval for the issue of the Investor Options to the Unrelated Lenders and Mr Blumenthal, being the subject of Resolution 1 and Resolution 2, respectively.

The Company intends to seek quotation of the Investor Options, subject to meeting Listing Rule requirements. For the avoidance of doubt, each Investor Option will be on the same terms and conditions as the Options currently trading on the ASX under the code 'CPHOD'.

#### 1.4 Obsidian Convertible Note Offer

The Company also announced the completion of the additional agreement with Obsidian Global, LLC to raise up to \$5,000,000 via convertible notes (the subjects of Resolutions 18 to 24 of the 29 December 2022 General Meeting) (**Obsidian Convertible Note Offer**).

# 1.5 Lead manager

EverBlu Capital was engaged as the lead manager to the Convertible Note Offer and Obsidian Convertible Note Offer under a fee agreement (**Everblu Mandate**). Mr Adam Blumenthal is a former Non-Executive Director of the Company and controls EverBlu Capital.

A summary of the Everblu Mandate is below:

Date	26 October 2022		
Services	Lead manager services for the Convertible Note Offer and Obsidian Convertible Note Offer.		
	The Company agreed to:		
Fees	(a) pay EverBlu Capital a capital raising and management fee of 6% of the funds raised under the Convertible Note Offer		

	and the Obsidian Convertible Note Offer (up to \$456,000); and
(b)	subject to Shareholder approval being obtained, issue EverBlu Capital (or its nominee/s) up to 304,000,000 Options ( <b>Broker Options</b> ). For the avoidance of doubt, each Broker Option will be on the same terms and conditions as the Options currently trading on the ASX under the code 'CPHOD'.

# 1.6 Summary of Resolutions

Resolution 1 to Resolution 3 seek:

- (a) **Resolution 1** Shareholder approval to issue the Investor Options to the Unrelated Lenders;
- (b) **Resolution 2** Shareholder approval to issue the Investor Options to Mr Adam Blumenthal; and
- (c) **Resolution 3** Shareholder approval for the issue of the Broker Options to Everblu Capital.

# 2. RESOLUTION 1 – APPROVAL TO ISSUE INVESTOR OPTIONS TO UNRELATED LENDERS

#### 2.1 General

As set out in Section 1.3 above, the Company is proposing to issue up to 30,000,000 Investor Options for nil consideration to the Unrelated Lenders.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Investor Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

# 2.2 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Investor Options. In addition, the issue of the Investor Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Investor Options and the Company may breach the terms of the Loans or may seek alternative means to compensate the Unrelated Lenders.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Investor Options.

# 2.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

(a) the Investor Options will be issued to the Unrelated Lenders;

- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Investor Options to be issued to the Unrelated Investors is 30,000,000;
- (d) the terms and conditions of the Investor Options are set out in Schedule  $1 \cdot$
- (e) the Investor Options will be issued to the Unrelated Investors no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Investor Options will occur on the same date;
- (f) the issue price will be nil per Investor Option. The Company will not receive any other consideration for the issue of the Investor Options (other than in respect of funds received on exercise of the Investor Options);
- (g) the purpose of the issue of the Investor Options is to satisfy the Company's obligations under the Loans and for the purposes set out in Section 1;
- (h) the Investor Options are being issued to the Unrelated Lenders under the Loans. A summary of the material terms of the Loans are set out in Section 1.1; and
- (i) the Investor Options are not being issued under, or to fund, a reverse takeover.

# 3. RESOLUTION 2 – ISSUE OF INVESTOR OPTIONS TO ADAM BLUMENTHAL

# 3.1 General

As set out in Section 1.1 above, the Company has agreed, subject to obtaining Shareholder approval, to issue 5,000,000 Investor Options to Mr Adam Blumenthal (or their nominee) on the terms and conditions set out below.

# 3.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Investor Options to Mr Adam Blumenthal (or their nominee) constitutes giving a financial benefit as Mr Blumenthal is a related party of the Company by virtue of being a Director of the Company within the last six (6) months.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Investor Options because the Investor Options will be issued to Mr Blumenthal on the same terms as the Unrelated Lenders. Consequently, the giving of the financial benefit is on arm's length terms.

# 3.3 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The proposed issue of the Investor Options falls within exception 11 under Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.1.

Resolution 2 seeks the required Shareholder approval for the issue of the Investor Options under and for the purposes of Listing Rule 10.11.

# 3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Investor Options to Mr Blumenthal within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Investor Options to Mr Blumenthal and the Company may breach the terms of the Loans or may seek alternative means to compensate Mr Blumenthal.

# 3.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 2:

- (a) the Investor Options will be issued to Mr Blumenthal (or their nominee), who falls within the category set out in Listing Rule 10.11.1 as Mr Blumenthal is a related party of the Company by virtue of being a Director of the Company within the last six (6) months;
- (b) the maximum number of Investor Options to be issued to Mr Blumenthal is 5,000,000;
- (c) the terms and conditions of the Investor Options are set out in Schedule 1;
- (d) the Investor Options will be issued to Mr Blumenthal no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options);
- (f) the purpose of the issue of the Investor Options is to satisfy the Company's obligations under the Loans and for the purposes set out in Section 1;
- (g) the Investor Options are being issued to the Mr Blumenthal under the Loans. A summary of the material terms of the Loans are set out in Section 1.1;
- (h) the Investor Options are not being issued under, or to fund, a reverse takeover; and
- (i) a voting exclusion statement is included in Resolution 2 of the Notice.

# 4. RESOLUTION 3 – APPROVAL TO ISSUE BROKER OPTIONS TO EVERBLU CAPITAL

#### 4.1 General

As set out in Section 1.5, Everblu Capital acted as the lead manager for the Convertible Note Offer and the Obsidian Convertible Note Offer (together, the **Offers**).

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 304,000,000 Broker Options to EverBlu Capital (or its nominee/s) in part consideration for services provided in connection with the Offers.

# 4.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2.

The issue of the Broker Options constitutes giving a financial benefit and EverBlu Capital is a related party of the Company by virtue of being controlled by a former Non-Executive Director, Mr Blumenthal.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Broker Options because the agreement to grant the Broker Options was negotiated on an arm's length basis.

# 4.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 3.3.

The proposed issue of the Broker Options falls within exception 11 under Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.1.

Resolution 3 seeks the required Shareholder approval for the issue of the Broker Options under and for the purposes of Listing Rule 10.11.

# 4.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Broker Options within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Broker Options (because approval is being obtained under Listing Rule 10.11), the issue of the Broker Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Broker Options and will issue a cash equivalate fee based upon a Black and Scholes valuation model of \$0.0028 per Broker Option.

# 4.5 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Broker Options will be issued to EverBlu Capital (or its nominee/s), who falls within the category set out in Listing Rule 10.11.1, by virtue of being controlled by a former Non-Executive Director, Mr Adam Blumenthal. Mr Blumenthal is the Chairman of EverBlu Capital and a major shareholder and controller of EverBlu Capital;
- (b) the maximum number of Broker Options to be issued is 304,000,000;
- (c) the Broker Options will be issued on the terms and conditions set out in Schedule 1;
- (d) the Broker Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Broker Options will be issued on the same date;
- (e) the Broker Options will be issued for nil cash consideration; accordingly, no funds will be raised (other than in respect of funds received on exercise of the Broker Options);
- (f) the purpose of the issue of the Broker Options is to satisfy the Company's obligations under the Everblu Mandate (as summarised in Section 1.5);

- (g) the Broker Options are being issued under the Everblu Mandate, a summary of which is set out in Section 1.5; and
- (h) a voting exclusion statement is included in Resolution 3 of the Notice.

# 5. RESOLUTION 4 – APPROVAL TO ISSUE OPTIONS TO THE 2020 LENDERS

# 5.1 General

On 31 December 2020, the Company entered into short term loan agreements with unrelated third-party lenders, Chifley Portfolios Pty Ltd, Jamber Investments Pty Ltd and L1 Capital Opportunities Master Fund pursuant to which the Company drew down an aggregate of \$3,000,000 (2020 Loans).

On or around 29 March 2021, L1 Capital Opportunities Master Fund assigned its rights and obligations under the short-term loan agreements to SBC Global Investment Fund.

The unrelated third-party lenders now comprise of Chifley Portfolios Pty Ltd, Jamber Investments Pty Ltd and SBC Global Investment Fund (**2020 Lenders**).

On 26 March 2021, there was an aggregate of \$3,529,412 outstanding in respect of the 2020 Loans (being the principal loans and accrued interest). The Company agreed to repay the outstanding 2020 Loans by:

- (a) issuing the 2020 Lenders an aggregate of 17,263,158 Shares at a deemed issue price of \$0.19 per Share (**Lender Shares**) together with one free attaching Option for every four Shares subscribed for and issued (**Lender Options**); and
- (b) making an aggregate cash payment of \$249,411.80 to the 2020 Lenders (**Cash**). The Cash was paid to the 2020 Lenders on 30 April 2021.

The Lender Shares were issued on 26 March 2021 and ratified by Shareholders at the Company's annual general meeting which was held on 24 June 2021 (2021 AGM).

The issue of the Lender Options is subject to the Company obtaining Shareholder approval. The Company first obtained Shareholder approval for the issue of the Lender Options at the 2021 AGM. This approval lapsed on 24 September 2021. The Company then re-sought Shareholder approval, which was granted at the General Meeting on 9 August 2022. This approval has subsequently re-lapsed on 9 December 2022.

Accordingly, the Company is seeking a fresh Shareholder approval for the issue of the Lender Options.

Subject to compliance with the Listing Rules, the Company intends to apply for quotation of the Lender Options. The Lender Options will only be quoted when all the requirements of Listing Rule 2.5 (condition 6) are met.

Resolution 4 seeks Shareholder approval for the issue of the Lender Options pursuant to Listing Rule 7.1.

# 5.2 Listing Rules 7.1 and 7.1A

Broadly speaking and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval

of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the Company's Annual General Meeting on 31 May 2022 (**2022 AGM**).

The proposed issue of the Lender Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

# 5.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Lender Options. In addition, the issue of the Lender Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Lender Options.

# 5.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Lender Options will be issued to the 2020 Lenders (or their nominee/s);
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company
- (c) the maximum number of Lender Options to be issued is 4,315,790;
- (d) the terms and conditions of the Lender Options are set out in Schedule 2. Subject to compliance with the Listing Rules, the Company intends to apply for quotation of the Lender Options. The Lender Options will only be quoted when all the requirements of Listing Rule 2.5 (condition 6) are met;
- (e) the Lender Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Lender Options will occur on the same date;
- (f) the Lender Options will be issued at a nil issue price, free attaching with the Lender Shares (on the basis of one Lender Option for every four Lender Shares issued). Accordingly, no funds will be raised from the issue of the Lender Options (other than funds received on exercise of the Lender Options);

- (g) the purpose of the issue of the Lender Options is to satisfy the Company's obligations under the loan repayment agreements;
- (h) the Lender Options are being issued in accordance with the loan repayment agreements reached with each of the 2020 Lenders. A summary of the material terms of these agreements is set out in Section 5.1; and
- (i) the Lender Options are not being issued under, or to fund, a reverse takeover.

#### 6. RESOLUTION 5 – APPROVAL TO ISSUE 2021 PLACEMENT OPTIONS

#### 6.1 General

As announced on 26 March 2021, the Company received firm commitments from institutional, professional and sophisticated investors (2021 Placement Participants) to raise up to A\$18 million (before costs) through the issue of 94,736,843 Shares (2021 Placement Shares) at an issue price of \$0.19 per Share (2021 Placement). The 2021 Placement Shares were issued pursuant to the Company's placement capacity under Listing Rule 7.1A on 1 April 2021 and ratified by Shareholders at the 2021 AGM.

The Company agreed, subject to obtaining Shareholder approval, to issue the Placement Participants one Option for every four Shares subscribed for and issued under the Placement (2021 Placement Options). The Company obtained Shareholder approval for the issue of the 2021 Placement Options at the 2021 AGM. This approval lapsed on 24 September 2021. The Company then re-sought Shareholder approval, which was granted at the General Meeting on 9 August 2022. This approval has subsequently re-lapsed on 9 December 2022.

Accordingly, the Company is seeking a fresh Shareholder approval for the issue of the 2021 Placement Options.

Resolution 5 seeks Shareholder approval for the issue of the 2021 Placement Options pursuant to Listing Rule 7.1.

Subject to compliance with the Listing Rules, the Company intends to apply for quotation of the 2021 Placement Options. The 2021 Placement Options will only be quoted when all the requirements of Listing Rule 2.5 (condition 6) are met.

Further information in respect of the Placement and the issue of the 2021 Placement Shares and 2021 Placement Options is set out in Company's Notice of Annual General Meeting released on 21 May 2021.

# 6.2 Listing Rules 7.1 and 7.1A

A summary of Listing Rules 7.1 and 7.1A is set out in Section 5.2 above.

The proposed issue of the 2021 Placement Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

# 6.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the 2021 Placement Options. In addition, the issue of the 2021 Placement Options

will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the 2021 Placement Options.

# 6.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the 2021 Placement Options will be issued to the 2021 Placement Participants (or their nominee/s), who are professional and sophisticated investors clients of EverBlu Capital. The 2021 Placement Participants were identified through a bookbuild process, which involved EverBlu Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of 2021 Placement Options to be issued is 23,684,211;
- (d) the terms and conditions of the 2021 Placement Options are set out in Schedule 2. Subject to compliance with the Listing Rules, the Company intends to apply for quotation of the 2021 Placement Options. The 2021 Placement Options will only be quoted when all the requirements of Listing Rule 2.5 (condition 6) are met;
- (e) the 2021 Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the 2021 Placement Options will occur on the same date;
- (f) the purpose of the issue of the 2021 Placement Options is to satisfy the Company's obligations under the 2021 Placement. The issue price of the 2021 Placement Options will be nil as they will be issued free attaching with the Shares issued pursuant to the 2021 Placement (on the basis of one 2021 Placement Option for every four 2021 Placement Shares subscribed for and issued). Accordingly, no funds will be raised from the issue of the 2021 Placement Options;
- (g) the 2021 Placement Options are not being issued under an agreement; and
- (h) the 2021 Placement Options are not being issued under, or to fund, a reverse takeover.

#### 7. RESOLUTION 6 – APPROVAL TO ISSUE SHARES TO ADVISIR

#### 7.1 General

The Company engaged the services of Advisir trading as Report Card Pty Ltd (ACN 092 598 859) (Advisir) to provide investor marketing services under an agreement (Marketing Services Agreement).

Under the Marketing Services Agreement, the Company has agreed to issue, subject to Shareholder approval, up to that number of Shares, when multiplied by the issue price, will equal to \$160,000 (**Advisir Shares**) (being the purpose of Resolution 6).

A summary of the Marketing Services Agreement is below:

Date	20 November 2022		
Services	Provision of investor marketing services including electronic direct marketing emails.		
Term	The term of the agreement is for 12 months and may be cancelled, after the first 3 months, with 30 days' written notice, or by mutual agreement.		
Fees	The Company agreed to issue the Advisir Shares and pay \$16,000 GST component in cash.		

# 7.2 Listing Rule 7.1

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Advisir Shares falls within exception 17 of Listing Rule 7.2. Accordingly, the Company is seeking Shareholder approval under Listing Rule 7.1 for the issue of the Advisir Shares.

# 7.3 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Company will be able to proceed with the issue of the Advisir Shares. In addition, the issue of the Advisir Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company may not be able to proceed with the issue of the Advisir Shares and the Company will potentially not re-negotiate its obligations under an agreement.

Resolution 6 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Advisir Shares.

# 7.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

(a) the Advisir Shares will be issued to Advisir;

- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that Advisir will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Advisir Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$160,000. The Advisir Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Advisir Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Advisir Shares will occur on the same date;
- (e) the issue price of the Advisir Shares will be equal to the number of Shares at the opening price on the day of issue, equal to \$160,000. The Company will not receive any other consideration for the issue of the Advisir Shares;
- (f) the purpose of the issue of the Advisir Shares is to satisfy the Company's obligations under the Marketing Services Agreement;
- (g) the Advisir Shares are being issued to Advisir under the Marketing Services Agreement. A summary of the material terms of the Marketing Services Agreement is set out in Section 7.1; and
- (h) the Advisir Shares are not being issued under, or to fund, a reverse takeover.

#### 7.5 Dilution

Set out below is a worked example of the number of Advisir Shares that may be issued under Resolution 6 based on an assumed issue prices of \$0.005, \$0.010 and \$0.015 per Advisir Shares, being the closing price of Shares on 31 March 2023 (**Closing Price**) and 50% increase and 50% decrease to the Closing Price. Given that there is no floor price the issue of the Advisir Shares may be highly dilutive to existing Shareholders if the issue price were to fall substantially over the period from the date of this Notice and issue of the Advisir Shares.

Assumed issue price	Maximum number of Advisir Shares which may be issued <sup>1</sup>	Current Shares on issue as at the date of this Notice <sup>2</sup>	Increased number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 63	Dilution effect on existing Shareholders
\$0.005	32,000,000	2,136,507,695	2,168,507,695	1.48%
\$0.010	16,000,000	2,136,507,695	2,152,507,695	0.74%
\$0.015	10,666,667	2,136,507,695	2,147,174,362	0.50

# Notes:

1. Rounded to the nearest whole number.

- 2. There are currently 2,136,507,695 Shares on issue as at the date of this Notice and this table assumes no Options are exercised, no convertible securities converted or additional Shares issued, other than the maximum number of Shares which may be issued pursuant to Resolution 6 (based on the assumed issue prices set out in the table).
- 3. The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

# 8. RESOLUTION 7 – APPROVAL TO ISSUE SECURITIES ON CONVERSION OF CONVERTIBLE NOTES TO LA PLATA CAPITAL, LLC

#### 8.1 General

As announced on 27 January 2023 and 6 March 2023, the Company exchanged U\$\$1,282,500 of existing debt (**Plata Loan 1**) from La Plata Capital, LLC (**La Plata**) (before costs) into a converting loan and acquired 31.25% of an existing debt (being, U\$\$500,000) with Abby and Finn LLC (**Plata Loan 2**) (together, the **Plata Loan**). The Plata Loan 1 has an interest rate of 30% per annum, payable quarterly in arrears, with the first interest payment to be made on 30 June 2023. The Plata Loan 2 has an interest rate of 30% per annum, 50% of the interest will be payable quarterly in arrears (the remaining 50% will be payable on maturity), with the first interest payment to be made on 30 June 2023.

The Plata Loan will be secured by a general security granted over the Cannabis Cultivation Facility located in Nova Scotia, Canada, which is owned by Mernova and a property mortgage over land held by Mernova (**Plata Security**). The Plata Security will have a second ranking over the existing security.

Under the current terms of the Plata Loan, the Company agreed to issue, subject to Shareholder approval, that number of Shares, as calculated by the face value of US\$2,500 (Face Value) of each Convertible Note divided by \$0.05 which will be converted into USD\$ as quoted by the Reserve Bank of Australia on the business day prior to the date on which the currency conversion calculation is to be made (Conversion Price), together with one free attaching Option for every four Shares, on conversion of 713 Convertible Notes (Plata Securities). Under the current terms of the Plata Loan, if La Plata does not subscribe for the Convertible Notes on or before 30 April 2023 the Plata Loan 1 and Plata Loan 2 will become repayable by 17 July 2023 and 2 March 2024, respectively.

The issue of the Plata Securities cannot be made without the Company obtaining Shareholder approval pursuant to Listing Rule 7.1.

For the avoidance of doubt, there is no requirement for the Company to make any offer of Convertible Notes to replace the Plata Loan. Additionally, there is no obligation on La Plata once an offer is received to apply for Convertible Notes to replace the Plata Loan.

However, if Shareholders do not approve this Resolution, the Company will not be able to issue the Plata Securities and, accordingly, the Plata Loan 1 and Plata Loan 2 will be repayable by 17 July 2023 and 2 March 2024, respectively.

The Company is seeking Shareholder approval to issue the Plata Securities (being the subject of Resolution 7).

# 8.2 Convertible notes

The material terms of the Convertible Notes to be issued are set out below:

- (a) (Face Value): Each Convertible Note will have a face value of USD\$2,500.
- (b) (Interest): 30% per annum, payable quarterly in arrears. For the Convertible Notes issued in relation to the Plata Loan 2, 50% of the interest will be payable quarterly in arrears (the remaining 50% will be payable on maturity).
- (c) (Maturity Date): July 17 2023 for the Plata Loan 1 and 2 March 2024 for the Plata Loan 2.
- (d) (**Plata Security**): The Convertible Notes will remain secured by the Plata Security. The Plata Security will be extinguished if and when the Convertible Notes are converted or otherwise repaid in full.
- (e) (Conversion Price): The Convertible Notes are convertible into Shares at \$0.05 per Share, together with one attaching Convertible Note Option for every four Shares issued. \$0.05 will be converted into USD\$ as quoted by the Reserve Bank of Australia on the business day prior to the date on which the currency conversion calculation is to be made.
- (f) (Conversion): At the election of the holders of the Convertible Notes (Noteholders), the face value is convertible at any time from the date of issue of the Convertible Notes until the maturity date.
- (g) (**Redemption**): If a Noteholder has not elected to convert the Convertible Notes on or before the maturity date, the Company must repay the face value of the Convertible Notes together with any accrued interest on the maturity date.

# 8.3 Listing Rule 7.1

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Plata Securities falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

# 8.4 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Plata Securities to La Plata. In addition, the issue of the Plata Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 7 is not passed the Company will not be able to proceed with the issue of the Plata Securities to La Plata, and the Company will need to repay the Plata Loan.

Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Plata Securities to La Plata.

# 8.5 Technical Information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) on conversion of the Convertible Notes, the Company will issue the Plata Securities to La Plata (or its nominee);
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the Plata Securities will be issued to La Plata on the terms set out in Section 8.2;
- (d) upon conversion of the Convertible Notes, the number of Shares to be issued is the face value of the Convertible Note divided by \$0.05 to be converted into USD\$ as quoted by the Reserve Bank of Australia on the Business Day prior to the date on which the currency conversion calculation is to be made. The maximum number of Convertible Note Options to be issued is equal to 25% of the number of Shares to be issued (rounded up for fractional entitlements) as the Options will be issued free attaching with the Shares on a one (1) for four (4) basis;
- (e) once converted, the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Convertible Note Options will be issued on the terms and conditions set out in Schedule 1;
- (g) the Plata Securities will be issued for nil consideration. The Company will not receive any other consideration for the issue of the Plata Securities (other than in respect of funds received on exercise of the Convertible Note Options);
- (h) the Plata Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules) and it is intended that issue of the Plata Securities will occur on the same date;
- (i) the purpose of the issue of the Plata Securities is set out in Section 8.1;
- (j) the Plata Securities are being issued to La Plata under the Plata Loan. A summary of the material terms of the Plata Loan is set out in Section 8.2;
- (k) the Plata Securities are not being issued under, or to fund, a reverse takeover; and
- (I) a voting exclusion statement is included in Resolution 7 of this Notice.

# 8.6 Number of Shares and Convertible Note Options

Set out below is a worked example of the maximum number of Shares and Convertible Note Options that may be issued upon conversion of the Convertible Notes based on an assumed exchange rate:

Conversion Price	Shares	Convertible Note Options
USD\$0.07071	25,218,810	6,304,703
USD\$0.0353 <sup>2</sup>	50,437,620	12,609,405
USD\$0.0236	75,656,430	18,914,108

#### Notes:

- 1. A 50% decrease in the exchange rate set out in note 2 below.
- 2. The conversion price base an exchange rate of USD\$1 to \$1.4148.
- 3. A 50% increase in the exchange rate set out in note 2 above.
- 4. The Company notes that above workings are an example only and the actual conversion price may differ. This will result in the maximum number of Shares and Convertible Note Options to differ.

#### 9. BACKGROUND TO RESOLUTIONS 8 AND 9

#### 9.1 Overview

As announced on 25 February 2022, the Company secured firm commitments from institutional, professional and sophisticated investors to raise \$5 million (before costs) through the issue of approximately 72.4 million new fully paid ordinary shares at an issue price of \$0.069 per Share with one free attaching Option for every one new Share issued (**Placement**). The Placement included a commitment for participation for approximately \$318,250 from former Non-Executive Director, Adam Blumenthal, which was subject to shareholder approval. Mr Blumenthal resigned as Non-Executive Director of the Company on 10 October 2022.

On 2 March 2022, the Company issued 67,851,467 Shares to unrelated participants in the Placement (**Unrelated Placement Participants**) at an issue price of \$0.069 per Share to raise approximately \$4,681,751 (subject to rounding) (**Placement Shares**).

The Placement Shares were issued pursuant to the Company's capacity under its Listing Rule 7.1A mandate, which was previously approved by Shareholders at the annual general meeting held on 31 May 2022.

After the Company had issued the Placement Shares, it had come to the Company's attention that it had issued 14,492,755 Shares (**Suburban Shares**) to Suburban Holdings Pty Limited (ACN 106 824 471) (**Suburban**) without receiving Shareholder approval under Listing Rule 10.11. Further details are set out in Section 21.1.

As announced on 25 February 2022, the Company agreed to issue the Placement Participants one Option for every Share subscribed for and issued under the Placement pursuant to its issue capacity under Listing Rule 7.1 (**Placement Options**). On 12 December 2022, the Company issued the Placement Options to the Unrelated Placement Participants.

The 4,612,320 Shares and 4,612,320 Options subscribed for under the Placement by Adam Blumenthal, subject to shareholder approval, remain to be issued.

# 9.2 Lead Manager

EverBlu Capital Pty Ltd (ACN 612 793 683) (**EverBlu Capital**) was engaged to lead manage the Placement. In consideration for the provision of these services, the Company agreed to:

- (a) pay EverBlu Capital a capital raising and management fee of 6% of the funds raised under the Placement; and
- (b) subject to Shareholder approval being obtained, issue EverBlu Capital (or its nominee/s) one Option for every one Option issued under the Placement on the same terms and conditions as the Placement. On 27 January 2023, the Company issued 53,358,712 Options to Everblu in consideration for the Placement Shares issued to Unrelated Placement Participants. The Company will be required to issue an additional 4,612,320 Options upon the issue of the portion of the Placement subscribed for by Adam Blumenthal.

The Options proposed to be issued to Everblu Capital (the subject of Resolution 9) are the portion relating to Mr Adam Blumenthal's participation.

# 10. RESOLUTION 8 - APPROVAL TO ISSUE SECURITIES TO ADAM BLUMENTHAL UNDER THE PLACEMENT

Resolution 8 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 4,612,320 Shares and 4,612,320 Options to Mr Adam Blumenthal (or his nominee/s) (**Participation Securities**) in respect of his participation in the Placement.

The Company first obtained Shareholder approval for the Participation Securities, being the commitment of \$318,250, on 29 December 2022. This approval lapsed on 29 January 2023 because the Company had not yet received the subscription funds. Accordingly, the Company is seeking a fresh Shareholder approval for the issue of the Participation Securities.

The Participation Securities will be issued to Mr Blumenthal on the same terms as the Shares and Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

Further details in respect of the Placement are set out in Section 9.1 above.

# 10.1 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2.

Mr Adam Blumenthal resigned as a director of the Company effective 10 October 2022. Accordingly, the issue of the Participation Securities constitutes giving a financial benefit and Adam Blumenthal is a related party of the Company by virtue of being a Director during the previous six months.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Participation Securities because the Participation Securities will be issued to Mr Blumenthal on the same terms as the Shares and Options issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

# 10.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 3.3.

The issue of the Participation Securities falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 8 seeks the required Shareholder approval for the issue of the Participation Securities under and for the purposes of Listing Rule 10.11.

# 10.3 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Company will be able to proceed with the issue of the Participation Securities within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 10.4(g). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Securities (because approval is being obtained under Listing Rule 10.11), the issue of the Securities will not use up any of the Company's 15% annual placement capacity.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the Securities and the Company will be required to repay Mr Blumenthal the funds which have been advanced to the Company.

# 10.4 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- (a) the Participation Securities will be issued to Mr Adam Blumenthal (or his nominee/s), who falls within the category set out in Listing Rule 10.11.1, by virtue of being a Director during the previous six months;
- (b) the maximum number of Participation Securities to be issued is 4,612,320 Shares and 4,612,320 free attaching Options;
- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options will be issued on the terms and conditions set out in Schedule 7;
- (e) the Participation Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Securities will be issued on the same date;
- (f) the issue price will be \$0.069 per Share, being the same issue price as Shares issued to other participants under the Placement. The Options will be issued for nil cash consideration (on the basis of one Option for every one Share subscribed for and issued). The Company will not receive any other consideration for the issue of the Shares or Options;
- (g) the purpose of the issue of the Participation Securities is to raise capital, which will be deployed towards the US expansion, general working capital, product development initiatives and other opportunities;
- (h) the issue of the Participation Securities is not intended to remunerate or incentivise the former Director:
- (i) the Participation Securities are not being issued under an agreement; and

# 11. RESOLUTION 9 - APPROVAL TO ISSUE OPTIONS TO EVERBLU CAPITAL IN CONSIDERATION FOR SERVICES PROVIDED IN CONNECTION WITH THE PLACEMENT

#### 11.1 General

Resolution 9 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 4,612,320 Options to EverBlu Capital (or its nominee/s) in part consideration for services provided in connection with the Placement. Adam Blumenthal is a former Non-Executive Director of the Company and controls EverBlu Capital. Refer to Section 9.2 for further details.

# 11.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 3.2.

The issue of the Options constitutes giving a financial benefit and EverBlu Capital is a related party of the Company by virtue of being controlled by a former Non-Executive Director Mr Adam Blumenthal.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Options because the agreement to grant the Options was negotiated on an arm's length basis.

# 11.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 3.3.

The issue of the Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 9 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

# 11.4 Technical information required by Listing Rule 14.1A

If Resolution 9 is passed, the Company will be able to proceed with the issue of the Options within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Options as part of the payment for services provided and will be required to re-negotiate a revised fee with EverBlu Capital which may require cash payments and affect the Company's available cash position. The Company considers that a failure to comply with the obligations under such agreement may hinder the Company's ability to raise further capital, as EverBlu Capital may elect to cease providing further capital raising services to the Company and, given the current market, there can be no assurance that the Company would be able to engage an alternative lead manager to assist the Company to raise money on terms any more favourable than those agreed with EverBlu Capital.

# 11.5 Technical information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 9:

- (a) the Options will be issued to EverBlu Capital (or its nominee/s), who falls within the category set out in Listing Rule 10.11.1, by virtue of being controlled by a former Non-Executive Director, Mr Adam Blumenthal. Mr Blumenthal is the Chairman of EverBlu Capital and a major shareholder and controller of EverBlu Capital;
- (b) the maximum number of Options to be issued is 4,612,320;
- (c) the Options will be issued on the terms and conditions set out in Schedule 7;
- (d) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Options will be issued on the same date;
- (e) the Options will be issued for nil cash consideration; accordingly, no funds will be raised (other than in respect of funds received on exercise of the Options);
- (f) the purpose of the issue of the Options is to satisfy the Company's obligations under the mandate with EverBlu Capital (as summarised in Section 9.2);
- (g) the issue of the Options is not intended to remunerate or incentivise the former Director;
- (h) the Options are being issued under a mandate between the Company and EverBlu Capital, a summary of which is set out in section 9.2; and
- (i) a voting exclusion statement is included in Resolution 9 of the Notice.

# 12. BACKGROUND TO RESOLUTIONS 10 AND 11

On 17 February 2023, the Company announced that it had received firm commitments from new and existing institutional, professional investors (February Participants) to raise approximately \$2 million (before costs) through the issue of approximately 132,859,356 Shares at an issue price of \$0.01506 per Share (February Placement). Subject to receiving Shareholder approval, each February Participant will be issued two free attaching Options for every one Share issued. The Options will comprise of one listed option (ASX:CPHOD) exercisable at \$0.08 on or before 31 January 2027 (February Option 1)) and one free attaching unlisted option exercisable at \$0.03 on or before the date that is 18 months from the issue date of Shares under the Placement (February Option 2) (together, February Options). On 24 February 2023, the Company issued 101,726,426 Shares under the February Placement and raised approximately \$1,531,999.

The February Placement is being issued in two tranches:

(a) Tranche 1: comprised of 101,726,426 Shares at an issue price of \$0.01506 which were issued to unrelated sophisticated investors under the Company's Listing Rule 7.1A placement capacity on 24 February 2023.

The 203,452,852 February Options free attaching to these Shares are the subject of Resolution 11; and

(b) Tranche 2: comprises of 6,640,106 Shares with 13,208,212 February Options. Subject to Shareholder approval, these Securities will be issued to Mr William Lay, a Related Party by virtue of being the Company's Managing Director and Chief Executive Officer. Shareholder approval will be sought at a future general meeting.

Funds from the February Placement are intended to be used towards sales and marketing initiatives in the United States of America, completion of Halucenex Life Sciences Inc.'s phase II clinical trial to test the efficacy of psilocybin on treatment resistant Post Traumatic Stress Disorder, pending merger & acquisition opportunities, product development initiatives, costs of the offer and the repayment of existing debt.

EverBlu acted as lead manager to the February Placement. EverBlu will earn a 6% cash fee on the gross amount raised under the February Placement (approximately \$120,000). Subject to Shareholder approval, EverBlu will also receive 2 million Shares per \$1 million raised, and the same number of listed and unlisted options as issued to investors under the Placement (132,859,360 February Options 1 and 132,859,360 February Options 2). Shareholder approval to issue these Securities will be sought prior to 30 June 2023.

#### 13. RESOLUTION 10 - RATIFICATION OF PRIOR ISSUE OF SHARES - LISTING RULES 7.1A

#### 13.1 General

On 24 February 2023, the Company issued 101,726,426 Shares at an issue price of \$0.01506 per Share to the February Participants to raise \$1,531,999.98. These Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the 2022 AGM.

The issue of the Shares did not breach Listing Rule 7.1 at the time of the issue.

# 13.2 Listing Rules 7.1 and 7.1A

A summary of Listing Rules 7.1 and 7.1A is set out in Section 5.2 above.

The issue of the Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Shares.

# 13.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

Resolution 10 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

# 13.4 Technical information required by Listing Rule 14.1A

If Resolution 10 is passed, the Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 10 is not passed, the Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

# 13.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 10:

- (a) The Shares were issued to professional and sophisticated investors who are clients of EverBlu or were identified by the Directors;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 101,726,426 Shares were issued and the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 24 February 2023;
- (e) the issue price was \$0.01506 per Share. The Company has not and will not receive any other consideration for the issue of the Share;
- (f) the purpose of the issue of the Shares was to raise \$1,531,999.98, which has been applied towards activities as set out in Section 12; and
- (g) the Shares were issued pursuant to customary placement offer letters between EverBlu and each investor identified by Everblu or pursuant to a customary subscription term sheet between the Company and investor.

# 14. RESOLUTION 11 – APPROVAL TO ISSUE FEBRUARY OPTIONS

As noted in Section 12, the Company has agreed to issue 203,452,852 free attaching February Options as part of the February Placement, and the Company has engaged the services of EverBlu to manage the February Placement for a fee.

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders

over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the February Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders.

# 14.1 Technical information required by Listing Rule 14.1A

If Resolution 11 is passed, the Company will be able to proceed with the issue of the February Options. In addition, the issue of the February Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 11 is not passed, the Company will not be able to proceed with the issue of the February Options. Therefore, the Company will be in breach of the terms of the February Placement and may require to renegotiate the terms of the February Placement.

Resolution 11 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the February Options.

# 14.2 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 11:

- (b) the February Options will be issued to February Participants (being, professional and sophisticated investors) who are clients of EverBlu and servicer providers to the Company;
- (c) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients will be (other than Azalea Corporate Services Pty Ltd):
  - (A) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (B) issued more than 1% of the issued capital of the Company,

Azalea Corporate Services Pty Ltd provides company secretarial services to the Company and will be issued more than 1% of the issued capital of the Company (upon exercise of the February Options);

- (d) the maximum number of February Options to be issued is 203,452,852, comprising of:
  - (i) 101,726,426 February Option 1; and
  - (ii) 101,726,426 February Option 2.

The terms and conditions of the February Option 1 and February Option 2 are set out in Schedule 1 and Schedule 3 respectively. For the avoidance of doubt the February Option 1 will be on the same terms and conditions of existing listed Options (ASX: CPHOD);

- (e) the February Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the February Options will occur on the same date;
- (f) the February Options will be issued at a nil issue price as these are free attaching Options to the Shares under the February Placement. The Company will not receive any consideration for the issue of the February Options (other than in respect of funds received on exercise of the February Options);
- (g) the purpose of the issue of the February Options is to comply with the terms of the February Placement;
- (h) the February Options were agreed to be issued pursuant to customary placement offer letters between EverBlu and each investor identified by Everblu or pursuant to a customary subscription term sheet between the Company and investor; and
- (i) the February Options are not being issued under, or to fund, a reverse takeover.

#### 15. BACKGROUND TO RESOLUTION 12 TO RESOLUTION 14

#### 15.1 Overview

As announced on 6 March 2023, the Company has secured commitments to raise \$2,500,000 through the issuance of secured convertible notes to SBC Global Investment Fund (SBC Global) comprising of one tranche with an aggregate purchase price of \$1,700,000 pursuant to the first convertible securities agreement (SBC Tranche 1 Agreement) and second tranche with an aggregate purchase price of \$800,000 pursuant to the second convertible securities agreement (SBC Tranche 2 Agreement).

On 14 March 2023, the first tranche of \$1,700,000 was paid to the Company (minus costs) pursuant to the SBC Tranche 1 Agreement, in exchange for the issue of 1,700,000 convertible notes (each with a face value of \$1.1111) (SBC Tranche 1 Notes).

Subject to satisfaction of the condition precedents of the SBC Tranche 2 Agreement, the second tranche of \$800,000 will be provided to the Company in exchange for the issue of 800,0000 convertible notes (each with a face value of \$1.1111) (**SBC Tranche 2 Notes**). A summary of the SBC Tranche 2 Agreement is set out in Schedule 5.

Subject to shareholder approval the Company will also issue SBC 50,000,000 CPHOD quoted options (exercisable at \$0.08 on or before 31 January 2027) (SBC Quoted Options) and 20,000,000 unquoted options (exercisable at \$0.03 on or before 31 January 2027) (SBC Unquoted Options) (together, SBC Commitment Options) as consideration for entering into the SBC Tranche 1 Agreement and SBC Tranche 2 Agreement.

The SBC Tranche 1 Notes and SBC Tranche 2 Notes will be secured by:

(a) a first ranking security over all present and after acquired property of the Company;

- (b) a security agreement between Creso Pharma US, Inc. (a wholly owned subsidiary of the Company) and SBC in relation to, amongst other things, a first priority lien on and a security interest in and to all of Creso Pharma US, Inc.'s right, title and interest in all of its properties and assets whether now owned or hereafter acquired and whether now existing or hereafter coming into existence (US Security Agreement);
- (c) a pledge agreement between the Company and SBC in relation to the Company pledging all of the issued and outstanding equity interests of Creso Pharma US, Inc to SBC;
- (d) a pledge agreement between Creso Pharma US, Inc. and SBC in relation to Creso Pharma US, Inc. pledging all of the issued and outstanding equity interests of Sierra Sage Herbs, LLC (a wholly owned subsidiary of the Company) to SBC; and
- (e) a guarantee between Creso Pharma US, Inc., Sierra Sage Herbs, LLC and SBC in relation to guaranteeing the obligations under the US Security Agreement

(together, SBC Security).

For clarity, the SBC Security will, to the extent they relate to Mernova Medicinal Inc., be subordinate to existing securities registered against Mernova Medicinal Inc., and as agreed to between the Company and SBC.

The number of Shares to be issued upon conversion of the SBC Tranche 1 Notes and SBC Tranche 2 Notes is determined by dividing the face value of the SBC Notes by the conversion price, being the lower of \$0.04 or 150% of the average of the 5 daily VWAPs of Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX on the respective purchase date.

Upon conversion of the SBC Tranche 1 Notes the relevant number of SBC Tranche 1 Notes will be redeemed and the Face Value will reduce. Workings on the number of Shares issued upon conversion of the SBC Notes and potential dilution are set out Section 16.4 and 17.5.

The funds will be deployed to support marketing and sales of the Company's existing products in Canada, Europe, and the US, further advancement of Halucenex's Phase II clinical trial, completion of pending M&A activities, repayment of debt to Obsidian Global GP, LLC and general working capital.

#### 15.2 Summary of Resolutions

Resolution 12 to Resolution 14 seek:

- (a) **Resolution 12** Shareholder approval to ratify the agreement to issue the SBC Shares (upon conversion of the SBC Tranche 1 Notes) to SBC Global;
- (b) **Resolution 13** Shareholder approval for the issue of the SBC Tranche 2 Notes to SBC Global; and
- (c) **Resolution 14** Shareholder approval to ratify the agreement to issue the SBC Commitment Options to SBC Global.

#### 16. RESOLUTION 12 – RATIFICATION OF PRIOR ISSUE OF SBC TRANCHE 1 NOTES

#### 16.1 General

As set out in Section 15.1 above, the Company has issued the SBC Tranche 1 Notes to SBC.

Notwithstanding any other provisions of the SBC Tranche 1 Agreement the aggregate maximum number of Shares that the Company may or is required to issue on one or more conversions or redemptions of the SBC Tranche 1 Notes without acquiring Shareholder approval is 218,976,674 Shares (**SBC Shares**), being the maximum number available under the Company's 7.1 placement capacity.

A summary of Listing Rules 7.1 and 7.1A is set out in Section 5.2 above.

The agreement to issue the SBC Tranche 1 Notes does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the SBC Tranche 1 Notes.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the agreement to issue the Tranche 1 Notes.

Resolution 12 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the agreement to issue the Tranche 1 Notes.

#### 16.2 Technical information required by Listing Rule 14.1A

If Resolution 12 is passed, the Tranche 1 Notes will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the SBC Shares.

If Resolution 12 is not passed, the Tranche 1 Notes will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Notes.

#### 16.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 12:

(a) the Tranche 1 Notes were issued to SBC Global pursuant to the SBC Tranche 1 Agreement;

- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 1,700,000 convertible notes (being the Tranche 1 Notes) were issued to SBC Global on the terms and conditions set out in Schedule 4:
- (d) the Tranche 1 Notes were issued on 15 March 2023;
- (e) the Tranche 1 Notes were issued at an issue price of \$1.00 for each Tranche 1 Note. The Company has received a total of \$1,700,000 for the SBC Tranche 1 Notes (less costs). The Company will not receive any consideration for the issue of the SBC Shares;
- (f) the purpose of the issue of the Tranche 1 Notes is to satisfy the Company's obligations under the SBC Tranche 1 Agreement; and
- (g) the SBC Shares will be issued to SBC Global under the SBC Tranche 1 Agreement. A summary of the material terms of the SBC Tranche 1 Agreement is set out in Schedule 4.

#### 16.4 Number of Shares

Set out below is a worked example of the number of Shares that may be issued upon conversion of the SBC Tranche 1 Notes based on the conversion prices of \$0.009, \$0.017 and \$0.026 per Share, being 150% of the average of the 5 daily VWAP of the Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the 10 March 2023 (being, the purchase date) and 50% increase and 50% decrease in the conversion price. The Company notes that the workings set out below are examples only and the actual issue price may differ. This will result in the maximum number of Shares to differ.

Assumed issue price	Maximum number of Shares which may be issued	Current Shares on issue as at the date of this Notice <sup>2</sup>	Increased number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 12 <sup>3</sup>	Dilution effect on existing Shareholders
\$0.009	222,220,000	2,136,507,695	2,358,727,695	9.42%
\$0.017	111,110,000	2,136,507,695	2,247,617,695	4.94%
\$0.026	74,073,333	2,136,507,695	2,210,581,028	3.35%

#### Notes:

- 1. Rounded to the nearest whole number.
- 2. There are currently 2,136,507,695 Shares on issue as at the date of this Notice and this table assumes no Options are exercised, no convertible securities converted or additional Shares issued, other than the maximum number of Shares which may be issued pursuant to Resolution 12 (based on the assumed issue prices set out in the table).
- 3. The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

#### 17. RESOLUTION 13 – APPROVAL TO ISSUE SBC TRANCHE 2 NOTES

#### 17.1 General

As outlined in Section 15.1, Resolution 13 of this Notice seeks Shareholder approval to issue the SBC Tranche 2 Notes to SBC Global pursuant to the SBC Tranche 2 Agreement and Listing Rule 7.1.

#### 17.2 **Listing Rule 7.1**

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the SBC Tranche 2 Notes falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 13 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the SBC Tranche 2 Notes to SBC Global.

#### 17.3 Technical information required by Listing Rule 14.1A

If Resolution 13 is passed, the Company will be able to proceed with the issue of the SBC Tranche 2 Notes to SBC Global. In addition, the issue of the SBC Tranche 2 Notes will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 13 is not passed, the Company will not be able to proceed with the issue of the SBC Tranche 2 Notes to SBC Global and the Company will not receive the \$800,000 from SBC Global.

#### 17.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 13:

- (a) the SBC Tranche 2 Notes (being, 800,000 convertible notes) will be issued to SBC Global;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) upon conversion of the SBC Tranche 2 Notes the maximum number of Shares to be issued:
  - (i) is the face value (being, \$888,880) of the SBC Tranche 2 Note divided by the conversion price, being the lower of \$0.04 or 150% of the average of the 5 daily VWAPs of Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the date that is 5 business days

after receiving Shareholder approval to issue the SBC Tranche 2 Notes, rounded down to the nearest \$0.001 (Conversion Price); and

- (ii) up to \$125,000 divided by the lower of the of the outstanding balance of the SBC Tranche 2 Notes by the Conversion Price or 93% of the lowest 1-day VWAP during the 10 trading days preceding the redemption. The value of the Shares will be capped at 34% of the average value of share traded per trading day over the preceding 12 trading days, excluding the two most liquid and two least liquid days;
- (d) the Shares (issued on conversion of the SBC Tranche 2 Notes) will be on the same terms and conditions as the Company's existing Shares;
- (e) the SBC Tranche 2 Notes will be issued for an aggregate of \$800,000. The Company will not receive any other consideration for the issue of the SBC Tranche 2 Notes;
- (f) the SBC Tranche 2 Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the SBC Tranche 2 Notes will occur on the same date;
- (g) the purpose of the issue of the SBC Tranche 2 Notes is set out in Section 15.1:
- (h) the SBC Tranche 2 Notes are being issued to SBC Global under the SBC Tranche 2 Agreement. A summary of the material terms of the SBC Tranche 2 Agreement and SBC Tranche 2 Notes is set out in Schedule 5; and
- (i) the SBC Tranche 2 Notes are not being issued under, or to fund, a reverse takeover

#### 17.5 Number of Shares

Set out below is a worked example of the number of Shares that may be issued upon conversion of the SBC Tranche 2 Notes based on assumed conversion prices of \$0.009, \$0.017 and \$0.026 per Share being 150% of the average of the 5 daily VWAP of the Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the 10 March 2023 (assuming that same purchase date as the SBC Tranche 1 Notes) and 50% increase and 50% decrease in the conversion price. The Company notes that the workings set out below are examples only and the actual issue price may differ. This will result in the maximum number of Shares to differ.

Assumed issue price	Maximum number of Shares which may be issued	Current Shares on issue as at the date of this Notice <sup>2</sup>	Increased number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 13 <sup>3</sup>	Dilution effect on existing Shareholders
\$0.009	104,574,118	2,136,507,695	2,241,081,813	4.67%
\$0.017	52,287,059	2,136,507,695	2,188,794,754	2.39%
\$0.026	34,858,039	2,136,507,695	2,171,365,734	1.61%

#### Notes:

- 1. Rounded to the nearest whole number.
- 2. There are currently 2,136,507,695 Shares on issue as at the date of this Notice and this table assumes no Options are exercised, no convertible securities converted or additional Shares issued, other than the maximum number of Shares which may be issued pursuant to Resolution 13 (based on the assumed issue prices set out in the table).
- 3. The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

#### 18. RESOLUTION 14 – APPROVAL TO ISSUE SBC COMMITMENT OPTIONS

#### 18.1 General

As set out in Section 15.1 above, the Company has agreed to issue the SBC Commitment Options to SBC Global as consideration for entering the SBC Tranche 1 Agreement and SBC Tranche 2 Agreement.

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the SBC Commitment Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

#### 18.2 Technical information required by Listing Rule 14.1A

If Resolution 14 is passed, the Company will be able to proceed with the issue of the SBC Commitment Options. In addition, the issue of the SBC Commitment Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 14 is not passed, the Company will not be able to proceed with the issue of the SBC Commitment Options and the Company will be required to pay to SBC Global in cash an amount equal to the aggregate Black-Scholes valuation of the Commitment Options.

Resolution 14 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the SBC Commitment Options.

#### 18.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 14:

- (a) the SBC Commitment Options will be issued to SBC Global;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that SBC Global:
  - (i) subject to conversion of the Tranche 1 Notes, may be a substantial holder of the Company; and
  - (ii) by issue of the Commitment Options, would be issued more than 1% of the issued capital of the Company;

- (c) a maximum of 70,000,000 SBC Commitment Options will be issued comprising of 50,000,000 SBC Quoted Options and 20,000,000 SBC Unquoted Options to SBC Global;
- (d) the terms and conditions of the SBC Quoted Options are set out in Schedule 1 and SBC Unquoted Options are set out in Schedule 6;
- (e) the SBC Commitment Options will be issued to SBC Global no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the SBC Commitment Options will occur on the same date;
- (f) the issue price will be nil per SBC Commitment Option. The Company will not receive any other consideration for the issue of the SBC Commitment Options (other than in respect of funds received on exercise of the SBC Commitment Options);
- (g) the purpose of the issue of the SBC Commitment Options is to satisfy the Company's obligations under the SBC Tranche 1 Agreement;
- (h) the SBC Commitment Options are being issued to SBC Global under the terms of the SBC Tranche 1 Agreement. A summary of the material terms of the SBC Tranche 1 Agreement is set out in Schedule 4; and
- (i) the SBC Commitment Options are not being issued under, or to fund, a reverse takeover.

#### 19. RESOLUTIONS 15 TO 17 – RATIFICATION OF PRIOR ISSUE OF SHARES

#### 19.1 General

On 24 February 2023, the Company issued 24,492,828 Shares (\$368,861.99) on the same terms as the February Placement, in three tranches:

- (a) **Tranche 1**: 14,940,239 Shares (\$225,000) under the Company's Listing Rule 7.1 placement capacity in consideration for legal services provided by Steinepreis Paganin. The Shares were issued to its nominee, Achievement Nominees Pty Ltd (the subject of Resolution 15);
- (b) **Tranche 2**: 3,842,098 Shares (\$57,862) under the Company's Listing Rule 7.1 placement capacity in consideration for advisory services provided by EAS Advisors (the subject of Resolution 16); and
- (c) **Tranche 3:** 5,710,491 Shares (\$86,000) under the Company's Listing Rule 7.1 placement capacity in consideration for investor relations services provided by Six Degrees Group Holdings Pty Ltd (the subject of Resolution 17),

(togher, **Service Shares**) on the same terms and conditions as February Placement (details are set out in Section 12).

Subject to receiving Shareholder approval, Achievement Nominees Pty Ltd, EAS Advisors and Six Degrees Group Holdings Pty Ltd will be issued two free attaching Options for every one Share issued. The Options will comprise of one free attaching February Option 1 and one free attaching February Option 2.

The issue of the Service Shares did not breach Listing Rule 7.1 at the time of the issue.

#### 19.2 Listing Rules 7.1 and 7.1A

A summary of Listing Rules 7.1 and 7.1A is set out in Section 5.2 above.

The issue of the Service Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Service Shares.

#### 19.3 **Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Service Shares.

Resolutions 15, 16 and 17 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Service Shares.

#### 19.4 Technical information required by Listing Rule 14.1A

If Resolutions 15, 16 and 17 are passed, the Service Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Service Shares.

If Resolutions 15, 16 and 17 are not passed, the Service Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Service Shares.

#### 19.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 15, 16 and 17:

- (a) the Service Shares were issued in the following tranches:
  - (i) 14,940,239 Shares to Achievement Nominees Pty Ltd, a nominee of Steinepreis Paganin (the subject of Resolution 15);
  - (ii) 3,842,098 Shares to EAS Advisors (the subject of Resolution 16); and

- (iii) 5,710,491 Shares to Six Degrees Group Holdings Pty Ltd (the subject Resolution 17);
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) the Service Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Service Shares were issued on 24 February 2023;
- (e) 24,492,828 Service Shares were issued at a deemed issue price of \$0.01506, in consideration for legal services provided by Steinepreis Paganin, and advisory & investor relations services provided by EAS Advisors and Six Degrees Group Holdings Pty Ltd. The Company has not and will not receive any consideration for the issue of those Service Shares:
- (f) the purpose of the issue of the Service Shares was to satisfy outstanding invoices with Steinepreis Paganin, EAS Advisors and Six Degrees Group Holding Pty Ltd; and
- (g) the Service Shares issued to Steinepreis Paganin, EAS Advisors and Six Degrees were issued pursuant to the terms and conditions of invoices delivered to the Company.

#### 20. RESOLUTIONS 18, 19 AND 20 – APPROVAL TO ISSUE FEBRUARY OPTIONS

As noted in Section 19.1, the Company has agreed to issue 48,985,656 free attaching February Options comprising of:

- (a) 14,940,239 February Option 1 and 14,940,239 February Option 2 to Achievement Nominees Pty Ltd, a nominee of Steinepreis Paganin (the subject of Resolution 18);
- (b) 3,842,098 February Option 1 and 3,842,098 February Option 2 to EAS Advisors (the subject of Resolution 19); and
- (c) 5,710,491 February Option 1 and 5,710,491 February Option 2 to Six Degrees Group Holdings Pty Ltd (the subject to Resolution 20),

as consideration for professional services provided.

As summarised in Section 2.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the February Options falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders.

#### 1.2 Technical information required by Listing Rule 14.1A

If Resolutions 18, 19 and 20 are passed, the Company will be able to proceed with the issue of the February Options. In addition, the issue of the February Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 18, 19 and 20 are not passed, the Company will not be able to proceed with the issue of the February Options. Therefore, the Company will be in breach of the terms of the invoice agreement with the service providers, and may require to renegotiate the payments terms to the service providers.

Resolutions 18, 19 and 20 seek Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the February Options.

#### 1.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolutions 18, 19 and 20:

- (a) the February Options will be issued in the following tranches:
  - (i) 14,940,239 February Option 1 and 14,940,239 February Option 2 to Achievement Nominees Pty Ltd, a nominee of Steinepreis Paganin (the subject of Resolution 18);
  - (ii) 3,842,098 February Option 1 and 3,842,098 February Option 2 to EAS Advisors (the subject of Resolution 19); and
  - (iii) 5,710,491 February Option 1 and 5,710,491 February Option 2 to Six Degrees Holding Group Pty Ltd (the subject to Resolution 20);
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients (other than Achievement Nominees Pty Ltd, a nominee of Steinepreis Paganin):
  - (A) are related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (B) will be issued more than 1% of the issued capital of the Company,

Steinepreis Paganin is the legal advisor to the Company and will be issued more than 1% of the issued capital of the Company (upon exercise of the respective February Options);

- (c) the maximum number of February Options to be issued is 48,985,656 comprising of:
  - (i) 24,492,828 February Option 1; and
  - (ii) 24,492,828 February Option 2.

The terms and conditions of the February Option 1 and February Option 2 are set out in Schedule 1 and Schedule 3 respectively. For the avoidance of doubt the February Option 1 will be on the same terms and conditions of existing listed Options (ASX: CPHOD);

- (d) the February Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the February Options will occur on the same date;
- (e) the February Options will be issued at a nil issue price as these are free attaching Options to the Service Shares. The Company will not receive any consideration for the issue of the February Options (other than in respect of funds received on exercise of the February Options);
- (f) the purpose of the issue of the February Options is to satisfy outstanding invoices with Steinepreis Paganin, EAS Advisors and Six Degrees Holdings Pty Ltd;
- (g) the February Options to be issued to Steinepreis Paganin, EAS Advisors and Six Degrees Holdings Pty Ltd are being issued pursuant to the terms and conditions of the invoice agreement with the Company; and
- (h) the February Options are not being issued under, or to fund, a reverse takeover.

#### 21. RESOLUTION 21 - RATIFICATION OF PRIOR ISSUE OF OPTIONS

#### 21.1 General

As set out in the options prospectus dated 28 November 2022 (**Options Prospectus**), the Company, on 2 March 2022, issued 67,851,467 Shares to participants in a placement (**March Participants**) at an issue price of \$0.069 per Share to raise approximately \$4,681,751 (subject to rounding) (**March Shares**) (**March Placement**).

The March Shares were issued pursuant to the Company's capacity under its Listing Rule 7.1A mandate, which was previously approved by Shareholders at the annual general meeting held on 24 June 2021.

On 25 October 2022, the Company announced that it had become aware that Suburban Holdings Pty Ltd (**Suburban**), an entity controlled by the parent of former director, Adam Blumenthal, had participated in the March Placement and had been issued 14,492,755 Shares (**Suburban Shares**). Pursuant to section 228 of the Corporations Act, a holding controlled by a parent of a director is deemed to be a related party of the Company. Therefore, Suburban's participation in the March Placement required prior Shareholder approval under Listing Rule 10.11 and constitutes a breach of Listing Rule 10.11.

In accordance with the direction of ASX, Suburban has agreed to dispose of the Suburban Shares within six (6) weeks of 25 October 2022. Any profit made on the disposal of the holding will be donated to an entity that is listed with the Australian Charities and Not-For-Profits Commission as a charity. Further details are set out in the ASX announcement dated 25 October 2022.

The Company agreed to issue the March Participants one Option for every Share subscribed for and issued under the March Placement pursuant to its issue capacity under Listing Rule 7.1. The 53,358,712 Options will be exercisable at \$0.14 each on or before the date that is 18 months after the date of issue (March Options). For the avoidance of doubt, 14,492,755 March Options will not be issued to Suburban.

On 12 December 2022, the Company issued the March Options.

Further information on the March Placement is set out in the Options Prospectus.

#### 21.2 Listing Rule 7.1

A summary of Listing Rules 7.1 and 7.1A is set out in Section 5.2 above.

The issue of the March Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the March Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the March Options.

Resolution 21 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the March Options.

#### 21.3 Technical information required by Listing Rule 14.1A

If Resolution 21 is passed, the March Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the March Options.

If Resolution 21 is not passed, the March Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the March Options.

#### 21.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 21:

- (a) the March Options were issued to professional and sophisticated investors who are clients of Everblu. The recipients were identified through a bookbuild process, which involved Everblu seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the

Company, advisers of the Company or an associate of any of these parties; and

- (ii) issued more than 1% of the issued capital of the Company;
- (c) 53,358,712 March Options were issued and the March Options were issued on the terms and conditions set out in Schedule 7;
- (d) the March Options were issued on 12 December 2022;
- (e) the issue price was nil consideration as the March options are freeattaching to each March Share. The Company has not and will not receive any other consideration for the issue of the March Options (other than in respect of funds received on exercise of the March Options);
- (f) the purpose of the issue of the March Options is set out in Section 21.1; and
- (g) the March Options were not issued under an agreement.

#### **GLOSSARY**

\$ means Australian dollars.

**2020 Lenders** has the meaning given in Section 5.1.

**2020 Loans** has the meaning given in Section 5.1.

2021 AGM means the Company's Annual General Meeting held on 24 June 2021.

**2021 Placement Participants** has the meaning given in Section 6.1.

**2021 Placement** means has the meaning given in Section 6.1.

**2021 Placement Options** means has the meaning given in Section 6.1 and on the terms set out in Schedule 2.

**2021 Placement Shares** has the meaning given in Section 6.1.

**2022 AGM** means the Company's Annual General Meeting held on 31 May 2022.

Advisir means Advisir trading as Report Card Pty Ltd (ACN 092 598 859).

**Advisir Shares** has the meaning given in Section 7.1.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

**Azalea** means Azalea Corporate Services Pty Ltd.

**Board** means the current board of directors of the Company.

**Broker Options** has the meaning given in Section 1.5 and on the terms set out in Schedule 1.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or

(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Closing Price** has the meaning given in Section 7.5.

Company means Creso Pharma Limited (ACN 609 406 911).

**Constitution** means the Company's constitution.

**Conversion Price** means, in respect of the Convertible Notes issued under the La Plata Loan and the subject of Resolution 7, the calculation set out in Section 8.1.

**Convertible Notes** means the Convertible Notes issued under the Loans on the terms set out in Section 1.2 or Section 8.2.

**Convertible Note Offer** has the meaning given in Section 1.1.

**Convertible Note Options** has the meaning given in Section 1.2 and as set out in Schedule

Corporations Act means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Everblu Capital** or **Everblu** means EverBlu Capital Corporate Pty Ltd (ACN 642 215 343) ('EverBlu') or EverBlu Capital Pty Ltd (AFSL 499 601) as the context requires.

**Everblu Mandate** has the meaning given in Section 1.5.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Face Value** means, in respect of the Convertible Notes issued under the La Plata Loan and the subject of Resolution 7, the face value of US\$2,500 per Convertible Note.

**February Participants** has the meaning given in Section 12.

**February Placement** has the meaning given in Section 12.

**February Options** has the meaning given in Section 12.

**February Options 1** has the meaning given in Section 12.

**February Options 2** has the meaning given in Section 12.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Investor Options** has the meaning given in Section 1.3 and on the terms set out in Schedule 1.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

La Plata means La Plata Capital, LLC.

**Lender Shares** has the meaning given in Section 5.1.

**Lender Options** has the meaning given in Section 5.1 and on the terms set out in Schedule 2.

**Loans** has the meaning given in Section 1.1.

**Listing Rules** means the Listing Rules of ASX.

March Participants has the meaning given in Section 21.1.

March Placement has the meaning given in Section 21.1.

**March Options** has the meaning given in Section 21.1 and on the terms set out in Schedule 7.

March Shares has the meaning given in Section 21.1.

Marketing Services Agreement has the meaning given in Section 7.1.

**Notice** or **Notice** of **Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Obsidian Convertible Note Offer** has the meaning given in Section 1.4.

**Option** means an option to acquire a Share.

Optionholder means a holder of an Option.

Options Prospectus means the Company's options prospectus dated 28 November 2022.

Plata Securities has the meaning given in Section 8.1.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**SBC Commitment Options** has the meaning given in Section 15.1.

**SBC Notes** means the SBC Tranche 1 Notes and SBC Tranche 2 Notes as the case may be.

**SBC Global** means SBC Global Investment Fund.

**SBC Quoted Options** has the meaning given in Section 15.1.

**SBC Shares** has the meaning given in Section 15.1.

**SBC Tranche 1 Agreement** has the meaning given in Section 15.1.

**SBC Tranche 1 Notes** has the meaning given in Section 15.1.

**SBC Tranche 2 Agreement** has the meaning given in Section 15.1.

**SBC Tranche 2 Notes** has the meaning given in Section 15.1.

**SBC Unquoted Options** has the meaning given in Section 15.1.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

 $\textbf{Shareholder} \ \text{means a registered holder of a Share}.$ 

**Unrelated Lenders** has the meaning given in Section 1.1.

**USD\$** or **US\$** means the lawful currency of the United States of America.

**VWAP** means volume weighted average price.

## SCHEDULE 1 - CONVERTIBLE NOTE OPTIONS, INVESTOR OPTIONS, BROKER OPTIONS, FEBRUARY OPTIONS 1 AND SBC QUOTED OPTIONS

#### (a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

#### (b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.08 (Exercise Price)

#### (c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 January 2027 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise** Period).

#### (e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

#### (g) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### (j) Quotation of Options

The Company will seek quotation of the Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the quotation conditions of the ASX Listing Rule.

#### (k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

#### (I) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

#### (m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 2 - TERMS AND CONDITIONS OF THE LENDER OPTIONS AND 2021 PLACEMENT OPTIONS

#### (a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

#### (b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.38 (Exercise Price)

#### (c) Expiry Date

Each Option will expire at 5:00 pm (WST) on the date that is 12 months after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise** Period).

#### (e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

#### (g) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company

must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### (j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

#### (k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

#### (I) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

#### SCHEDULE 3 - FEBRUARY OPTIONS 2

#### (a) **Entitlement**

Each February Options 2 entitles the holder to subscribe for one (1) Share upon exercise of the February Options 2.

#### (b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each February Options 2 is \$0.03 (Exercise Price).

#### (c) Expiry Date

Each February Options 2 will expire at 5:00 pm (WST) on or before the date that is 18 months from the issue date of the Shares under the February Placement (**Expiry Date**). A February Options 2 not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The February Options 2 are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

#### (e) Notice of Exercise

The February Options 2 may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the February Options 2 certificate (**Notice of Exercise**) and payment of the Exercise Price for each February Options 2 being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each February Options 2 being exercised in cleared funds (**Exercise Date**).

#### (g) Timing of issue of Shares on exercise

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of February Options 2 specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the February Options 2.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the February Options 2 will rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### (j) Participation in new issues

There are no participation rights or entitlements inherent in the February Options 2 and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the February Options 2 without exercising the February Options 2.

#### (k) Change in exercise price

A February Options 2 does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the February Options 2 can be exercised.

#### (I) Transferability

The February Options 2 are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws and any further direction by the Board.

#### SCHEDULE 4 - TERMS AND CONDITIONS OF SBC TRANCHE 1 NOTES

Number of SBC Tranche 1 Notes	1,700,000.				
Purchase Price	\$1.00 per SBC Tranche 1 Note for an aggregate purchase price amount of \$1,700,000.				
Face Value	Each SBC Tranche 1 Note will have a face value of \$1.1111 for an aggregate face value of \$1,888,870.				
Maturity Date	9 months after the purchase date of the SBC Tranche 1 Notes.				
Interest	Interest is payable by the Company to SBC in cash on the SBC Tranche 1 Notes at 8% of the aggregate Face Value with payment due at the same time as the relevant conversion or redemption (which includes conversion or redemption of an Amortisation Amount).				
	For the avoidance of doubt interest is calculated and payable on a full year basis regardless of when the conversion or redemption (which includes conversion or redemption of an Amortisation Amount) occurs during the term of the SBC Tranche 1 Notes.				
	SBC may (at its absolute discretion) convert the SBC Tranche 1 Notes at any time prior to the Maturity Date, by giving the Company a conversion notice. The conversion will occur within 2 business days of receipt of the notice.				
	The number of Shares to which SBC Global is entitled upon conversion of the relevant SBC Tranche 1 Notes is determined by the following formula:				
Comment of CDC	Number of Shares = FV / CP				
Conversion of SBC Tranche 1 Notes	Where:				
	<ul> <li>FV means the aggregate Face Value of the SBC Tranche 1 Notes being converted.</li> </ul>				
	<ul> <li>CP means the applicable conversion price per SBC Tranche 1 Note. The applicable conversion price is set out below.</li> </ul>				
	Upon conversion of the SBC Tranche 1 Notes the relevant number of SBC Tranche 1 Notes will be redeemed and the Face Value will reduce.				
Conversion by the Company	The Company has no right to require SBC Global to convert any SBC Tranche 1 Notes at any time.				
	In respect of the SBC Tranche 1 Notes, the conversion price will be the lower of:				
	(i) \$0.04; or				
Conversion Price	(i) 150% of the average of the 5 daily volume weighted average prices ( <b>VWAP</b> ) of the Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the Purchase Date, rounded down to the nearest \$0.001.				

## Compulsory Redemption at Maturity

On the Maturity Date (to the extent not redeemed), the Company must redeem the outstanding SBC Tranche 1 Notes by paying the outstanding amount to SBC in cash.

Within 5 business days of the Company group completing a raising or series of raisings, whether by debt, equity or equity-linked securities (including options), or an asset sale or series of assets sales (**Redemption Event**), the Company must use 35% of the aggregate gross proceeds from such events where the gross proceeds are \$1,250,000 or less or otherwise 50% of the aggregate gross proceeds from such events (**Redemption Amount**) to redeem SBC Tranche 1 Notes as follows:

(i) the Company must give written notice to SBC of a Redemption Event at completion of the Redemption Event; and

#### Compulsory Redemption following raising or asset sale

(ii) subject to SBC giving written notice to the Company within 5 business days of receipt of notice from the Company of the Redemption Event requiring the Company to use the Redemption Amount to redeem SBC Tranche 1 Notes, the Company must pay the Redemption Amount to the SBC to redeem the relevant quantity of SBC Tranche 1 Notes (Redemption Notes).

Upon the Company doing so, the Redemption Notes will be redeemed and the aggregate total of the Face Value of the outstanding SBC Tranche 1 Notes and all other amounts payable by the Company to SBC in relation to the outstanding SBC Tranche 1 Notes, including accrued interest (**Amount Outstanding**) will be reduced by the aggregate Face Value of the Redemption Notes. For the avoidance of doubt, if SBC does not give written notice under this clause then the Company is not required to use the Redemption Amount to redeem the Redemption Notes.

Beginning 60 days after the purchase date until the Maturity Date, and every monthly anniversary thereafter (**Amortisation Payment Date**), the Company must redeem \$250,000 of the outstanding balance of the SBC Tranche 1 Notes (**Amortisation Amount**) by either:

- (i) paying the Amortisation Amount in cash; or
- (ii) issuing Shares, with the value of Shares to be capped at 66% of the average value of Shares traded per trading day over the preceding 12 trading days on which the Shares traded in the ordinary course of business on the ASX, excluding the two most liquid and two least liquid days; or
- (iii) a combination of cash and Shares.

If Shares are issued, the deemed price for the Shares (**Amortisation Price**) will be the lower of:

- (iv) the Conversion Price and
- (v) 93% of the lowest 1-day VWAP during the 10 actual trading days preceding the redemption, rounded down to the nearest \$0.001.

If the amortisation is less than the \$0.008 (Minimum Amortisation Price), then the amortisation amount is only payable in cash. While there is an Amortisation Amount outstanding, SBC may in its sole

#### **Amortisation Payments**

	discretion give the Company a conversion notice with the Amortisation Price applying instead of the Conversion Price, in relation to some or all of the SBC Tranche 1 Notes with an aggregate Face Value up to the Amortisation Amount outstanding.
Accelerated Amortisation	The Company and SBC may mutually agree in writing at any time prior to an Amortisation Payment Date to accelerate the payment of up to an aggregate of three Amortisation Amounts during the term of the SBC Tranche 1 Notes. Where the Parties do so, the adjusted Amortisation Amount is due at the earlier of the date agreed by the parties or the next Amortisation Payment Date.
Maximum Share Number	218,976,674 Shares (being the Company's ASX Listing Rule 7.1 capacity) is the maximum number of Shares that the Company may issue on conversion of the SBC Tranche 1 Notes.
Adjustments	Each time when a security structure event (i.e. any consolidation (including Share consolidation), subdivision or pro-rata cancellation of the Company's issued capital or distribution of Shares to holders of its outstanding ordinary shares; which for the avoidance of doubt, does not include a rights offering or a bonus issue) occurs, the Conversion Price, the Minimum Amortisation Price and the Maximum Share Number balance will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled.
	The Conversion Price is also adjusted following issues of equity securities by the Company at an issue price or conversion price below the Conversion Price, to that lower price.
Ranking on Conversion	Shares issued on conversion of the SBC Tranche 1 Notes will rank equally with existing Shares on issue.
	If any event of default occurs, the Face Value and Amortisation Amount automatically increases by 10% and by an additional 5% on the occurrence of any further events of default, with such increase, for the avoidance of doubt, continuing to apply despite any later remedy of the event of default or events of default.
Event of Default	Unremedied or irremediable events of default shall give SBC the right to call for payment of monies owing (subject to the Face Value uplift) and or terminate the agreement. The agreement is subject to events of default considered customary for a commercial agreement of this type.
	In addition, the Company must pay interest at a rate of 1% per month on the amount of the Face Value of all SBC Tranche 1 Notes issued which have not been converted or repurchased, accrue daily and compounded monthly until the Company discharges the Amount Outstanding in full or remedies the event of default to the satisfaction of SBC.

## SCHEDULE 5 - TERMS AND CONDITIONS OF SBC TRANCHE 2 NOTES AND SBC TRANCHE 2 AGREEMENT

Number of SBC Tranche 2 Notes		800,000.				
Purchase Price		\$1.00 per SBC Tranche 2 Note for an aggregate purchase price amount of \$800,000.				
Face Value		Each SBC Tranche 2 Note will have a face value of \$1.1111 for an aggregate face value of \$800,880.				
Maturity Date		9 months after the purchase date of the SBC Tranche 2 Notes.				
Interest		Interest is payable by the Company to SBC Global in cash on the SBC Tranche 2 Notes at 8% of the aggregate Face Value with payment due at the same time as the relevant conversion or redemption (which includes conversion or redemption of an Amortisation Amount).				
		For the avoidance of doubt interest is calculated and payable on a full year basis regardless of when the conversion or redemption (which includes conversion or redemption of an Amortisation Amount) occurs during the term of the SBC Tranche 2 Notes.				
		SBC Global may (at its absolute discretion) convert the SBC Tranche 2 Notes at any time prior to the Maturity Date, by giving the Company a conversion notice. The conversion will occur within 2 business days of receipt of the notice.				
		The number of Shares to which SBC Global is entitled upon conversion of the relevant SBC Tranche 2 Notes is determined by the following formula:				
		Number of Shares = FV / CP				
Conversion of S Tranche 2 Notes	BC	Where:				
		<ul> <li>FV means the aggregate Face Value of the SBC Tranche 2 Notes being converted.</li> </ul>				
		<ul> <li>CP means the applicable conversion price per SBC Tranche 2 Note. The applicable conversion price is set out below.</li> </ul>				
		Upon conversion of the SBC Tranche 2 Notes the relevant number of SBC Tranche 2 Notes will be redeemed and the Face Value will reduce.				
Conversion by Company	the	The Company has no right to require SBC Global to convert any SBC Tranche 2 Notes at any time.				
		In respect of the SBC Tranche 2 Notes, the conversion price will be the lower of:				
		(ii) \$0.04; or				
Conversion Price		(iii) 150% of the average of the 5 daily volume weighted average prices ( <b>VWAP</b> ) of the Shares during the 5 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the Purchase Date, rounded down to the nearest \$0.001.				

#### Compulsory Redemption at Maturity

On the Maturity Date (to the extent not redeemed), the Company must redeem the outstanding SBC Tranche 2 Notes by paying the outstanding amount to SBC Global in cash.

Within 5 business days of the Company group completing a raising or series of raisings, whether by debt, equity or equity-linked securities (including options), or an asset sale or series of assets sales (**Redemption Event**), the Company must use 35% of the aggregate gross proceeds from such events where the gross proceeds are \$1,250,000 or less or otherwise 50% of the aggregate gross proceeds from such events (**Redemption Amount**) to redeem SBC Tranche 2 Notes as follows:

(iii) the Company must give written notice to SBC Global of a Redemption Event at completion of the Redemption Event; and

#### Compulsory Redemption following raising or asset sale

(iv) subject to SBC Global giving written notice to the Company within 5 business days of receipt of notice from the Company of the Redemption Event requiring the Company to use the Redemption Amount to redeem SBC Tranche 2 Notes, the Company must pay the Redemption Amount to the SBC Global to redeem the relevant quantity of SBC Tranche 2 Notes (Redemption Notes).

Upon the Company doing so, the Redemption Notes will be redeemed and the aggregate total of the Face Value of the outstanding SBC Tranche 2 Notes and all other amounts payable by the Company to SBC Global in relation to the outstanding SBC Tranche 2 Notes, including accrued interest (Amount Outstanding) will be reduced by the aggregate Face Value of the Redemption Notes. For the avoidance of doubt, if SBC Global does not give written notice under this clause then the Company is not required to use the Redemption Amount to redeem the Redemption Notes.

Beginning 60 days after the purchase date until the Maturity Date, and every monthly anniversary thereafter (**Amortisation Payment Date**), the Company must redeem \$125,000 of the outstanding balance of the SBC Tranche 2 Notes (**Amortisation Amount**) by either:

- (vi) paying the Amortisation Amount in cash; or
- (vii) issuing Shares, with the value of Shares to be capped at 34% of the average value of Shares traded per trading day over the preceding 12 trading days on which the Shares traded in the ordinary course of business on the ASX, excluding the two most liquid and two least liquid days; or
- (viii) a combination of cash and Shares.

If Shares are issued, the deemed price for the Shares (**Amortisation Price**) will be the lower of:

- (ix) the Conversion Price and
- (x) 93% of the lowest 1-day VWAP during the 10 actual trading days preceding the redemption, rounded down to the nearest \$0.001.

If the amortisation is less than the \$0.008 (Minimum Amortisation Price), then the amortisation amount is only payable in cash. While there is an Amortisation Amount outstanding, SBC Global may in its

#### **Amortisation Payments**

	sole discretion give the Company a conversion notice with the Amortisation Price applying instead of the Conversion Price, in relation to some or all of the SBC Tranche 2 Notes with an aggregate Face Value up to the Amortisation Amount outstanding.			
Accelerated Amortisation	The Company and SBC Global may mutually agree in writing at any time prior to an Amortisation Payment Date to accelerate the payment of up to an aggregate of three Amortisation Amounts during the term of the SBC Tranche 2 Notes. Where the Parties do so, the adjusted Amortisation Amount is due at the earlier of the date agreed by the parties or the next Amortisation Payment Date.			
Adjustments	Each time when a security structure event (i.e. any consolidation (including Share consolidation), subdivision or pro-rata cancellation of the Company's issued capital or distribution of Shares to holders of its outstanding ordinary shares; which for the avoidance of doubt, does not include a rights offering or a bonus issue) occurs, the Conversion Price, the Minimum Amortisation Price and the Maximum Share Number balance will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated, subdivided or cancelled.			
	The Conversion Price and Minimum Amortisation Price is also adjusted following issues of equity securities by the Company at an issue price or conversion price below the Conversion Price or Minimum Amortisation Price, to that lower price.			
Ranking on Conversion	Shares issued on conversion of the SBC Tranche 2 Notes will rank equally with existing Shares on issue.			
	If any event of default occurs, the Face Value and Amortisation Amount automatically increases by 10% and by an additional 5% on the occurrence of any further events of default, with such increase, for the avoidance of doubt, continuing to apply despite any later remedy of the event of default or events of default.			
Event of Default	Unremedied or irremediable events of default shall give SBC Global the right to call for payment of monies owing (subject to the Face Value uplift) and or terminate the agreement. The agreement is subject to events of default considered customary for a commercial agreement of this type.			
	In addition, the Company must pay interest at a rate of 1% per month on the amount of the Face Value of all SBC Tranche 2 Notes issued which have not been converted or repurchased, accrue daily and compounded monthly until the Company discharges the Amount Outstanding in full or remedies the event of default to the satisfaction of SBC Global.			
	SBC Global has no obligation in respect of the second purchase until the following conditions are satisfied (or waived in writing by SBC Global) by no later than 17 April 2023:			
Conditions Precedent	(i) the Company has delivered to SBC Global all of the relevant forms and circular resolutions required to issue of the relevant securities under the agreement;			
	(ii) received written confirmation from ASX that the disclosure requirements set out in item 4 of the Listed Compliance			

- Update 05/20 have been complied with in the announcement in respect of the terms of the convertible notes and that Listing Rule 6.1 confirmation is not required;
- (iii) the Company has offered the Commitment Options to the Investor pursuant to a prospectus which remains open for application by SBC Global on the Purchase Date and the Company has applied for quotation of the SBC Quoted Options on the date of issue of the Option Prospectus;
- (iv) the Company has given a convertible securities cleansing statement to ASX in respect of the SBC Tranche 2 Notes;
- (v) the Company has obtained the shareholder approval to issue the SBC Tranche 2 Notes and the Commitment Options;
- (vi) the Company has issued the SBC Tranche 2 Notes and the Commitment Options in the manner contemplated by the SBC Tranche 1 Agreement;
- (vii) no event of default has occurred under the SBC Tranche 1 Agreement;
- (viii) SBC Global has performed or complied in all material respects with all obligations required by the SBC Tranche 2 Agreement to be performed or complied with by SBC Global; and
- (ix) the representations and warranties of SBC Global contained in the convertible securities agreement are true and correct in all material respects as of the date or dates as of which they are made or deemed to be made or repeated under the SBC Tranche 2 Agreement.

#### SCHEDULE 6 - SBC UNQUOTED OPTIONS

#### (a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

#### (b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.03 (Exercise Price)

#### (c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 31 January 2027 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise** Period).

#### (e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

#### (g) Timing of issue of Shares on exercise

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### (j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

#### (k) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

#### (I) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 7 - TERMS AND CONDITIONS OF PLACEMENT OPTIONS AND MARCH OPTIONS

#### (a) Entitlement

Each March Option entitles the holder to subscribe for one (1) Share upon exercise of the March Option.

#### (b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each March Option is \$0.14 (Exercise Price).

#### (c) Expiry Date

Each March Option will expire at 5:00 pm (WST) on or before 12 June 2024 (**Expiry Date**). A March Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

#### (d) Exercise Period

The March Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

#### (e) Notice of Exercise

The March Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the March Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each March Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### (f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each March Option being exercised in cleared funds (**Exercise Date**).

#### (g) Timing of issue of Shares on exercise

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of March Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the March Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### (h) Shares issued on exercise

Shares issued on exercise of the March Options will rank equally with the then issued shares of the Company.

#### (i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

#### (j) Participation in new issues

There are no participation rights or entitlements inherent in the March Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the March Options without exercising the March Options.

#### (k) Change in exercise price

A March Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the March Option can be exercised.

#### (I) Transferability

The March Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws and any further direction by the Board.



Creso Pharma Limited | ACN 609 406 911

### **Proxy Voting Form**

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

**Holder Number:** 

Your proxy voting instruction must be received by **3:00pm (WST) on Saturday, 13 May 2023,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

#### **SUBMIT YOUR PROXY**

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: https://investor.automic.com.au/#/home Shareholders sponsored by a broker should advise their broker of any changes.

#### STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

#### **DEFAULT TO THE CHAIR OF THE MEETING**

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

**Individual**: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney**: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

 $\textbf{Companies:} \ To be signed in accordance with your Constitution. \ Please sign in the appropriate box which indicates the office held by you.$ 

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

#### **Lodging your Proxy Voting Form:**

#### Online:

Use your computer or smartphone to appoint a proxy at

https://investor.automic.com.au/#/log insah

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



#### BY MAIL:

Automic GPO Box 5193 Sydney NSW 2001

#### IN PERSON:

Automic Level 5, 126 Phillip Street Sudney NSW 2000

#### BY EMAIL:

meetings@automicgroup.com.au

#### BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

**WEBSITE:** https://automicgroup.com.au/

**PHONE:** 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 2, 3, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 3, 8 and 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

 Login with your username and password or click "register" if you haven't already created an account.
 Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting

Further information on how to do this is set out in the Notice of Meeting. The Explanatory Notes that accompany and form part of the Notice of Meeting describe the various matters to be considered.

# A P

#### STEP 2 - Your voting direction

311	EP 2 – Your voting direction	11				
Res	olutions	For	Against	Abstain	Resolutions For	Against Abstain
1.	Approval to Issue Investor Options to Unrelated Lenders				12. Ratification of Prior Issue of SBC Tranche 1 Notes	
2.	Approval to Issue Investor Options to Adam Blumenthal				13. Approval to Issue of SBC Tranche 2 Notes	
3.	Approval to Issue Broker Options to Everblu Capital				14. Approval to Issue SBC Commitment Options	
4.	Approval to Issue Options to the 2020 Lenders				15. Ratification of Prior Issue of Shares	
5.	Approval to Issue the 2021 Placement Options				16. Ratification of Prior Issue of Shares	
6.	Approval to Issue Shares to Advisir				17. Ratification of Prior Issue of Shares	
7.	Approval to Issue Securities on Conversion of Convertible Notes to La Plata				18. Approval to Issue February Options	
8.	Approval to Issue Securities to Adam Blumenthal under the Placement				19. Approval to Issue February Options	
9.	Approval to Issue Options to Everblu Capital				20. Approval to Issue February Options	
10.	Ratification of Prior Issue of Shares — Listing rule 7.1A				21. Ratification of Prior Issue of Options	
11.	Approval to Issue February Options					
	ase note: If you mark the abstain box for and your votes will not be counted in				ting your proxy not to vote on that Resolution on a s	show of hands or on a
STI	EP 3 – Signatures and con	tact det	ails			
	Individual or Securityholder 1		Secur	ityholder 2	Securityholder 3	
	le Director and Sole Company Secret Itact Name:	ary D	irector		Director / Company Secretary	
	itact (value.					$\neg$
Ema	il Address:			<del>                                     </del>		
Conf	tact Daytime Telephone				Date (DD/MM/YY)	

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).