



ASX Announcement

25 June 2018

Launch of Innovative Infused Terpene Blended Craft Beers and Adult Drinks

Highlights:

- **CLV Frontier Brands Pty Ltd, a JV of Creso Pharma, LGC Capital and the Baltic Beer Company launches beverage business unit.**
- **Estonian brewing facility is complete and currently finalizing the development of a range of CLV beers and adult soft drinks.**
- **Bottling of the first two beers is expected by mid-July 2018.**
- **Adult soft drinks are now in the final stage of development.**
- **Brand websites preparing to go live with social media campaigns ready for launch in the coming weeks.**
- **UK portfolio launch is set for September 2018.**

Creso Pharma Limited (ASX:CPH, the “Company” or “Creso”) is pleased to advise that CLV Frontier Brands Pty Ltd (CLV), a Joint Venture between Creso Pharma, LGC Capital (TSXV:LG) and UK based Baltic Beer Company Ltd is progressing well, with a number of products ready for commercial launch.

Figure 1: CLV’s R&D brewing facility in Tallinn, Estonia





Facilities

State-of-the-art R&D brewery facility in Tallinn, Estonia is now complete and is being fully utilised to research and develop a range of CLV beers and adult soft drinks. Once market-ready, CLV has agreements in place with brewing and bottling partners to produce the products/beverages.

Beers

The first two beers soon to be released under the new CLV umbrella beer brand **OLD BOY MARY JANE (OBMJ)** are fermenting at the facilities of CLV's brewing partner. These 2 new beers **OBMJ Ghost Bog Hazy IPA** and **OBMJ Improper Kölsch** will be packed and ready for shipments during July with updates on a firm release date expected shortly.

Figure 2: Labels of the two beer ranges to be launched by CLV



OBMJ Ghost Bog Hazy IPA and OBMJ Improper Kölsch will contain unique terpene blends, which carry the flavour and aroma of cannabis, but are not derived from cannabis and have no THC, CBD nor any other cannabinoids.

The initial focus for these bottled beers is the UK followed by other European and global markets. Discussions have already started and are advanced in Canada regarding licensed production in cans. Discussions are also in progress with distributors in Australia, Israel and a number of other key markets.

Marketing and social media campaigns are being finalized and will incorporate the branding tag line: **'Beer with substance'** and the landing page for OBMJ www.obmj.beer is due to go live shortly.



Soft drinks

The first adult soft drink range will comprise a selection of juice-based drinks containing various terpene blends. Recipe testing production is due to start by the end of June 2018. These products will fall under the newly created brand, **GYPSY**. The upcoming launch of the brand website www.gypsydrinks.com will be the starting point for a social media campaign which will promote **Gypsy Sparkling Water**, **Gypsy Adult Soft Drink** and **Gypsy Tonic Water** which are all due to be launched shortly. Official branding remains confidential at this stage, but will be released just prior to commercial launch.

Director of Baltic Beer Company, Paul Baxendale, is planning the sales and operational strategies for Old Boy Mary Jane beers and the Gypsy drinks in the UK. The portfolio launch kicks off in September 2018 at the Boutique Bar Show in London with a wider European launch planned for October 2018 at the Anuga Exhibition in Cologne Germany.

CLV will have wide-spread commercialisation reach across numerous continents and intends to make full use of the networks of all three companies for marketing and distribution, strictly in compliance with all local and international laws.

Figure 3: CLV's testing of the Gypsy range of adult soft drinks



Intellectual property

Trademark applications for Old Boy Mary Jane beers and Gypsy have been submitted in numerous markets following intensive research, and applications are progressing well.

Creso's Co-founder and CEO, Dr Miri Halperin Wernli, said: "We are very excited about the imminent launch of these unique creative products infused with natural organic terpene blends that bring unusual and exciting flavours and aromas. We see a lot of potential value in this growing market and anticipate a successful initial portfolio launch in Europe. Through the vast geographic reach of the three parties in this venture we can look forward to opportunities for this innovative new range of drinks to be produced and sold globally."



Paul Baxendale, Baltic Beer Company's Managing Director and Sales and Marketing Director, stated: "This is an exciting new direction for the drinks industry. Terpenes can provide whole new layers of natural flavours that you cannot get from traditional ingredients alone. The growth of craft beers shows that consumers are not afraid to try something different and we aim to offer an intriguing dimension to both beers and non-alcoholic drinks."

John McMullen, CEO LGC Capital, Ltd., stated: "After a successful product testing meeting at CLV's offices in Tallinn, Estonia, I believe this is another great leap forward for LGC Capital and our partners Creso and the Baltic Beer Company. The global beverage market has been expanding rapidly into the craft beverage lines. With highly individualized and independent young adults demanding a high-end selection of beverages to choose from, CLV caters to this growing market and provides a connection with flavours and experiences that the global consumer can fully enjoy. "

---END---

About Creso Pharma Ltd

www.cresopharma.com

Creso Pharma brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health. Creso uses GMP development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids.

About LGC Capital Ltd

www.lgc-capital.com

LGC Capital Ltd. is a Canadian incorporated public company listed on the TSX Venture Exchange (TSXV: LG). LGC's objective is to become a diversified business group with core business divisions that provide shareholders with exposure to a diverse range of businesses, products and services with an emphasis on significant investments in global medical cannabis sector.

About Baltic Beer Company Ltd

www.virubeer.com

A UK-based company that created and markets an iconic Estonian beer brand called Viru Premium Estonian Beer. Viru beer is currently sold in numerous markets around the world including Australia, China, UK, Italy and Mexico to name a few and has won multiple awards including gold medals at Monde Selection, Brussels and the World Beer Championships Chicago.

Corporate Queries

EverBlu Capital

P: +61 2 8249 0000

E: info@everblucapital.com

**Forward Looking statements**

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation. The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to update such statements, except to the extent required by applicable laws.