



5 April 2019

Ms Anjuli Sinniah
Listings Compliance
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Anjuli,

We refer to your letter dated 3 April 2019 and respond to your questions as follows:

1. Does CPH consider the Progress Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

2. If the answer to question 1 is “no”, please advise the basis for that view.

Whilst the Company believes the information is material to investors, the Company notes that the information was previously disclosed to the ASX in its Appendix 4E Preliminary Final Report and Annual Report as released on 28 February 2019 and 25 March 2019 respectively. Accordingly, the Progress Information is not new information that a reasonable person would expect to have a material effect on the price or value of the Company's securities at the time of its release on 2 April 2019.

3. When did CPH first become aware of the Progress Information?

The Progress Information represents a market update on the performance and activities of the Company for the year ended 31 December 2018 and since. This information was first disclosed when the Company became aware of the information, being upon the release of the Appendix 4E Preliminary Financial Report.

4. If the answer to question 1 is “yes” and CPH first became aware of the Progress Information before the date of the Announcement did CPH make any announcement prior to the Announcement which disclosed the Information? If so, please provide details. If not, please explain why the Progress Information was not released to the market at an earlier time, commenting specifically on when you believe CPH was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CPH took to ensure that the information was released promptly and without delay.



As noted above the Company released the information in its Appendix 4E Preliminary Final Report on 28 February 2019.

5. Please confirm that CPH is complying with the Listing Rules and, in particular, Listing Rule 3.1.

The Company is in compliance with the Listing Rules and in particular Listing Rule 3.1.

6. Please confirm that CPH's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CPH with delegated authority from the board to respond to ASX on disclosure matters.

The responses have been approved by a Board Member with authority of the Board.

By Order of the Board

Erlyn Dale
Company Secretary

3 April 2019

Ms Erlyn Dale and Mr Winton Willesee
Company Secretaries

By email:

Dear Ms Dale and Mr Willesee

Creso Pharma Limited('CPH'): Aware Query

ASX refers to the following:

- A. CPH's securities' price and volume movements securities trading over the following period:
- 28 March 2019 – closed at \$0.325 and traded at volumes of 110,621;
 - 29 March 2019 – closed at \$0.36 and traded at volumes of 1,267,328;
 - 1 April 2019 – closed at \$0.39 and traded at volumes of 561,228; and
 - 2 April 2019 – closed at \$0.43 and traded at volumes of 1,078,299.
- B. CPH's announcement entitled "Market Update: Creso Reports Significant Commercial Progress Across Premium Product Categories" lodged on the ASX Market Announcements Platform and released at 09:04 AM on 2 April 2019 (the 'Announcement') and marked "Sensitive" by CPH, disclosing a progress update of its commercialised product portfolio as well as new products in the development pipeline ('Progress Information').
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for Information

Having regard to the above, ASX asks CPH to respond separately to each of the following questions and requests for information:

1. Does CPH consider the Progress Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did CPH first become aware of the Progress Information?
4. If the answer to question 1 is "yes" and CPH first became aware of the Progress Information before the date of the Announcement did CPH make any announcement prior to the Announcement which disclosed the Information? If so, please provide details. If not, please explain why the Progress Information was not released to the market at an earlier time, commenting specifically on when you believe CPH was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps CPH took to ensure that the information was released promptly and without delay.
5. Please confirm that CPH is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that CPH's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CPH with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **6.30 AM AWST Friday, 5 April 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CPH's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CPH to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and

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- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CPH's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CPH's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in CPH's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Regards

Anjuli Sinniah
Senior Adviser, Listings Compliance (Perth)