



7 January 2020

Daniel Nicholson
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: Daniel.Nicholson@asx.com.au

Dear Mr Nicholson

Creso Pharma Limited (ASX: CPH) – Response to Price and Volume Query

We refer to your letter dated 7 January 2020 querying the recent trading of Creso Pharma Limited (the “Company”) shares.

In response to the questions outlined in your letter, we provide the following information:

1. The Company is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in the Company’s securities.
2. Not applicable.
3. The Company considers the movement in the price and volume of the Company’s securities traded from 31 December 2019 to 7 January 2020 to be consistent with similar movements in the recent trading of other publicly listed cannabis companies which the Company attributes, in part, to improved investor sentiment for cannabis companies, and the industry, globally.

The Company also refers to its ASX announcement dated 2 December 2019 which outlined the Company’s strategic objectives for 2020. Having recently secured funding (subject to shareholder approval), the Company believes it is well positioned to accelerate revenue growth across its group, which the Company considers may now be particularly attractive to investors given the improved sentiment and that there is currently only a handful of revenue-generating cannabis companies listed on the ASX.

Further, as a result of the mutual termination of the proposed Scheme of Arrangement between the Company and Pharmaciolo Ltd back in November 2019, the Company experienced a sharp decline in its trading price. Given the recovering sentiment and the Company’s plan for revenue growth, investors may be perceiving the Company as an attractive takeover target at its current pricing.

Otherwise the Company is not aware of any other explanation for the recent trading in its securities.



4. The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. The Company confirms its responses to the above questions have been authorised and approved by an officer with delegated authority by the Board to respond to ASX on disclosure matters.

Should you require any further information in relation to this matter, please do not hesitate to contact me.

Yours faithfully,

ERLYN DALE
Joint Company Secretary
Creso Pharma Limited



7 January 2020

Miss Erlyn Dale &
Mr Winton Willesee
Joint Company Secretary
Creso Pharma Limited

By email

Dear Miss Dale & Mr Willesee

Creso Pharma Limited ('CPH'): Price and Volume Query

We note the change in the price of CPH's securities from a low of \$0.125 on Tuesday, 31 December 2019, to a high of \$0.155 at the time of writing, today, Tuesday, 7 January 2020.

We also note the significant increase in the volume of CPH's securities traded from 31 December 2019 to 7 January 2020.

Request for Information

In light of this, ASX asks CPH to respond separately to each of the following questions and requests for information:

1. Is CPH aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is CPH relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in CPH's securities would suggest to ASX that such information may have ceased to be confidential and therefore CPH may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that CPH may have for the recent trading in its securities?
4. Please confirm that CPH is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that CPH's responses to the questions above have been authorised and approved under 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 **2:45 PM AWST, today, Tuesday, 7 January 2020**. If we do not have your response by then, ASX will likely suspend trading in CPH's securities under Listing Rule 17.3. 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.

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

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 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.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in CPH's securities under Listing Rule 17.1. If you wish 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
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may 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*.

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.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)