



ASX Announcement

2 March 2020

Termination of Israeli Joint Venture

Creso Pharma Limited (ASX:CPH) (**'Creso Pharma'** or **'the Company'**) advises that it has received a letter of termination in respect of the Israeli joint venture agreements (**Israeli JV Agreements**) between the Company's wholly owned subsidiary, Creso Pharma Switzerland GmbH (**Creso GmbH**) and Cohen Propagation Nurseries Ltd and Asaf Cohen (**together, the Cohen Group**). The Israeli JV Agreements, entered into in 2018 and subsequently amended, governed the establishment of a joint venture between Creso GmbH and the Cohen Group to facilitate the growing of medical cannabis in Israel.

As previously advised, the parties had been negotiating the agreed scope of the Cohen Group's responsibilities and entitlements under the Israeli JV Agreements for some time. Although the joint venture is still in its nascent stages and substantive business operations have not yet taken place, the parties have not been able to reach a resolution with respect to such matters which has ultimately lead to the termination by the Cohen Group. The Cohen Group has also advised that they intend to seek damages in respect of alleged breaches by Creso GmbH of its obligations under the Israeli JV Agreement.

The Company disputes the claims made by the Cohen Group regarding any breaches by Creso GmbH and intends to strongly defend these claims and any formal proceedings that the Cohen Group may bring against the Company and or Creso GmbH. The Company is also assessing counterclaims against Cohen Group, including with respect to the lack of good faith of the notice of termination.

The Company will continue to keep the market informed of further development in respect of these matters.

Ends

Authority and Contact Details

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

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About Creso Pharma

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 lifestyle products with wide patient and consumer reach for human and animal health. Creso Pharma uses GMP (Good Manufacturing Practice) development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids. To learn more please visit: www.cresopharma.com

Forward Looking statements

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations.

The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation.

The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.