

21 January 2020

Entry into Replacement Corporate Advisory and Transactional Mandates with EverBlu

Announcement Summary

- Creso's previous mandates with EverBlu (entered in July 2017) to provide services have been replaced by new mandates.
- The new mandates extend the term of EverBlu's engagement and increase the transaction fee percentages, reflecting the increased complexity of proposed corporate advisory services and potential future transactions in the current market.
- The Company and EverBlu have also agreed, subject to shareholder approval, to issue to EverBlu an additional sign on bonus of 2,000,000 shares and 8,000,000 options with an exercise price of \$0.20 and expiring 3 years from issue and additional shares as the services continue over time.

Creso Pharma Limited (ASX:CPH) ('Creso Pharma', 'Creso' or 'the Company') is pleased to announce that it has managed to secure the continued support of EverBlu Capital Pty Ltd (**'EverBlu'**) by entering into:

- a new corporate advisory mandate with EverBlu, whereby EverBlu is engaged to act as the exclusive corporate advisor and exclusive lead manager to the Company, including in connection with Creso capital raisings (**'New Corporate Advisory Mandate'**); and
- a new transaction mandate with EverBlu, whereby EverBlu is engaged to act as the exclusive financial adviser to the Company (**'New Transaction Mandate'**).

EverBlu is an Australian based boutique corporate advisory firm with over 100 years of combined corporate advisory experience, knowledge and relationships. EverBlu has been engaged as the corporate advisor to the Company since its listing on the ASX in 2016.

Adam Blumenthal, a director of the Company, is the Chairman of EverBlu and a major indirect shareholder and controller of EverBlu. Accordingly, EverBlu is a related party of the Company. Mr Blumenthal did not participate in any Creso board decisions relating to these new mandates.

In light of the recent changes to the circumstances of the Company (specifically the termination of the PharmaCielo acquisition), the development of the Company's business offerings that have occurred since the original mandates were entered and the changing market conditions particularly for the cannabis sector, EverBlu proposed revised fee structures for EverBlu's continued engagement.

Creso's board of directors (without Adam Blumenthal) (**'Independent Board'**) and EverBlu were able to negotiate at arm's length the entry and terms of the New Corporate Advisory Mandate and the New Transaction Mandate (together, the **'New EverBlu Mandates'**). The Company confirms that the previous corporate advisory mandate (**'Original Corporate Advisory Mandate'**) and transaction mandate (**'Original Transaction Mandate'**) between the Company and EverBlu (together, the **'Original EverBlu Mandates'**) have lapsed and have no further force or effect, except to the extent of rights and obligations which survive termination.

Although the Original EverBlu Mandates covered substantially the same services to be provided by EverBlu under the New EverBlu Mandates, the Independent Board has formed the view that the terms agreed under the Original EverBlu Mandates did not contemplate the complex nature of the ongoing support required by the Company in light of changing market conditions and the corresponding extended scope of resources that will now be required for the Company to complete any significant transactions. Accordingly, when presented with EverBlu's case for amendments to the original fees, the Independent Board concluded that, given the transformative nature of the Company, the complexity of any future transactions, the market conditions and the opportunity to realise substantial shareholder gains given the current share price, an amendment to the fees contained in the Original EverBlu Mandates would be commercially justified. Details on the material differences between the Original EverBlu Mandates and the New EverBlu Mandates are set out below.

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 payment of fees under the New EverBlu Mandates constitutes giving a financial benefit and EverBlu is a related party of the Company by virtue of being controlled by director, Adam Blumenthal.

The Independent Board has concluded that shareholder approval in accordance with sections 217 to 227 of the Corporations Act is not required as the New EverBlu Mandates are being entered on arm's length and are on terms fair and reasonable from the perspective of the Company's shareholders.

Creso does note, however, that the issues of securities to EverBlu under the New EverBlu Mandates will require prior approval of Creso shareholders in general meeting in accordance with the requirements of the ASX Listing Rules.

Further details on the material differences between the Original EverBlu Mandates and the New EverBlu Mandates are set out in the table below.

Corporate Advisory Mandate

A summary of the material terms of the New Corporate Advisory Mandate and the material differences from the Original Corporate Advisory Mandate is set out in the table below.

	Original Corporate Advisory Mandate	New Corporate Advisory Mandate
Date	1 July 2017 (' Commencement Date ')	21 January 2020 (" Effective Date ")
Term	18 months from the Commencement Date (" Initial Term "). However, if a capital raising is conducted in the last 6 months of the Initial Term, the term is extended for a period of 6 months commencing from the date of the capital raising (" Extended Term ").	18 months from the Effective Date with an automatic extension for a further 12 months, unless a party notifies the other party within 15 months of the Effective Date that it does not wish to extend the term or the Corporate Advisory Mandate is terminated.
Corporate Advisory Fee	The Company agreed to pay EverBlu \$10,000 (plus GST) per month for corporate advisory services until the end of the engagement.	The Company has agreed to pay \$10,000 (plus GST) per month to EverBlu (or EverBlu's nominees) for corporate advisory services until the end of the engagement, regardless of whether any capital raising is proposed or has occurred.
Capital Raising Fee	The Company has agreed to pay EverBlu: a) a management fee of 2%; and b) a capital raising fee of 4%, (plus GST) of the gross amount raised under each capital raising during the engagement.	The Company has agreed to pay to EverBlu (or EverBlu's nominees) 6% (plus GST) of the Gross Proceeds, being the gross amount raised under each ongoing corporate advisory, equity capital raising, debt capital raising and hybrid capital raising initiative.
Non-cash Remuneration	The Company agreed, subject to ASX and shareholder approval, to issue to EverBlu: a) 1,800,000 Performance Rights which vest upon earlier of 6 months from the date of grant, or Creso's share price on the ASX exceeding A\$1.00 for 5 consecutive dates (" Advisor Performance Rights "); b) 1,800,000 Unlisted Options with an exercise price of \$1.00 and a term to	Subject to prior approval of Company shareholders (which approval must be sought by the Company at a general meeting held within 90 days of the Effective Date unless otherwise agreed by EverBlu), issue to EverBlu or EverBlu's nominees: a) 2,000,000 Shares for every 6 month term that EverBlu is engaged to provide Services under the Corporate Advisory

	<p>expiry of three years from the date of issue ("Advisor Options")</p> <p>These were agreed never to be issued as ASX and shareholder approval was never obtained.</p>	<p>Mandate up to a maximum of 6,000,000 Shares (Bonus Shares); and</p> <p>b) 8,000,000 unlisted options to acquire Shares, each having an exercise price of \$0.20 each and an expiry date 3 years from their date of issue (Bonus Options).</p> <p>If such shareholder approval is not obtained within that period, the Company and EverBlu will negotiate in good faith an alternate fee structure with a view to ensuring that EverBlu is remunerated on terms commensurate with the terms set out above. The parties agree that further securities in the Company may be issued to EverBlu (or EverBlu's nominees) as and when negotiated between the parties (subject to approval of the Company's shareholders).</p> <p>If there is a public announcement or release of a proposed or actual change in control, sale by the Company (or by any subsidiary of the Company) of all or a majority of its assets or sale by the Company (or by any subsidiary of the Company) of any one or more of its significant assets or businesses the parties agree that EverBlu's entitlement to all of the Bonus Shares shall immediately vest.</p>
Reimbursement	<p>The Company to reimburse EverBlu for its reasonable expenses, including the fees and disbursements of EverBlu's lawyers (subject to the Company's approval to the extent those legal fees exceed \$1,000 per month) in connection with any matter referred to in the Corporate Advisory Mandate.</p>	<p>The Company to reimburse EverBlu for its reasonable expenses, including the fees and disbursements of EverBlu's lawyers (subject to the Company's approval to the extent those legal fees exceed \$5,000 per month) in connection with any matter referred to in the Corporate Advisory Mandate.</p>
Termination	<p>The Corporate Advisory Mandate was able to be terminated with or without cause by either party upon giving 30 days' written notice.</p> <p>However, the Original Mandate could not be terminated before the later of:</p> <p>a) 6 months after the Commencement Date; and</p>	<p>The Corporate Advisory Mandate may be terminated:</p> <p>a) with or without cause by EverBlu by written notice to the Company, with immediate effect;</p> <p>b) by the Company if EverBlu commits a material breach of the Corporate Advisory Mandate which, if capable of remedy, is not remedied within seven days after receipt by EverBlu of written</p>

	<p>b) 6 months following the Company's most recent capital raising conducted within the Initial Term.</p>	<p>notice to that effect from the Company; or</p> <p>c) by the Company without cause effective 6 months from the date of receipt by EverBlu of written notice to that effect.</p>
Right of First Refusal	<p>The Company agreed to grant EverBlu a right of first refusal to act as lead manager to any future equity raising or act as an exclusive advisor to any material transaction requiring a lead manager undertaken by the Company for a period of 3 months from the date of termination of the Original Corporate Advisory Mandate.</p>	<p>The Company agrees that it will not pursue a capital raising, or obtain services from another firm that are the same or similar to the services being provided by EverBlu for a period of 6 months from the date that the engagement of EverBlu ends or is otherwise terminated (End Date), without first giving EverBlu:</p> <p>a) notice of its intention to enter into such transaction; and</p> <p>b) the opportunity to provide the proposed services on terms substantially similar to the terms set out in the Corporate Advisory Mandate.</p> <p>This right of first refusal will not apply in circumstances where EverBlu has terminated the Corporate Advisory Mandate without cause or where the Company has terminated the Corporate Advisory Mandate for cause.</p>
Subsequent Capital Raisings	<p>The Company is required to obtain EverBlu's consent to raise any equity capital or debt finance within 3 months of the date of termination of the Original Corporate Advisory Mandate.</p> <p>The Company will also be liable to pay EverBlu all applicable fees and expenses (as set out above) in respect to any transaction or capital raising entered into by the Company within 3 months of the date of termination of the Original Corporate Advisory Mandate with a counterparty who was introduced to the Company by EverBlu.</p>	<p>The Company will be liable to pay EverBlu all applicable fees and expenses (as set out above) in respect to any transaction or capital raising entered into by the Company within 6 months of the End Date with a counterparty who was introduced to the Company by EverBlu.</p> <p>This will not apply in circumstances where EverBlu has terminated the Corporate Advisory Mandate without cause or where the Company has terminated the Corporate Advisory Mandate for cause.</p>

Transaction Mandate

The Company has also entered into the Transaction Mandate with EverBlu, whereby EverBlu will be engaged to act as the Company's financial adviser in respect of:

- a) the acquisition by the Company (directly or indirectly) of all or a portion of the shares, other securities or assets (or combination thereof) of another company, business or other such entity (**Acquisition**);
- b) each offer(s) and/or proposal(s) (whether actual or potential, formal or informal, conditional or unconditional, solicited or unsolicited, indicative, and as may be extended, amended or revised) to acquire all or a portion of the outstanding ordinary shares, other securities or assets (or a combination thereof) of the Company and/ or any of its related bodies corporate (**Bid**);
- c) the sale and/or exchange of all or a portion of the ordinary shares (regardless of whether it includes other securities or not) or assets (or a combination thereof) of the Company and/ or any of its related bodies corporate (**Disposal**); and/or
- d) the entry into of any joint or collaborative venture or partnership in respect of paragraphs (a), (b) and (c) above (**Joint Venture**),
- e) the listing of the Company on one or more of NASDAQ, NYSE, LSE, AIM, TSX, TSXV, JSE, HKEX, SGX or any other securities exchange agreed to between EverBlu and the Company (**Agreed Exchange**) (**Dual Listing**).

A summary of the material terms of the New Transaction Mandate and the material differences from the Original Transaction Mandate is set out in the table below.

	Original Transaction Mandate	New Transaction Mandate						
Date	1 July 2017 ('Commencement Date')	21 January 2020 (Effective Date)						
Term	Continues until terminated by either party in absolute discretion.	Expires 18 months from the Effective Date, unless terminated by EverBlu or the Company.						
Successful Transaction Fee	<p>In the event that a Transaction is 'Successful' (as defined below), the Company agreed to pay EverBlu the applicable fee set out below:</p> <p>a) (Acquisition); 3% of the highest price which is paid or payable under the Transaction;</p> <p>b) (Bid): 3% of the highest price which is paid or payable under the Transaction;</p> <p>c) (Disposal): 3% of total value of the shares, other securities and/or assets of the Company or related</p>	<p>In the event that a Transaction is 'Successful' (as defined below), the Company has agreed to pay EverBlu the applicable fee set out below:</p> <p>a) (Acquisition); the applicable percentage (set out below) of the highest price which is paid or payable under the Transaction:</p> <table><tr><th>Highest Price</th><th>Percentage Fee</th></tr><tr><td>0 - \$25 million</td><td>7.5%</td></tr><tr><td>\$25,000,001 - \$50 million</td><td>6%</td></tr></table>	Highest Price	Percentage Fee	0 - \$25 million	7.5%	\$25,000,001 - \$50 million	6%
Highest Price	Percentage Fee							
0 - \$25 million	7.5%							
\$25,000,001 - \$50 million	6%							

	<p>body corporate that are sold and/or exchanged under the Transaction; and</p> <p>d) (Joint Venture): either:</p> <ul style="list-style-type: none">i) 3% of the value of the Company's interest in the joint or collaborative venture or partnership as a result of the Transaction; orii) in circumstances where the Company's interest in the joint or collaborative venture or partnership is unquantifiable, a fixed fee to be mutually agreed between the parties but in any event not less than \$150,000. <p>e) (Foreign Exchange Listing): 3% of any capital raised directly or indirectly in connection with the listing of the Company on any stock exchange other than ASX.</p> <p>A Transaction will be considered to be "Successful" if the following are satisfied:</p> <p>a) (Acquisition); the Company, alone or together with any associate(s), acquires:</p> <ul style="list-style-type: none">i) a relevant interest in 50% or more of the shares or other securities of the target company, business or other such entity; orii) a direct or indirect interest in 50% or more of the assets of the target company, business or other such entity; <p>b) (Bid): the Transaction is recommended by the Board of the Company and the prospective purchaser(s), alone or together with any associate(s), acquires:</p> <ul style="list-style-type: none">i) a relevant interest in 50% or more of the shares or other securities of the target company, business or other such entity; orii) a direct or indirect interest in	<table><tr><td>greater than \$50 million</td><td>5%</td></tr></table> <p>However, in no circumstance will the Transaction Fee exceed \$5 million.</p> <p>b) (Bid): the applicable percentage (set out below) of the highest price which is paid or payable under the Transaction:</p> <table><tr><th>Highest Price</th><th>Percentage Fee</th></tr><tr><td>0 - \$25 million</td><td>7.5%</td></tr><tr><td>\$25,000,001 - \$50 million</td><td>6%</td></tr><tr><td>greater than \$50 million</td><td>5%</td></tr></table> <p>However, in no circumstance will the Transaction Fee exceed \$5 million.</p> <p>If the Bid Transaction is not recommended by the board (e.g. a hostile bid) and is successfully Defended so that the proposed acquirer does not obtain a 50% interest, the Transaction Fee will be 3% of the highest price which is paid or proposed to be paid or offered under the Transaction (however, in no circumstance will the Transaction Fee exceed \$2 million); or</p> <p>c) (Disposal): the applicable percentage (set out below) of the total value of the shares, other securities and/or assets of the Company or related body corporate that are sold and/or exchanged under the Transaction:</p> <table><tr><th>Highest Price</th><th>Percentage Fee</th></tr><tr><td>0 - \$10 million</td><td>7.5%</td></tr><tr><td>\$10,000,001 - \$20 million</td><td>6%</td></tr><tr><td>greater than \$20 million</td><td>5%</td></tr></table> <p>However, in no circumstance will the Transaction Fee exceed \$2.5 million.</p> <p>d) (Joint Venture): either:</p> <ul style="list-style-type: none">i) the applicable percentage (set out below) of the value of the Company's interest in the joint or	greater than \$50 million	5%	Highest Price	Percentage Fee	0 - \$25 million	7.5%	\$25,000,001 - \$50 million	6%	greater than \$50 million	5%	Highest Price	Percentage Fee	0 - \$10 million	7.5%	\$10,000,001 - \$20 million	6%	greater than \$20 million	5%
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	<p>50% or more of the assets of the target company, business or other such entity;</p> <p>OR</p> <p>the Transaction is not recommended by the Board of the Company and the prospective purchaser(s), alone or together with any associate(s), does not acquire:</p> <p>i) a relevant interest in 50% or more of the shares or other securities of the target company, business or other such entity; or</p> <p>ii) a direct or indirect interest in 50% or more of the assets of the target company, business or other such entity;</p> <p>c) (Disposal): the Company and/or any of its related bodies corporate sell and/or exchange all or a portion of their ordinary shares, other securities or assets (or a combination thereof).</p> <p>(Joint Venture): if the Company enters into any joint or collaborative venture or partnership.</p>	<p>collaborative venture or partnership as a result of the Transaction:</p> <table><tr><th>Highest Price</th><th>Percentage Fee</th></tr><tr><td>0 - \$10 million</td><td>7.5%</td></tr><tr><td>\$10,000,001 - \$20 million</td><td>6%</td></tr><tr><td>greater than \$20 million</td><td>5%</td></tr></table> <p>However, in no circumstance will the Transaction Fee exceed \$1 million.</p> <p>ii) in circumstances where the Company's interest in the joint or collaborative venture or partnership is unquantifiable, a fixed fee to be mutually agreed between the parties.</p> <p>e) (Dual Listing): in the case of the listing of the Company on any Agreed Exchange, the Company will pay EverBlu a Transaction Fee equal to 1% of the Market Capitalisation.</p> <p>However, in no circumstance will the Transaction Fee exceed \$1 million.</p> <p>A Transaction will be considered to be “Successful” if the following are satisfied:</p> <p>a) (Acquisition); the Company, alone or together with any associate(s), acquires:</p> <p>i) a relevant interest in 50% or more of the shares or other securities of the target company, business or other such entity; or</p> <p>ii) a direct or indirect interest in 50% or more of the assets of the target company, business or other such entity;</p> <p>b) (Bid): the prospective purchaser(s), alone or together with any associate(s), acquires:</p> <p>i) a relevant interest in 50% or more of the shares or other securities of the target company, business or other such entity; or</p> <p>ii) a direct or indirect interest in 50%</p>	Highest Price	Percentage Fee	0 - \$10 million	7.5%	\$10,000,001 - \$20 million	6%	greater than \$20 million	5%
Highest Price	Percentage Fee									
0 - \$10 million	7.5%									
\$10,000,001 - \$20 million	6%									
greater than \$20 million	5%									

		<p>or more of the assets of the target company, business or other such entity,</p> <p>and the Transaction becomes or is declared unconditional;</p> <p>(Disposal): the Company and/or any of its related bodies corporate (or any of their security holders) sell and/or exchange all or a portion of their ordinary shares, other securities or assets (or a combination thereof;</p> <p>c) (Joint Venture): if the Company enters into any joint or collaborative venture or partnership and it becomes unconditional.</p> <p>d) (Dual Listing): In the event that:</p> <ul style="list-style-type: none"> i) EverBlu advises on the listing of the Company's shares on the relevant securities exchange and ii) the relevant securities exchange in an Agreed Exchange.
Incentive Fees	<p>In the event of a Successful Transaction (as described above), then in addition to any Transaction Fee, the Company will pay EverBlu a discretionary incentive fee, the value of which will be determined by mutual agreement of the parties immediately prior to completion of the relevant Transaction or otherwise calculated in accordance with the following (Incentive Fee):</p> <p>(a) in the case of an Acquisition, the Company will pay EverBlu an Incentive Fee equal to 1.5% of the total amount by which the Highest Possible Price exceeds the price actually paid or payable under the Transaction, where "Highest Possible Price" means the highest total amount that the Company would be willing to pay to acquire all or a portion of the shares, other securities or assets (or combination thereof) of the relevant company, business or other such entity, as determined by mutual agreement of the parties before an initial offer is made and for the purpose of the Transaction Mandate only.</p>	Not applicable

	(b) in the case of a Bid or Disposal, the Company will pay EverBlu an Incentive Fee equal to 1.5% of the total amount by which the price actually paid or payable under the Transaction exceeds the consideration initially offered by a prospective purchaser (whether that prospective purchaser was ultimately the successful purchaser or not (for example, if the Transaction is competitive, the initial offer might have been made by a prospective purchaser who is ultimately out-bid by another prospective purchaser)).	
Unsuccessful Transaction Fee	<p>In the event that the Transaction is not Successful, the Company has agreed to pay EverBlu a Transaction Fee equal to:</p> <p>a) 0.75% of the highest price of the Transaction (as applicable) or of the value that the Company's interest in the joint or collaborative venture or partnership would have been as a result of a Transaction; or</p> <p>b) In circumstances where the Company's interest in the joint or collaborative venture or partnership is unquantifiable, a fixed fee would be mutually agreed between the parties but in any event no less than \$75,000.</p>	<p>In the event that an agreement for a Transaction was entered or announced to the ASX, but the Transaction is not Successful (as defined above) or in respect of a hostile Bid the Bid is not successfully defended, the Company has agreed to pay EverBlu the applicable fee set out below:</p> <p>a) (Acquisition): 1% of the highest price which was offered or proposed to be offered under the Transaction (however, in no circumstance will the Transaction Fee exceed \$1 million);</p> <p>b) (Bid): 1% of the highest price which was offered or proposed to be offered under the Transaction (however, in no circumstance will the Transaction Fee exceed \$1 million);</p> <p>c) (Disposal): 1% of total value of the shares, other securities and/or assets of the Company or a related body corporate that would have been sold and/or exchanged under the Transaction (however, in no circumstance will the Transaction Fee exceed \$1,500,000);</p> <p>d) (Joint Venture): either:</p>

		<p>i) 1% of the value that the Company's interest in the joint or collaborative venture or partnership would have been as a result of the Transaction (however, in no circumstance will the Transaction Fee exceed \$500,000); or</p> <p>ii) in circumstances where the Company's interest in the joint or collaborative venture or partnership is unquantifiable, a fixed fee to be mutually agreed between the parties.</p>
Payment of Transaction Fees and Issue of Securities	<p>The fees under the Transaction Mandate are exclusive of GST and may be paid in any combination of cash and/or securities as mutually agreed by the parties at the relevant time. In determining the number of any securities to be issued for the purpose of such payment, the following formula will be applied:</p> $S = F \div VWAP$ <p>where:</p> <p>S is the number of securities to be issued;</p> <p>F is the total value of the fees to be paid in the form of securities; and</p> <p>VWAP is the volume weighted average price at which the shares are traded on the relevant securities exchange over a period of 10 trading days up to and including the day prior to the day on which the Transaction is announced.</p> <p>Or, in the case of securities which are not traded on a securities exchange, the fair market value of those securities is used, as determined by a valuer appointed by mutual agreement of the parties.</p>	<p>The fees under the Transaction Mandate are exclusive of GST and may be paid in any combination of cash and/or securities as determined by the Company in writing at the relevant time, subject to obtaining shareholder approval for the issue of any securities. In determining the number of any securities to be issued for the purpose of such payment, the following formula will be applied:</p> $S = F \div VWAP$ <p>where:</p> <p>S is the number of securities to be issued;</p> <p>F is the total value of the fees to be paid in the form of securities; and</p> <p>VWAP is the volume weighted average price at which the shares (or other stock exchange quoted securities as applicable) are traded on the relevant securities exchange over a period of 10 trading days up to and including the day prior to the day on which the Transaction is announced.</p> <p>Or, in the case of securities which are not traded on a securities exchange, the fair market value of those securities is used, as determined by a valuer appointed by mutual agreement of the parties.</p>
Reimbursement	<p>The Company has agreed to reimburse EverBlu for its reasonable expenses, including the fees and disbursements of EverBlu's lawyers in connection with any matter referred to in the Transaction Mandate.</p>	<p>The Company has agreed to reimburse EverBlu for its reasonable expenses, including the fees and disbursements of EverBlu's lawyers (subject to the Company's approval to the extent those legal fees exceed \$5,000 per</p>

		month) in connection with any matter referred to in the Transaction Mandate.
Break Fee	<p>If the Company or an affiliate enters into an agreement with respect to a Transaction (Agreement) and the Agreement provides for a payment or reimbursement at any time to the Company or an affiliate in the event the Transaction is terminated or otherwise not completed for whatever reason (a Break Fee) the Company will pay EverBlu a fee equal to the lesser of:</p> <ul style="list-style-type: none"> a) the Transaction Fee (plus Incentive Fee) that would have been payable had the Transaction been successfully completed; and b) 10% of such Break Fee if and when such Break Fee is paid to the Company or its affiliate. 	<p>If the Company or an affiliate or related body corporate enters into an agreement with respect to a Transaction (Agreement) and the Agreement provides for a payment or reimbursement at any time to the Company or an affiliate in the event the Transaction is terminated or otherwise not completed for whatever reason (a Break Fee) and in the event that the Transaction is actually terminated or otherwise not completed for whatever reason and the Break Fees becomes receivable and is received by the Company, the Company will pay EverBlu a fee equal to the lesser of:</p> <ul style="list-style-type: none"> a) the Transaction Fee that would have been payable had the Transaction been successfully completed; and b) 10% of such Break Fee if and when such Break Fee is paid to the Company or its affiliate.
Monthly Fee	Not applicable	During all periods where the Company and EverBlu agree that EverBlu is in active negotiations or advising on a Transaction covered by the Transaction Mandate, the Company will pay EverBlu \$10,000 (plus GST) per month (or such other amount as the Company and EverBlu may agree) for advisory services until the later of the end of the relevant negotiations or completion of the Transaction.
Termination	EverBlu's services may be terminated by the Company or EverBlu at any time at the Company's or EverBlu's absolute discretion effective upon receipt of written notice to that effect.	<p>The Transaction Mandate may be terminated:</p> <ul style="list-style-type: none"> a) by EverBlu at any time at EverBlu's absolute discretion effective upon receipt by the Company of written notice to that effect; b) by the Company if EverBlu commits a material breach of the Transaction Mandate which is, if capable of remedy, not remedied within seven days after receipt by EverBlu of written notice to that effect from the Company; or c) by the Company without cause effective 6 months from the date of receipt by EverBlu of written notice to that effect.
Right of First Refusal	In the event that the Company and/or any Affiliate thereof proposes to undertake	In the event that the Company and/or any related body corporate proposes to undertake

	<p>any one or more Transactions, the Company must first offer (or procure any related Affiliate thereof offers) EverBlu the right to act in such Transaction as exclusive financial adviser.</p> <p>Should EverBlu accept the offer and agree to act in such capacity, the parties agreed that their engagement and any work performed by EverBlu in that capacity will be governed by the terms of the Transaction Mandate.</p>	<p>any one or more Transactions within the 6 months following the expiry or termination of the Transaction Mandate (End Date) (other than in circumstances where EverBlu terminates the Transaction Mandate without cause or the Company terminates the Transaction Mandate for cause), the Company must first offer (or procure any related body corporate thereof offers) EverBlu the right to act in such Transaction as exclusive financial adviser.</p> <p>Should EverBlu accept the offer and agree to act in such capacity, the parties agreed that their engagement and any work performed by EverBlu in that capacity will be governed by the terms of the Transaction Mandate.</p>
Subsequent Transactions	<p>The Company will be liable to pay EverBlu all applicable fees and expenses (as set out above) in the event that at any time prior to the expiration of 12 months after such termination:</p> <ul style="list-style-type: none"> a) a Transaction similar to that envisaged in the Transaction Mandate is completed or the Company and/or its Affiliates enter into an agreement which contemplates such a Transaction and any such Transaction is later completed; or b) an Agreement (as defined above) is entered into pursuant to which a Break Fee (as defined above) is eventually made. 	<p>The Company will be liable to pay EverBlu all applicable fees and expenses (as set out above) in the event that at any time during the six month period commencing upon the termination or expiry of the Transaction Mandate :</p> <ul style="list-style-type: none"> a) a Transaction which is the same or similar to that envisaged in the Transaction Mandate is completed or the Company and/or its affiliates enters into an agreement which contemplates such a Transaction and any such Transaction is later completed with a party or parties that are introduced to the Company by EverBlu prior to termination of the Transaction Mandate; or b) an Agreement (as defined above) is entered into with a party or parties that are introduced to the Company by EverBlu prior to termination of the Transaction Mandate pursuant to which a Break Fee is eventually made. <p>This will not apply in circumstances where the Company terminates the Transaction Mandate as a result of material breach by EverBlu or in circumstances where EverBlu becomes unable to or unwilling to act as a financial adviser to the Company.</p>



Authority

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

For further details or if there are any queries on this announcement please contact Erlyn Dale, Joint Company Secretary, on +61 8 9389 3100.

Ends.