



17 June 2021

## **Creso Pharma and Red Light Holland Merge to Introduce The HighBrid Lab™, a Leading Global Psychedelics x Cannabis Company, Specializing in Recreational Products, Applied Science, Technology and Innovation**

*Red Light Holland to host a Live Stream on [www.youtube.com/redlightholland](http://www.youtube.com/redlightholland) at 10:30 pm Sydney time on Thursday, 17 June 2021*

*Creso Pharma will host a separate investor webinar at 10:00 am (AEST) on 18 June 2021.*

*Please register via the following link:*

<https://register.gotowebinar.com/register/3993998393801272075>

### **Highlights:**

- **Creso Pharma and Red Light Holland have entered into a definitive agreement to merge their businesses and create The HighBrid Lab**
- **The HighBrid Lab is expected to have an implied pro forma equity value of A\$371 million (C\$347 million) based on the closing price of the shares of Creso Pharma and Red Light Holland on 15 June 2021**
- **Mr. Bruce Linton, leading cannabis and psychedelics entrepreneur, expected to join as Non-Executive Chairman of The HighBrid Lab's board of directors**
- **Combined Company is expected to have a cash balance of approximately A\$48 million, providing considerable financial flexibility to progress its growth strategy**
- **The Combined Global Company will trade on the Canadian Securities Exchange ("CSE") under the ticker symbol TRIP**
- **The HighBrid Lab will focus on several key growth areas:**
  - **Expanding market and brand leadership in recreational psilocybin, supported by education, telecounseling and technology as new markets open**
  - **Applied science and innovation supporting long-term opportunities in psychedelics with both naturally occurring and pharmaceutical grade drug discovery aiming for advanced and approved product offerings through controlled lab environments via the pending acquisitions of Halucenex and Mera Life Sciences**
  - **Once merged, The Highbrid Lab is able to immediately commence selling its Animal and Human CBD products within the USA which is expected to add considerable revenue**
  - **Scaling recreational cannabis offering in North America by focusing on increasing market share in Canada and taking advantage of the Combined Company's CSE listing to progress the introduction of products into the US, as well as leveraging**



industry leading expertise to execute US cannabis acquisitions in the near term (the US is the world's largest cannabis market, expected to reach US\$41Bn (A\$53Bn) by 2025<sup>1</sup>)

- Enhanced European distribution of Creso Pharma's researched and developed human and animal CBD products through SR Wholesale, Red Light Holland's wholly owned Netherlands based distribution company
- Introducing unique, innovative and eye-catching recreational product offerings under existing Red Light Holland brands with innovative applied science including combined CBD and mushroom products and ready to drink products with mushrooms, CBD and THC, while focusing on adding adjacent iMicrodose product lines with ingredients including CBD, THC and functional mushrooms, as and where permitted to do so, and promoting responsible use via education and information
- Creation of Red Light Farms, increasing exposure to growing operations; adding to the Combined Company's already impressive line-up including The Red Light Truffle Farm in the Netherlands, Happy Caps Gourmet Mushroom Farm and Mernova Medical in Nova Scotia
- Increasing vertical integration strategies from growing, harvesting, packaging, branding and distribution to potential brick and mortar stores for increased sales focused on higher margins
- Expanding e-commerce presence and online store initiatives to help boost future sales of CBD, THC, psilocybin, and functional mushroom products, where permissible
- Using biometric movement and scientific data and technology from Radix Motion to help find optimal dose and protocol for individuals, and to work with regulatory agencies towards expanding the legal, responsible use of psilocybin, THC and CBD in emerging countries focused on stricter controls
- Continuing to grow one of the world's most recognizable legal recreational psilocybin brands while crossing over into the cannabis sector with a focus on increasing creative and experiential marketing, brand development and added influencer support
- Sustainable approach with consideration for the long term social, environmental, and economic impacts
- Red Light Holland's current Chief Executive Officer, Todd Shapiro, will lead the Combined Company as CEO and Director. The Combined Company's board of directors will consist of seven members, three of which, including Mr. Shapiro, will be current directors of Red Light Holland, and three of which, will be directors or nominees of Creso Pharma. Mr. Bruce Linton is expected to be the seventh member, as non-executive Chairman
- Mr. William Lay, previously Associate Director, M&A at Canopy Growth appointed Executive Vice President and Chief Strategy Officer to assist in growth trajectory – Mr. Lay has overseen and/or supported over C\$5Bn in cannabis M&A transactions



- **Creso Pharma Non-Executive Chairman Adam Blumenthal will move to Non-Executive Director and Creso will have two other board nominees upon completion of the deal**
- **Newly formed company can be accessed online at [www.HighBrid.co](http://www.HighBrid.co)**

**Creso Pharma Limited** ("Creso Pharma") (ASX: CPH, FRA: 1X8, OTCQB: COPHF), a producer of cannabis products designed to better the lives of people and animals, and Red Light Holland Corp. ("Red Light Holland") (CSE:TRIP, FRA:4Yx, OTC Pink:TRUFF), an Ontario-based corporation engaged in the production, growth and sale of magic truffles to the legal, recreational market within the Netherlands, are pleased to advise that they have entered into a definitive scheme implementation deed (the "Deed") to combine businesses and create The HighBrid Lab (the "Combined Company" or "The HighBrid Lab"), a leading global psychedelics and cannabinoid company.

The transaction will be carried out by way of statutory schemes of arrangement under the *Corporations Act 2001* (Cth), pursuant to which Red Light Holland will acquire (i) all of the issued fully paid ordinary shares of Creso Pharma (the "Scheme"), and (ii) all of the issued listed options of Creso Pharma (the "Option Scheme") in exchange for the issue of common shares of Red Light Holland ("Red Light Holland Shares") on the terms and conditions set forth in the Deed. Under the terms of the Deed, the shareholders of Creso Pharma (the "Creso Pharma Shareholders") will receive 0.395 of a Red Light Holland Share for each fully paid ordinary share of Creso Pharma (each, an "Creso Pharma Share") held immediately prior to the effective time of the Scheme. In addition, (i) holders of listed options of Creso Pharma (the "Creso Pharma Listed Optionholders") will receive 0.257 of a Red Light Holland Share for each listed option of Creso Pharma (each, a "Creso Pharma Listed Option") and (ii) holders of the various other classes of unlisted Creso Pharma securities will be offered Red Light Holland options or warrants based on ratios detailed in the Deed.

Upon implementation of the Scheme and the Option Scheme (together, the "Schemes"), it is expected that the former Creso Pharma securityholders will own approximately 57.4% of the pro forma issued and outstanding Red Light Holland Shares, resulting in a reverse takeover of Red Light Holland by the Creso Pharma securityholders. Following implementation of the Schemes, the Combined Company is expected to have a cash balance of approximately A\$48 million (C\$45 million), providing considerable financial flexibility to progress its growth strategy.

#### **About Red Light Holland**

Red Light Holland strives to move towards safe and trustworthy access to psychedelic compounds for all, and is engaged in the production, growth and sale, through existing Smart Shops and an ecommerce platform, of premium magic truffles to the legal, recreational market in the Netherlands. Activities are undertaken in accordance with the highest standards and compliance with all applicable laws.

Red Light's directors and advisory board members are all highly skilled executives with extensive expertise in growing, mass-producing, compliance, distribution, marketing and supply chain management, which will allow the Combined Company to become a leader in an emerging market segment.



### Complementary Management and Board Capabilities with Industry Leading Experience

A strong management team and board of directors will lead the Combined Company, which will also have access to a world-class group of advisors. Upon completion of the Schemes, Red Light Holland's current CEO, Todd Shapiro, will lead the Combined Company as Chief Executive Officer and Director. The board of directors of the Combined Company will consist of seven members, three of which, including Mr. Shapiro, will be current directors of Red Light Holland, and three of which, will be directors or nominees of Creso Pharma. Leading cannabis entrepreneur Bruce Linton is also expected to join the board of directors of the Combined Company as non-executive Chairman.

Creso Pharma's management team brings a wealth of scientific experience and pharmaceutical background, while Red Light Holland's team has significant expertise in marketing, branding and recreational product offerings. Additionally, William Lay will lead the Combined Company's overall corporate strategy development and will work on identifying and executing potential M&A opportunities in his capacity as Executive Vice President & Chief Strategy Officer.

Creso Pharma and Red Light Holland are confident that the leadership team and proposed board of directors of the Combined Company will provide a strong foundation for The HighBrid Lab to drive shareholder value. Additional senior leadership positions at the Combined Company will be confirmed in due course.



### Management Commentary

"Having worked with both the Creso Pharma and Red Light Holland teams closely in the past, I am really excited by the potential this combination brings. As a merged company, The HighBrid Lab has access to four of the highest growth industry segments around, and the team, board and advisory group to make real progress within these verticals. I'm really looking forward to rolling up my sleeves and helping The HighBrid Lab get to work!" **said Bruce Linton**, who is expected to join the Combined Company's board as non-executive Chairman.

"Red Light Holland has significant capital and expertise, and is motivated for growth. The company understands the sensitive complexities of the ingredients we deal with, while ensuring we continue to make a bold yet careful push to provide and increase access for immediate



revenue generation and brand expansion. Our core principle is to compliantly lead with edgy consumer packaged goods focused on positive outcomes, while balancing a responsible, regulated and educational use approach through technology and innovation,” **said Todd Shapiro CEO and Director of Red Light Holland.**

“Merging with Creso Pharma, who also has significant cash on hand, and formulating The HighBrid Lab, with Bruce Linton as Chair of the Board, means we can expand our premium product offerings globally in the high growth CBD, THC and psychedelic sectors. Together we are bullish on developing world class products with naturally occurring ingredients in clever and innovative ways for both humans and pets, which completely aligns with Creso Pharma’s R&D and sales approach. The HighBrid Lab ramps up our objectives for near and long term growth targets, while potentially being a part of positive change. Together we are not shy, as our goal continues to be the People’s Company, dedicated to providing global access to each of these naturally occurring ingredients while understanding that education, careful use, sustainability and data collection with consent are the keys to future success as regulations open up. The HighBrid Lab is a perfect name combining psychedelics and cannabis coupled with recreational use, science and technology. This is a monumental day for all of our shareholders and now their pets!”

**Creso Pharma’s Non-Executive Chairman, Mr. Adam Blumenthal said:** “We are very excited to have entered into this agreement with Red Light Holland and to create a company that has the potential to become a world leading psychedelic, CBD and recreational and medicinal cannabis company. The transaction follows a considerable amount of due diligence undertaken by both parties, highlighting the strength of both Creso Pharma’s and Red Light Holland’s operations and abilities across a number of key international markets. There are a number of synergies across the businesses, which will allow the Combined Company to considerably scale up operations in the near term. Red Light’s CSE-listed vehicle will allow the Combined Company to enter the lucrative US market and we anticipate that product sales through our recreational cannabis and CBD subsidiaries will scale up significantly in the short term, underpinning early cash generation and provide additional financial flexibility across the business.

“To oversee this rapid growth phase, the The HighBrid Lab will be led by an experienced board of directors and strategic advisors, who are expected to bring a wealth of knowledge to building successful cannabis, recreational products and psychedelics companies. Creso Pharma is very confident that Red Light Holland’s established operations including a distribution arm and market understanding will provide a number of value catalysts. We look forward to working with the group to immediately refine our supply chain, increase brand awareness through North America and progress opportunities across the recreational and therapeutic psychedelics sectors to unlock value for new and existing shareholders.”

#### **Balanced Portfolio of High Growth Market Pursuits**

The HighBrid Lab is expected to be organized into four business units, allowing it to aggressively pursue high growth markets, while also focusing on near-term cash flows. These business units are expected to comprise recreational cannabis (THC), CBD, recreational psychedelics, and psychedelic research.





Cash flow from recreational cannabis, CBD and Netherlands-based psychedelic operations will be used to support ongoing market expansion efforts in recreational psychedelics globally as opportunities are presented. The Combined Company also intends to allocate a portion of cash-flow from other business units to the ongoing psychedelics applied science program to support potential long-term upside opportunities.

### **Opportunity to Scale Recreational THC Offering**

Creso Pharma's Mernova Medicinal Inc. is a licensed cannabis producer in Canada with Craft Designation from the Ontario Cannabis Store, and operates a facility scalable to 200,000 square feet. As the Canadian cannabis market continues to grow, The HighBrid Lab plans to conduct ongoing market reviews to expand Mernova Medicinal Inc.'s penetration and share. The HighBrid Lab intends to take advantage of the relationships of its board and management team in the Canadian and US markets to pursue potential accretive acquisitions of US THC operators. Having a CSE-listed vehicle will allow the Combined Company to operate in line with state legislation and target US States where the adult use of cannabis is legal. Recreational cannabis is legal for adult use in 17 states and Washington DC, and medical marijuana is legal in 36 states in the US, providing a number of near term, large market opportunities.

In addition, The HighBrid Lab plans to introduce Red Light Holland branded products within THC markets to continue building brand equity in advance of any potential future changes in the regulatory landscape for Psilocybin.

### **Enhanced Distribution of European CBD Offering with Aggressive Growth Plans**

Over the last five years, Creso Pharma has researched and developed a high-quality suite of Swiss developed and manufactured CBD products, covering therapeutics, nutraceuticals, animal health and cosmetics. The Combined Company plans to pursue growth plans for these products and expects that Red Light Holland's subsidiary distribution company, SR Wholesale, which has access to over 1,000 shops and points of sale across Europe, will significantly bolster sales of Creso Pharma's CBD products. The Combined Company will also create a US market entry strategy for these products and will work to introduce new products such as functional mushrooms and combined CBD functional mushrooms to legal markets in Europe and North America.

### **Market Leader in Recreational Psilocybin with Ongoing Market Expansion Efforts**

Red Light Holland is a market leader in recreational psychedelics. To date, Red Light Holland has taken a responsible approach to the sale of these products, including the introduction of the iMicrodose App, patent filings for novel methods to allow individuals to find their appropriate dose, and offering telecounseling opportunities. This approach is aligned with Creso Pharma's mission to better the lives of humans and animals and will continue within the Combined Company. The HighBrid Lab will continuously monitor Red Light Holland's operations within the Netherlands, and scale appropriately as the market matures. Additionally, the Combined Company will keep abreast of regulatory changes around the world and expects to implement a first mover strategy as markets open.

### **Investments in Applied Science Supporting Long Term Therapeutic Psychedelics Opportunities**

Creso Pharma has conditionally agreed to acquire Nova Scotia, Canada based psychedelics life sciences company, Halucenex, which has submitted an application for a Dealer's License under



both the Narcotics Control Regulations and Part J of the Food and Drugs Regulations. Subject to the receipt of all necessary regulatory approvals, Halucenex is expected to begin phase II clinical trials to demonstrate the efficacy of psilocybin therapy in the treatment of treatment-resistant depression in Canadian veterans and everyday individuals living with debilitating conditions.

Red Light Holland recently extended its LOI with Mera Life Sciences and continues discussions regarding a previously announced potential investment in St. Vincent and the Grenadines, which is expected to be a part of the Combined Company's applied science platform. In addition, the Combined Company plans to leverage the significant pharmaceutical expertise of Creso Pharma's management team through all applied science activities, use findings to continuously update and expand the iMicrodose app, and consider introducing psychedelic assisted therapy retreats where legally permissible.

### **Additional Transaction Details**

On approval of the Scheme by the Supreme Court of Western Australia, unvested Creso Pharma performance rights and performance shares will vest, and holders will be entitled to participate in the Scheme on the terms above as a Creso Pharma Shareholder. Holders of the various other classes of unlisted Creso Pharma securities will be replacement securities in Red Light Holland, as detailed in the Deed.

In addition to customary closing conditions for a transaction of this nature, the Schemes will require approval of the Supreme Court of Western Australia, and the approval of the Creso Pharma Shareholders and Creso Pharma Listed Optionholders. Red Light Holland Shareholders will also be required to approve the issuance of the Red Light Holland Shares pursuant to the transaction. In particular, the transaction will require the approval of (A)(i) 75% of the votes cast by Creso Pharma Shareholders at a meeting to consider the Scheme, and (ii) 75% of the votes cast by Creso Pharma Listed Optionholders at a meeting to consider the Option Scheme, and (B) a simple majority of votes cast by Red Light Holland Shareholders at a meeting to consider, among other things, the proposed issuance of the Red Light Holland Shares pursuant to the transaction. The Schemes also require various regulatory and stock exchange approvals, including the approval of the Australian Securities and Investment Commission.

Officers, directors and certain Creso Pharma Shareholders, who collectively hold 15.31% of the Creso Pharma Shares on issue and 73.03% of the Creso Pharma Listed Options on issue have provided voting intention statements in support of the Scheme and Option Scheme, respectively. Officers, directors and certain Red Light Holland Shareholders who collectively hold approximately 5% of the issued and outstanding Red Light Holland Shares, have entered into voting support agreements in favour of the transaction.

The meetings of Creso Pharma and Red Light Holland are expected to be held in the third quarter of CY2021. It is expected that, (i) in the case of Creso Pharma, a Scheme Booklet, and (ii) in the case of Red Light Holland, a management information circular, detailing the terms and conditions of the transaction and setting out the resolutions to be approved at the respective meetings of Creso Pharma Shareholders, Creso Pharma Listed Optionholders, and Red Light Holland Shareholders, as applicable, will be filed with regulatory authorities and mailed to the relevant shareholders and optionholders, as applicable, in August 2021 in accordance with applicable securities laws.



The Deed includes customary deal-protection provisions, including covenants in respect of the non-solicitation of alternative transactions, a right to match superior proposals and an A\$1.7 million reciprocal termination fee payable by either party under certain circumstances.

The Red Light Holland Shares will continue to trade on the CSE and the Creso Pharma Shares and Creso Pharma Listed Options will continue to trade on the Australian Securities Exchange prior to the implementation of the Schemes. The Schemes are expected to be implemented in the third quarter of 2021, following the receipt of applicable regulatory approvals, shareholder and optionholder approvals, the approval of the Supreme Court of Western Australia, and the satisfaction or waiver of other closing conditions. Following completion of the Schemes, the Red Light Holland Shares are expected to continue to trade on the CSE.

### Indicative Timetable

The indicative timetable for the transaction is, as follows:

Event	Indicative Date
Regulator's Draft provided to ASIC	Wednesday 28 July 2021
First Court Hearing	Friday 13 August 2021
Dispatch Scheme Booklet to Creso Shareholders and Creso Listed Optionholders	Wednesday 18 August 2021
Mail Red Light Circular to Red Light Shareholders	Friday 27 August 2021
Scheme Meeting Option Scheme Meeting	Friday 17 September 2021
Red Light Meeting	Monday 20 September 2021
Second Court Hearing	Tuesday 21 September 2021
Effective Date	Wednesday 22 September 2021
Record Date	Friday 24 September 2021
Implementation Date	Friday 1 October 2021
Delisting of Creso from the official list of ASX	Friday 1 October 2021

For further information on the terms and conditions of the Schemes, please refer to the Deed which is attached to this announcement.





### Red Light Holland Directors' Recommendation

The transaction has been approved by the board of directors of Red Light Holland, and the board of directors of Red Light Holland recommends that Red Light Holland Shareholders vote in favour of the transaction.

### Creso Pharma Director's Recommendation

The transaction has been approved by the board of directors of Creso Pharma, (with Adam Blumenthal abstaining) and each Boaz Wachtel and James Ellingford (together, the **Independent Directors**) together recommend that Creso Pharma Shareholders and Creso Pharma Listed Option holders (together, the "Creso Pharma Listed Securityholders") vote in favour of the Schemes. This recommendation is subject to an Independent Expert opining that the Schemes are in the best interests of Creso Pharma Listed Securityholders. Subject to the same qualification, each of the Independent Directors intends to vote to vote all the Creso Pharma Shares and Creso Pharma Listed Options that they hold in Creso Pharma in favour of the Schemes.

After having received legal advice from an independent legal adviser, Adam Blumenthal has determined that he should not provide a recommendation to Creso Listed Securityholders in respect of the Schemes as he has an interest in the Schemes that renders it inappropriate for him provide such a recommendation. This interest includes the transaction fee that is payable to EverBlu Capital Pty Ltd ("EverBlu Capital") (an entity that is controlled by Mr. Blumenthal), the acceleration of a right for EverBlu Capital to be issued 2,000,000 Creso Shares if the Schemes are implemented, and his associated entities' current holdings in Creso securities and therefore his right to consideration under the Schemes).

**Advisors**

Cassels Brock & Blackwell LLP and Garfinkle Biderman LLP are acting as Canadian legal counsel to Red Light Holland and Thomson Geer is acting as Australian legal counsel to Red Light Holland. Steinepreis Paganin is acting as Australian legal counsel to Creso Pharma and Aird & Berlis LLP is acting as Canadian legal counsel to Creso Pharma. Everblu Capital Pty Ltd (EverBlu Capital) is acting as corporate advisor to Creso Pharma and will be entitled to a share-based fee of up to A\$3,250,000 following successful implementation of the Schemes.

**Creso Pharma investor webinar details:**

**Date:** 18 June 2021

**Time:** 10:00 am AEST (Sydney) / 8:00 am AWST (Perth)

**Hosts:** Red Light Holland CEO – Mr Todd Shapiro  
Incoming HighBrid Lab Non-Executive Chairman – Mr Bruce Linton  
Creso Pharma Non-Executive Director – Dr James Ellingford

**Registration link:** <https://register.gotowebinar.com/register/3993998393801272075>

A full recording will be made available to investors via Creso Pharma's website following completion of the initiative.

**-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 Pharma Limited (ASX:CPH) 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 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](http://www.cresopharma.com).

**About Red Light Holland**

Red Light Holland is an Ontario-based corporation engaged in the production, growth and sale (through existing Smart Shops operators and an advanced e-commerce platform) of a premium brand of magic truffles to the legal market within the Netherlands, in accordance with the highest standards, in compliance with all applicable laws.

**Forward-looking statements**

This news release contains “forward-looking information” within the meaning of applicable Canadian securities legislation and Australian law. Often, but not always, forward-looking statements and information can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Red Light Holland, Creso Pharma or their respective subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this news release. Examples of such information include statements with respect to: the timing and outcome of the transaction, the anticipated benefits and synergies of the transaction, including with respect to the Combined Company’s production capabilities, market share in the legal cannabis and magic truffles markets; the anticipated timing of the meeting of Creso Pharma Shareholders, Creso Pharma Listed Optionholders and Red Light Holland Shareholders; the timing for delivery of the scheme booklet of Creso Pharma and the management information circular of Red Light Holland; the anticipated timing of the closing of the transaction, the satisfaction or waiver of the closing conditions set out in the Deed, including receipt of all regulatory, court and securityholder approvals; the future operations and profitability of the Combined Company; the future product offering and business units of the Combined Company;



market expansion efforts of the Combined Company and the ability of the Combined Company to penetrate new markets internationally and capture additional market share; the Combined Company's technology and intellectual property; expectations of future profitability and growth following the completion of the transaction; receipt of shareholder approval from the shareholders of Red Light Holland and Creso Pharma; the proposed management team and board of directors of the Combined Company; the growth of the recreational cannabis and magic truffles markets; the ability of the Combined Company to complete accretive acquisitions following the completion of the transaction; the closing of the Halucenex transaction; the Combined Company's future research and development platform; proposed investments in international markets and expectations for other economic, business and/or competitive factors. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information, including the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, court and shareholder approvals; the ability of the parties to satisfy, in a timely manner, the other conditions to the completion of the transaction; the prompt and effective integration of the businesses and the ability to achieve the anticipated benefits contemplated by the transaction; inherent uncertainty associated with financial or other projections; risks related to the value of the Red Light Holland Shares to be issued pursuant to the transaction; the diversion of management time on transaction-related issues; expectations regarding future investment, growth and expansion of the operations of the businesses; regulatory and licensing risks; changes in general economic, business and political conditions, including changes in the financial and stock markets; risks related to infectious diseases, including the impacts of the COVID-19 pandemic; legal and regulatory risks inherent in the cannabis and magic psychedelics industries, including the global regulatory landscape and enforcement related to cannabis and psychedelics, political risks and risks relating to regulatory change; risks relating to anti-money laundering laws; compliance with extensive government regulation and the interpretation of various laws regulations and policies; public opinion and perception of the cannabis and psychedelics industries; and such other risks contained in the public filings of Red Light Holland filed with Canadian securities regulators and available under Red Light Holland's profile on SEDAR at [www.sedar.com](http://www.sedar.com), including Red Light Holland's annual information form for the year ended March 31, 2020, and in the public filings of Creso Pharma filed with Australian securities regulators.

In respect of the forward-looking information concerning the anticipated benefits and completion of the transaction and the anticipated timing for completion of the transaction, Red Light Holland and Creso Pharma have provided such information in reliance on certain assumptions that they believe are reasonable at this time. Although Red Light Holland and Creso Pharma believe that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information and no assurance can be given that such events will occur in the disclosed time frames or at all. Should one or more of the foregoing risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although Red Light Holland and Creso Pharma have attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or



intended. The forward-looking information included in this news release are made as of the date of this news release and Red Light Holland and Creso Pharma do not undertake any obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless required by applicable securities laws.

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<sup>1</sup> Cowen research estimates



## Scheme Implementation Deed

between

**Creso Pharma Limited**  
ACN 609 406 911  
(Creso)

and

**Red Light Holland Corp.**  
(Red Light)

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## DETAILS

**Date** 16 June 2021

### Parties

#### **Creso**

Name Creso Pharma Limited  
ACN 609 406 911  
Address Suite 5 CPC, 145 Stirling Highway,  
Nedlands, Western Australia, 6009  
Email Winton@azc.com.au  
Attention Winton Willesee

#### **Red Light**

Name Red Light Holland Corp.  
Address 1 Adelaide Street East  
Suite 801  
Toronto, Ontario  
M5C 2V9  
Email todd@redlighttruffles.com  
Attention Todd Shapiro

### Background

- A Red Light wishes to acquire all of the Creso Shares, Creso Listed Options and other securities issued by Creso.
- B Red Light and Creso have agreed that:
- (i) Creso will propose a members' scheme of arrangement pursuant to which Red Light will acquire all of the Scheme Shares;
  - (ii) Creso will propose a creditors' scheme of arrangement pursuant to which Red Light will acquire all of the Scheme Options; and
  - (iii) Red Light and Creso will implement the Scheme and the Option Scheme on the terms and conditions of this deed.

### Agreed Terms

#### **1 Interpretation**

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##### **1.1 Definitions**

In this deed the following terms shall bear the following meanings:

**Acceptable Confidentiality Agreement** means a confidentiality agreement between a party and a third party (other than the other party or a person acting in concert with the other party or at the other party's direction or with the other party's agreement) that:

- (a) is entered into in accordance with clause 9.6(a);
- (b) contains confidentiality, purpose, use, non-solicitation and standstill provisions that are no less restrictive than those contained in the Confidentiality Agreement;
- (c) does not permit such third party to acquire any securities of the Creso Group other than in the manner contemplated in paragraph (d) of this definition; and



- (d) contains customary standstill provisions that only permit the third party (not being Red Light or a person acting in concert with Red Light or at Red Light's direction or with Red Light's agreement) to, either alone or jointly with others, propose a Creso Competing Transaction to the Creso Board that is not publicly announced.

**Accounting Standards** means:

- (a) the applicable accounting standards made by the relevant Regulatory Authority, and the requirements relating to the preparation and content of accounts; and
- (b) generally accepted accounting principles that are consistently applied, except those inconsistent with the standards or requirements referred to in paragraph (a).

**Affiliate** means, in relation to any specified person (other than a natural person), any other person (which shall include a natural person) directly or indirectly Controlling or Controlled by such specified person or under direct or indirect common control with such specified person.

**Agreed Public Announcement** means an announcement of Creso or an announcement of Red Light as the context requires, each in a form agreed between Creso and Red Light prior to execution of this deed, to be released by Creso and Red Light pursuant to clauses 7.2(a) and 15.

**Anti-Corruption Laws** means:

- (a) the *Australian Crimes Act 1914* (Cth) (and the applicable regulations thereunder),
- (b) the *United States Foreign Corrupt Practices Act* of 1977 (and the applicable regulations thereunder); and
- (c) the *Corruption of Foreign Public Officials Act* (Canada).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**Authorisations** means any licence, permit, lease, authorisation, concession, consent, certificate or approval issued or granted by a Regulatory Authority.

**AWST** means Australian Western Standard Time.

**Business Day** means a business day as defined in the Listing Rules and, to the extent any action must be taken in relation to CSE, a day on which CSE is operating but excludes a day that is not a Saturday, Sunday, bank holiday or public holiday in Perth, Western Australia or Toronto, Canada.

**Cannabis License** means the cultivation and processing licence issued to, and held by, Mernova Medicinal Inc., a Subsidiary of Creso, under the *Cannabis Regulations* (Canada) on February 15, 2019.

**Claim** means any obligation, debt, cause of action, disability, claim, proceeding, suit or demand of any nature howsoever arising and whether present or future, fixed or unascertained, actual or contingent, whether at law, in equity, under statute or otherwise.

**Communications** has the meaning given to that term in clause 3.6(a)(ii).

**Competing Transaction** means a Creso Competing Transaction or a Red Light Competing Transaction (as the context requires).

**Conditions Precedent** means the conditions precedent to the Scheme in clause 3.1 and/or the conditions precedent to the Option Scheme in clause 3.3 (as the context requires).

**Confidentiality Agreement** means the confidentiality agreement between Creso and Red Light dated April 20, 2021.

**Control** has the meaning given to that term in section 50AA of the Corporations Act and Controlling and Controlled has the corresponding meaning.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the Corporations Regulations 2001.

**Counterproposal** has the meaning given to that term in clause 9.6(c).

**Court** means the Supreme Court of Western Australia.

**Creso Board** means the board of directors of Creso from time to time.

**Creso Circular Information** means the information concerning Creso required by applicable law or the CSE Listing Rules to be included in the Red Light Circular.

**Creso Competing Transaction** means any bona fide proposal, agreement, arrangement, transaction or offer received by Creso from a third party which would result in the third party or its Affiliates:

- (a) directly or indirectly acquiring a legal, beneficial or economic interest or voting power in 20% or more of the Creso Shares or of the securities of any of member of the Creso Group;
- (b) entering into, buying, disposing of, terminating or otherwise dealing with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of the Creso Shares or of the securities of any member of the Creso Group;
- (c) directly or indirectly acquiring, becoming the holder of, obtaining a right to acquire or holding or obtaining an interest (including a legal, beneficial or economic interest) in all or a substantial part or material part of the business conducted by, or property or assets of, the Creso Group;
- (d) acquiring Control of Creso or any material member of the Creso Group;
- (e) otherwise acquiring, or merging with, Creso or any member of the Creso Group; or
- (f) otherwise proposing a transaction similar in commercial and/or economic effect to Creso entering into any part of the Transaction,

including by way of takeover bid, shareholder approved acquisition, scheme of arrangement, capital reduction, share buy-back or repurchase, sale of assets, sale or purchase of securities or assets, assignment of assets and liabilities, strategic alliance, dual listed company structure or joint venture or synthetic merger. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

**Creso Convertible Securities** means the Creso Options, Creso Performance Rights and Creso Performance Shares.

**Creso Costs** has the meaning given to that term in clause 10.2(b)(i).

**Creso Data Room** means the data room accessible at <https://cassels.firmex.com/projects/102/documents> as at 9:00am on the Execution Date.

**Creso Director** means a director of Creso from time to time.

**Creso Disclosure Letter** means the letter so entitled from Creso provided to Red Light prior to execution of this deed.

**Creso Disclosure Materials** means the information in relation to the Creso Group disclosed in writing by or on behalf of Creso to Red Light and its Representatives prior to the Execution Date in:

- (a) the Creso Data Room; and
- (b) the Creso Disclosure Letter.

**Creso Financial Statements** means the audited consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of Creso for the financial ended 31 December 2020, together with the accompanying notes.

**Creso Group** means Creso and its Subsidiaries.

**Creso Indemnified Party** means any member of the Creso Group, or any director, officer, employee or adviser of any member of the Creso Group, who held such position at any time before the Implementation Date.

**Creso Information** means all information included in the Scheme Booklet other than the Red Light Information and the Independent Expert's Report.

**Creso Listed Option** means an ASX listed option issued by Creso to acquire a Creso Share.

**Creso Listed Option Register** means the register of Creso Listed Optionholders maintained by or on behalf of Creso in accordance with the Corporations Act.

**Creso Listed Optionholder** means a person who is registered in the Creso Listed Option Register as the holder of one or more Creso Listed Options, from time to time.

**Creso Material Adverse Event** means a change, event, circumstance, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to the Red Light Board or the Creso Board (whether it becomes public or not) after the Execution Date which (whether individually or when aggregated with all such changes, events, circumstances, occurrences, information or matters) has had or is reasonably likely to have the effect of the business of the Creso Group being unable to be carried on in substantially the same manner as it is carried on at the Execution Date, other than changes, events, circumstances, occurrences, information or matters:

- (a) expressly required or permitted by this deed, the Scheme, the Option Scheme or the transactions contemplated by these;
- (b) Fairly Disclosed in public filings of Creso on ASX in the 12 months before the Execution Date;
- (c) Fairly Disclosed in the Creso Disclosure Letter;
- (d) relating to any change, development or condition in or relating to global, national or regional political conditions (including strikes, lockouts, riots or facility takeover for emergency purposes) or in general economic, business, banking, regulatory, interest rate, rates of inflation or market conditions or in Australian, Swiss, Canadian or global financial or capital markets;
- (e) any change or proposed change in any laws or the interpretation, application or non-application of any laws by any Regulatory Authority;
- (f) any change, development or condition adversely affecting the industry in which Creso operates;
- (g) any outbreak or escalation of hostilities or war or acts of terrorism or any natural disaster or general outbreaks of illness (including COVID-19);
- (h) relating to foreign currency exchange rates;

- (i) relating to any generally applicable change in applicable Accounting Standards;
- (j) approved by written consent of Red Light;
- (k) arising from the payment of costs associated with the Transaction;
- (l) relating to a change in the market trading price of publicly traded securities of Creso, either:
  - (i) related to this deed and the Transaction or the announcement of either this deed or the Transaction; or
  - (i) primarily resulting from a change, effect, event, occurrence or state of facts excluded from this definition of Creso Material Adverse Event under paragraphs (a) to (k) above; or
- (m) resulting from the pendency of the transactions contemplated, compliance with the covenants contained, or the satisfaction of the conditions contained, in this deed.

**Creso Option** means an option issued by Creso to acquire a Creso Share, being a Creso Listed Option or Creso Unlisted Option.

**Creso Performance Right** means a right granted by Creso to acquire a Creso Share, and for the avoidance of doubt, does not include a Creso Option.

**Creso Performance Right Holder** means the holder of a Creso Performance Right.

**Creso Performance Rights Plan** means the Creso Performance Rights Plan as approved by Creso Shareholders on 31 May 2019.

**Creso Performance Share** means a performance share granted by Creso to:

- (a) Bill Fleming ATF Fleming Family Trust (2011);
- (b) Don Hunter;
- (c) Mitchel Fleming;
- (d) David James;
- (e) David Fraser;
- (f) Don Stuart;
- (g) Niall Buckley;
- (h) Canaccord Genuity ITF Brian Penney;
- (i) Jeanie Burke; or
- (j) Matt Parent.

**Creso Prescribed Occurrence** means other than as:

- (a) expressly required or permitted by this deed, the Scheme, the Option Scheme or the transactions contemplated by these;
- (b) Fairly Disclosed in public filings of Creso on ASX in the 12 months before the Execution Date;
- (c) required by law or by an order of a court or Regulatory Authority;
- (d) Fairly Disclosed in the Creso Disclosure Letter; or
- (e) approved by written consent of Red Light,

the occurrence of any of the following on or after the Execution Date and before 8.00am on the Second Court Date:

- (f) Creso converting all or any of its shares into a larger or smaller number of shares;
- (g) any member of the Creso Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (h) any member of the Creso Group:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement;
- (i) a member of the Creso Group issuing securities, including without limitation shares, or granting options or performance rights, other than an issue of shares upon the exercise of Creso Options or conversion of Creso Performance Rights or Creso Performance Shares on issue prior to the Execution Date or as Fairly Disclosed in the Creso Disclosure Letter as securities to be issued following the Execution Date;
- (j) a member of the Creso Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Creso Shares, including pursuant to a dividend reinvestment or other share plan;
- (k) any member of the Creso Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;
- (l) a member of the Creso Group disposing, or agreeing to dispose, of the whole or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the Execution Date;
- (m) a member of the Creso Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due; and
- (n) an Insolvency Event occurs in relation to a member of the Creso Group.

**Creso Representations and Warranties** means the representations and warranties of Creso set out in Schedule 2.

**Creso Share** means a fully paid ordinary share issued in the capital of Creso.

**Creso Share Register** means the register of Creso Shareholders maintained by or on behalf of Creso in accordance with the Corporations Act.

**Creso Shareholder** means a person who is registered in the Creso Share Register as the holder of one or more Creso Shares, from time to time.

**Creso Superior Proposal** means a bona fide Creso Competing Transaction that has not been withdrawn and that:

- (a) did not result from a breach by Creso or any of its Representatives of any provisions of clause 9;
- (b) is made by a Third Party Bidder pursuant to which such Third Party Bidder (or in a merger or consolidation involving such Third Party Bidder, the shareholders of such Third Party Bidder) would acquire, directly or indirectly, by means of a merger, take-over bid, amalgamation, scheme of arrangement, business combination, consolidation, liquidation, winding-up or similar transaction, 100% of the Creso Shares or all or substantially all of the assets of the Creso Group;
- (c) complies with all applicable laws;



- (d) is not subject to any due diligence and/or access condition; and
- (e) the Creso Board, acting reasonably and in good faith, and after taking written advice from its external legal advisers and in consultation with its financial advisors, determines:
- (i) is reasonably capable of being completed on a timely basis, taking into account all aspects of the Creso Competing Transaction and the person making it, including without limitation having regard to timing considerations, legal, regulatory and financial matters and any conditions precedent; and
  - (ii) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to Creso Shareholders than the Scheme, after taking into account all of the terms and conditions of (including consideration, conditionality, funding, certainty and timing), and the identity, reputation and standing of the person making, the Creso Competing Transaction.

**Creso Unlisted Option** means an unlisted option issued by Creso to acquire a Creso Share.

**Creso Unlisted Option Consideration** means the consideration for each Creso Unlisted Option, being the number of Red Light options or warrants determined in accordance with the following formula:

$$\text{Number of new Red Light options / warrants} = \text{Number of Creso Unlisted Options} \times 0.395$$

where the:

- Exercise price of a new Red Light option / warrant = Exercise price of Creso Unlisted Option  $\div$  0.395; and
- Expiry date of a new Red Light option / warrant = Expiry date of Creso Unlisted Option

**Creso Unlisted Option Register** means the register of Creso Unlisted Optionholders maintained by or on behalf of Creso in accordance with the Corporations Act.

**Creso Unlisted Optionholder** means a person who is registered in the Creso Unlisted Option Register as the holder of one or more Creso Unlisted Options, from time to time.

**Creso Unlisted Optionholder Deed** means a deed (in the form agreed by Creso and Red Light, both acting reasonably) executed by Creso, Red Light and each Creso Unlisted Optionholder pursuant to which the Creso Unlisted Optionholder agrees to the cancellation of each Creso Unlisted Option held in return for the Creso Unlisted Option Consideration, subject to the Scheme becoming Effective, any necessary ASX waivers being obtained and any prior exercise of the Creso Unlisted Options. For the avoidance of doubt, the terms of and entry into the Creso Unlisted Optionholder Deed will not prohibit Creso Unlisted Optionholders from exercising their Creso Unlisted Options.

**CSE** means the Canadian Securities Exchange.

**CSE Listing Rules** means the policies of the CSE.

**Dealer's License** means the dealer's licence to be issued under either the *Narcotics Control Regulations* or Part J of the *Food and Drugs Regulations* to conduct research with, and possess, the Psychedelics, pursuant to an application made by Halucenex on April 9, 2020.

**Deed Poll** means the deed poll to be entered into by Red Light the form of which is contained in Schedule 5 or in such other form as agreed in writing between Creso and Red Light.

**Effect** means:

- (a) when used in relation to the Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme; and

- (b) when used in relation to the Option Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Option Scheme,

and **Effective** has a corresponding meaning.

**Effective Date** means the date the Scheme or Option Scheme (as applicable) becomes Effective.

**Encumbrance** means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention right of first refusal, option, preferential right to acquire the Real Property or otherwise, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by law or contract.

**End Date** means the date 7 months after the Execution Date, or such later date as agreed to in writing between the parties.

**Exchange Ratio** means:

- (a) in relation to the Scheme Consideration:
- (i) 0.395 of a Red Light Share per Creso Share; or
  - (ii) if Creso has not completed its acquisition of Halucenex, such that it is a Subsidiary of Creso, or the Dealer's Licence (which, subject to compliance with other relevant laws and obtaining all other relevant exemptions and approvals, would allow Halucenex to possess as well as conduct laboratory analysis of, research and development with and clinical studies with the Psychedelics) is not granted to Halucenex before the Effective Date, ER2 of a Red Light Share per Creso Share where ER2 is determined in accordance with the following formula:

$$ER2 = ER1 - R$$

where:

- $ER1 = ER * \frac{ER * CS2}{ER * CS1}$
- ER = 0.395 of a Red Light Share per Creso Share.
- CS1 = the number of Creso Shares on issue at the Record Date.
- CS2 = CS1 – 46,802,872.
- $R = ER1 - \frac{ER1 * CS * TRIP - 5,000,000}{CS * TRIP}$
- TRIP = The Red Light Share price on the Record Date.

- (b) in relation to the Option Scheme Consideration, 0.257 of a Red Light Share per Creso Listed Option.

**Excluded Options** means any Creso Listed Options held by an Excluded Shareholder.

**Excluded Shareholder** means Red Light and its Affiliates.

**Excluded Shares** means any Creso Shares held by an Excluded Shareholder.

**Exclusivity Period** means the period commencing on the Execution Date and ending on the earlier of:

- (a) the date this deed is terminated in accordance with its terms;
- (b) the Implementation Date; or

- (c) the End Date.

**Execution Date** means the date of this deed.

**Fairly Disclosed** has the meaning given in clause 1.2(a) of this deed.

**FATA** means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**Financial Indebtedness** means any debt or other monetary liability (whether actual or contingent) in respect of monies borrowed or raised or any financial accommodation including under or in respect of any:

- (a) bill, bond, debenture, note or similar instrument;
- (b) acceptance, endorsement or discounting arrangement;
- (c) guarantee;
- (d) finance or capital lease;
- (e) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or business;
- (f) agreement for the deferral of a purchase price or other payment in relation to the provision of services other than in the ordinary course of business; or
- (g) obligation to deliver goods or provide services paid for in advance by any financier.

**FIRB** means the Australian Foreign Investment Review Board.

**First Court Date** means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Scheme Meeting or Option Scheme Meeting (as applicable).

**First Court Hearing** means the hearing at which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Scheme Meeting or Option Scheme Meeting (as applicable).

**Governmental Authority** means a government or government department, a governmental or semi-governmental or judicial person (whether autonomous or not) charged with the administration of any applicable law.

**Government Officials** means any of the following individuals:

- (a) persons serving with, employed by or an agent of a government agency or entity, political party or political campaign organisation;
- (b) political candidates;
- (c) family members of any such persons identified in (a) or (b), above; or
- (d) employees of government-owned or government-controlled commercial enterprises.

**GST** has the meaning given to it in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Halucenex** means Halucenex Life Sciences Inc.

**Halucenex Agreement** means the share sale agreement between Creso and Halucenex dated 14 March 2021 (as amended on 28 April 2021).

**Implementation Date** means the fifth Business Day after the Record Date, or such other date agreed to in writing by the parties.

**Independent Expert** means an expert to be appointed by Creso to prepare the Independent Expert's Report.

**Independent Expert's Report** means the independent expert's report prepared by the Independent Expert for inclusion in the Scheme Booklet, which states the Independent Expert's opinion in relation to whether:

- (a) the Scheme is in the best interest of Creso Shareholders; and
- (b) the Option Scheme is in the best interest of Creso Listed Optionholders,

including any updates or amendments to this report made by the Independent Expert.

**Indicative Timetable** means the timetable contained in Schedule 1 or as otherwise may be agreed in writing by Red Light and Creso, acting reasonably.

**Ineligible Foreign Holder** means any Scheme Participant or Option Scheme Participant (as applicable) whose address shown on the Creso Share Register or Creso Listed Option Register as at the Record Date is a place outside Australia, New Zealand, Canada, Switzerland and such other jurisdictions as agreed in writing between the parties, unless, no less than three Business Days prior to the Scheme Meeting or Option Scheme Meeting (as applicable), Creso and Red Light agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Creso Shareholder with the Scheme Consideration when the Scheme becomes Effective.

**Insolvency Event** means in relation to a person:

- (a) **(insolvency official)** the appointment of an Insolvency Official to the person or to the whole or a substantial part of the property or assets of the person and the action is not stayed, withdrawn or dismissed within 14 days;
- (b) **(arrangements)** the entry by the person into a compromise or arrangement with its creditors generally;
- (c) **(winding up)** the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;
- (d) **(suspends payments)** the person suspends or threatens to suspend payment of its debts as and when they become due;
- (e) **(ceasing business)** the person ceases or threatens to cease to carry on business;
- (f) **(insolvency)** the person is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act or is otherwise presumed to be insolvent under the Corporations Act;
- (g) **(deregistration)** the person being deregistered as a company or otherwise dissolved;
- (h) **(deed of company arrangement)** the person executing a deed of company arrangement;
- (i) **(person as trustee or partner)** the person incurs a liability while acting or purporting to act as trustee (or co-trustee) or general partner of a trust or partnership (including a limited partnership) and the person is not entitled to be fully indemnified against the liability out of trust or partnership assets because of one or more of the following:
  - (i) a breach of trust or obligation as partner by the person;
  - (ii) the person acting outside the scope of its powers as trustee or partner;

- (iii) a term of the trust or partnership denying, or limiting, the person's right to be indemnified against the liability; or
- (iv) the assets of the trust or partnership being insufficient to discharge the liability; or
- (j) **(analogous events)** anything analogous to those set out in any of paragraphs (a) to (i) inclusive occurs in relation to the person under the laws of a foreign jurisdiction.

**Insolvency Official** means a liquidator, provisional liquidator, administrator, statutory manager, controller, receiver, receiver and manager or other insolvency official (whether under an Australian law or a foreign law).

**Key Person** means:

- (a) in respect of Creso, Adam Blumenthal and Jorge Wernli; and
- (b) in respect of Red Light, Todd Shapiro, William Lay, Sarah Hashkes and Hans Derix.

**Listing Rules** means the official listing rules of ASX.

**Material Contract** mean:

- (a) in relation to the Creso Group, a contract of the Creso Group involving (or expected to involve) revenue, payments, expenditure or financial commitments of more than C\$200,000 annually in either of the financial years ended 31 December 2020 or 31 December 2021 (including the Halucenex Agreement); and
- (b) in relation to the Red Light Group, a contract of the Red Light Group involving (or expected to involve) revenue, payments, expenditure or financial commitments of more than C\$200,000 annually in either of the financial years ended 31 December 2020 or 31 December 2021.

**Option Deed Poll** means the deed poll to be entered into by Red Light the form of which is contained in Schedule 7 or in such other form as agreed in writing between Creso and Red Light.

**Option Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Creso and Creso Listed Optionholders, the form of which is contained in Schedule 6, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Red Light and Creso.

**Option Scheme Consideration** means such number of Red Light Shares as determined by applying the Exchange Ratio to the number of Scheme Options held by an Option Scheme Participant at 7.00pm (AEDT) on the Record Date.

**Option Scheme Meeting** means the meeting of Creso Listed Optionholders convened by the Court in relation to the Option Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

**Option Scheme Participant** means each person who is a Creso Listed Option on the Record Date (other than Excluded Shareholders).

**Psychedelics** means, collectively, synthetic Psilocybin, Lysergic acid diethylamide, 3, 4-methylenedioxymphetamine, Phencyclidine, 4-hydroxybutanoic acid, Ketamine, N, N-Dimethyltryptamine, Salvia Divinorum and Harmaline.

**Real Property** means, all land, together with all buildings, structures, improvements, and fixtures located therein or thereon, together with all easements, privileges, rights-of-way, benefits, hereditaments and all other rights and interests pertaining, benefiting or appurtenant to them (including air, oil, gas, mineral, and water rights).



**Record Date** means 7:00pm (AEST) on the second Business Day following the Effective Date, or such other date (after the Effective Date) as Creso and Red Light may agree in writing.

**Red Light Board** means the board of directors of Red Light from time to time.

**Red Light Circular** means the management information circular of Red Light to be sent to Red Light Shareholders in connection with the Red Light Meeting.

**Red Light Competing Transaction** means any bona fide proposal, agreement, arrangement, transaction or offer received by Red Light from a third party which would result in the third party or its Affiliates:

- (a) directly or indirectly acquiring a legal, beneficial or economic interest or voting power in 20% or more of the Red Light Shares or of the securities of any of member of the Red Light Group;
- (b) entering into, buying, disposing of, terminating or otherwise dealing with any cash settled equity swap or other synthetic, economic or derivative transaction connected with or relating to 20% or more of the Red Light Shares or of the securities of any member of the Red Light Group;
- (c) directly or indirectly acquiring, becoming the holder of, obtaining a right to acquire or holding or obtaining an interest (including a legal, beneficial or economic interest) in all or a substantial part or material part of the business conducted by, or property or assets of, the Red Light Group;
- (d) acquiring Control of Red Light or any material member of the Red Light Group;
- (e) otherwise acquiring, or merging with, Red Light or any member of the Red Light Group; or
- (f) otherwise proposing a transaction similar in commercial and/or economic effect to Red Light entering into any part of the Transaction,

including by way of takeover bid, shareholder approved acquisition, scheme of arrangement, capital reduction, share buy-back or repurchase, sale of assets, sale or purchase of securities or assets, assignment of assets and liabilities, strategic alliance, dual listed company structure or joint venture or synthetic merger. The variation of a proposal or offer constitutes a proposal or offer for the purposes of this definition.

**Red Light Costs** has the meaning given to that term in clause 10.1(b)(i).

**Red Light Data Room** means the data room accessible at [https://garfinklebiderman-my.sharepoint.com/personal/rghosh\\_garfinkle\\_com/\\_layouts/15/onedrive.aspx?id=%2Fpersonal%2Frgghosh%5Fgarfinkle%5Fcom%2FDocuments%2FRed%20Light%20Holland%20bought%20deal%20%2D%20January%202021&originalPath=aHR0cHM6Ly9nYXJmaW5rbGViaWRlcm1hbi1teS5zaGFyZXBvaW50LmNvbS86ZjovZy9wZXJzb25hbC9yZ2hvc2hfZ2FyZmlua2xlX2NvbS9FaVJOX3BCcTQ3NUZvQzU1eF81MkxJb0lxQzIGM3VkYzFQM01oNGtBZDB4MVNnP3J0aW1IPVhEUS1hbGd3MlVn](https://garfinklebiderman-my.sharepoint.com/personal/rghosh_garfinkle_com/_layouts/15/onedrive.aspx?id=%2Fpersonal%2Frgghosh%5Fgarfinkle%5Fcom%2FDocuments%2FRed%20Light%20Holland%20bought%20deal%20%2D%20January%202021&originalPath=aHR0cHM6Ly9nYXJmaW5rbGViaWRlcm1hbi1teS5zaGFyZXBvaW50LmNvbS86ZjovZy9wZXJzb25hbC9yZ2hvc2hfZ2FyZmlua2xlX2NvbS9FaVJOX3BCcTQ3NUZvQzU1eF81MkxJb0lxQzIGM3VkYzFQM01oNGtBZDB4MVNnP3J0aW1IPVhEUS1hbGd3MlVn) as at 9:00am on the Execution Date.

**Red Light Disclosure Letter** means the letter so entitled from Red Light provided to Creso prior to execution of this deed.

**Red Light Disclosure Materials** means the information in relation to the Red Light Group disclosed in writing by or on behalf of Red Light to Creso and its Representatives prior to the Execution Date in:

- (a) the Red Light Data Room; and
- (b) the Red Light Disclosure Letter.

**Red Light Group** means Red Light and its Subsidiaries.

**Red Light Indemnified Party** means any member of the Red Light Group, or any director, officer, employee or adviser of any member of the Red Light Group, who held such position at any time before the Implementation Date.

**Red Light Information** means the information relating to the Red Light Group provided by or on behalf of Red Light to Creso or the Independent Expert:

- (a) to enable the Scheme Booklet to be prepared and completed in compliance with all applicable laws;
- (b) to enable applications for Regulatory Approvals to be made; and
- (c) otherwise in compliance with Red Light's obligations under clauses 7.3(a) and 7.3(c),

but excludes any Creso Information or any information concerning or referable to Creso that is prepared or provided by or on behalf of Creso.

**Red Light Material Adverse Event** means a change, event, circumstance, occurrence or matter that occurs, is announced, is disclosed or otherwise becomes known to the Red Light Board or the Creso Board (whether it becomes public or not) after the Execution Date which (whether individually or when aggregated with all such changes, events, circumstances, occurrences, information or matters) has had or is reasonably likely to have the effect of the business of the Red Light Group being unable to be carried on in substantially the same manner as it is carried on at the Execution Date, other than changes, events, circumstances, occurrences, information or matters:

- (a) expressly required or permitted by this deed, the Scheme, the Option Scheme or the transactions contemplated by these;
- (b) Fairly Disclosed in public filings of Red Light with the Canadian securities regulators in the 12 months before the Execution Date;
- (c) Fairly Disclosed in the Red Light Disclosure Letter;
- (d) relating to any change, development or condition in or relating to global, national or regional political conditions (including strikes, lockouts, riots or facility takeover for emergency purposes) or in general economic, business, banking, regulatory, interest rate, rates of inflation or market conditions or in Canadian, Dutch or global financial or capital markets;
- (e) any change or proposed change in any laws or the interpretation, application or non-application of any laws by any Regulatory Authority;
- (f) any change, development or condition adversely affecting the industry in which Red Light operates;
- (g) any outbreak or escalation of hostilities or war or acts of terrorism or any natural disaster or general outbreaks of illness (including COVID-19);
- (h) relating to foreign currency exchange rates;
- (i) relating to any generally applicable change in applicable Accounting Standards;
- (j) approved by written consent of Creso;
- (k) arising from the payment of costs associated with the Transaction;
- (l) relating to a change in the market trading price of the Red Light Shares, either:
  - (i) related to this deed and the Transaction or the announcement of either this deed or the Transaction; or

- (ii) primarily resulting from a change, effect, event, occurrence or state of facts excluded from this definition of Red Light Material Adverse Event under paragraphs (a) to (k) above; or
- (m) resulting from the pendency of the transactions contemplated, compliance with the covenants contained, or the satisfaction of the conditions contained, in this deed.

**Red Light Meeting** means the special meeting of Red Light Shareholders to be called to approve the issuance of Red Light Shares in connection with the Transaction.

**Red Light Nominee** has the meaning given to that term in clause 2.3(a).

**Red Light Prescribed Occurrence** means other than as:

- (a) expressly required or permitted by this deed, the Scheme, the Option Scheme or the transactions contemplated by these;
- (b) Fairly Disclosed in public filings of Red Light with the Canadian securities regulatory authorities in the 12 months before the Execution Date;
- (c) required by law or by an order of a court or Regulatory Authority;
- (d) Fairly Disclosed in the Red Light Disclosure Letter; or
- (e) approved by written consent of Creso,

the occurrence of any of the following on or after the Execution Date and before 8.00am on the Second Court Date:

- (f) Red Light converting all or any of its shares into a larger or smaller number of shares;
- (g) any member of the Red Light Group resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (h) any member of the Red Light Group:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement;
- (i) a member of the Red Light Group issuing securities, including without limitation shares, or granting options or performance rights, other than an issue of shares upon the exercise of Red Light warrants, Red Light options or other convertible securities on issue prior to the Execution Date or as Fairly Disclosed in the Red Light Disclosure Letter as securities to be issued following the Execution Date;
- (j) a member of the Red Light Group issuing or agreeing to issue securities convertible into, or giving rights to be issued, Red Light Shares, including pursuant to a dividend reinvestment or other share plan;
- (k) any member of the Red Light Group declaring, paying or distributing or incurs a liability to make or pay any dividend, bonus or other share of its profits, income or assets or returning or agreeing to return any capital to its members;
- (l) a member of the Red Light Group disposing, or agreeing to dispose, of the whole or a substantial part, of its business or property or ceases or threatens to cease to, carry on the business conducted as at the Execution Date;
- (m) a member of the Red Light Group creating, or agreeing to create, any Encumbrance over the whole, or a substantial part, of its business or property other than a lien which arises by operation of law or legislation securing an obligation that is not yet due; and
- (n) an Insolvency Event occurs in relation to a member of the Red Light Group.

**Red Light Representations and Warranties** means the representations and warranties of Red Light set out in Schedule 3.

**Red Light Share** means a common share in the capital of Red Light.

**Red Light Share Register** means the register of Red Light Shareholders maintained by or on behalf Red Light maintained in accordance with the Canadian laws.

**Red Light Shareholder** means a person who is registered in the Red Light Share Register as the holder of one or more Red Light Shares, from time to time.

**Red Light Superior Proposal** means a bona fide Red Light Competing Transaction that has not been withdrawn and that:

- (a) did not result from a breach by Red Light or any of its Representatives of any provisions of clause 9;
- (b) is made by a Third Party Bidder pursuant to which such Third Party Bidder (or in a merger or consolidation involving such Third Party Bidder, the shareholders of such Third Party Bidder) would acquire, directly or indirectly, by means of a merger, take-over bid, amalgamation, plan of arrangement, business combination, consolidation, liquidation, winding-up or similar transaction, 100% of the Red Light Shares or all or substantially all of the assets of the Red Light Group;
- (c) complies with all applicable laws;
- (d) is not subject to any due diligence and/or access condition; and
- (e) the Red Light Board, acting reasonably and in good faith, and after taking written advice from its external legal advisers and in consultation with its financial advisors, determines:
  - (i) is reasonably capable of being completed on a timely basis, taking into account all aspects of the Red Light Competing Transaction and the person making it, including without limitation having regard to timing considerations, legal, regulatory and financial matters and any conditions precedent; and
  - (ii) would or would be reasonably likely, if completed in accordance with its terms, to be more favourable to Red Light Shareholders than the Transaction, after taking into account all of the terms and conditions of (including consideration, conditionality, funding, certainty and timing), and the identity, reputation and standing of the person making, the Red Light Competing Transaction.

**Regulator's Draft** has the meaning given to that term in clause 7.2(g).

**Regulatory Approvals** means the approvals of the applicable Regulatory Authorities pursuant to clauses 3.1(a) and 3.3(a).

**Regulatory Authority** includes:

- (a) a government or governmental, semi-governmental, administrative, fiscal, tax or judicial entity or authority;
- (b) a minister, department, office, commission, delegate, instrumentality, tribunal, agency, board, authority or organisation of any government;
- (c) any regulatory organisation established under statute;
- (d) any stock or securities exchange;
- (e) in particular, ASX, ASIC, CSE and FIRB; and
- (f) any representative of any of the above.

**Reimbursement Fee Amount** means A\$1.7 million.

**Relevant Interest** has the meaning given to that term in the Corporations Act.

**Representative** means:

- (a) in relation to Creso, any director, officer or employee of any member of Creso and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Creso in relation to the Transaction; and
- (b) in relation to Red Light, any director, officer or employee of any member of Red Light and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Red Light in relation to the Transaction.

**Required Consultation Period** means the shorter of:

- (a) 10 Business Days after both parties becoming aware that clause 3.10(a)(i), 3.10(a)(ii), or 3.10(a)(iii) as the case may be, is triggered; and
- (b) the period commencing at the time both parties become aware that clause 3.10(a)(i), 3.10(a)(ii), or 3.10(a)(iii) or, as the case may be, is triggered and ending at 8.00am on the Second Court Date.

**RG 60** means Regulatory Guide 60 issued by ASIC in September 2020.

**RG 112** means Regulatory Guide 112 issued by ASIC on 30 March 2011, as amended.

**Sale Agent** means a person appointed by Red Light to sell the Red Light Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders under the terms of the Scheme or Option Scheme (as applicable).

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Creso and Creso Shareholders, the form of which is contained in Schedule 4, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Red Light and Creso.

**Scheme Booklet** means the information booklet to be despatched to all Creso Shareholders and approved by the Court in connection with the Scheme, including the Scheme, the explanatory statement in respect of the Scheme, the Independent Expert's Report and the notice of meeting.

**Scheme Consideration** means such number of Red Light Shares as determined by applying the Exchange Ratio to the number of Scheme Shares held by a Scheme Participant at 7.00pm (AEDT) on the Record Date.

**Scheme Meeting** means the meeting of Creso Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

**Scheme Options** means all of the Creso Listed Options on issue on the Record Date other than the Excluded Options.

**Scheme Participant** means each person who is a Creso Shareholder on the Record Date (other than Excluded Shareholders).

**Scheme Shares** means all of the Creso Shares on issue on the Record Date other than Excluded Shares.

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or Option Scheme (as applicable) is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Second Court Hearing** means the hearing at which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme or Option Scheme (as applicable) is heard or, if the application is adjourned for any reason adjourned hearing.

**Security Clearance** means a security clearance issued under Part 3 of the *Cannabis Regulations* (Canada).

**Security Clearance Eligible Individual** means any officer, director, individual described in paragraph 50(b)(ii) of the *Cannabis Regulations* (Canada), responsible person, quality assurance person, master grower, head of security, alternative for any of the foregoing (where applicable) or other individual who requires a Security Clearance in order to hold their position in respect of the Cannabis License, and is therefore eligible under section 51 of the *Cannabis Regulations* (Canada) to apply for a Security Clearance.

**SEDAR** means the System for Electronic Document Analysis and Retrieval as available at [www.sedar.com](http://www.sedar.com).

**Senior Counsel** means:

- (a) in relation to the Creso, a barrister who is admitted to practice as a legal practitioner and who has been appointed as a "Queen's Counsel" or "Senior Counsel" in Australia; and
- (a) in relation to Red Light, an external legal adviser practising in the area of corporate law.

**Subsidiary** has the meaning given to that term in section 9 of the Corporations Act.

**Superior Proposal** means a Creso Superior Proposal or a Red Light Superior Proposal (as the context requires).

**Tax or Taxes** means all taxes, surtaxes, duties, levies, imposts, fees, withholdings, dues and other charges of any nature, imposed or collected by any Governmental Authority, whether disputed or not, including federal, provincial, territorial, state, municipal and local, foreign and other income, franchise, capital, real property, personal property, withholding, payroll, health, transfer, value added, alternative, or add on minimum tax including HST, sales, use, consumption, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, education, business, school, local improvement, development and occupation taxes, duties, levies, imposts, fees, assessments and withholdings and Canada Pension Plan contributions, employment insurance premiums and all other taxes and similar governmental charges, levies or assessments of any kind whatsoever imposed by any Governmental Authority including any instalment payments, interest, penalties or other additions associated therewith, whether or not disputed.

**Tax Act** means the *Income Tax Act* (Canada), as amended, and the regulations promulgated thereunder.

**Third Party Bidder** has the meaning given to that term in clause 9.5(b).

**Trading Day** means a trading day as defined in the Listing Rules.

**Transaction** means:

- (a) the acquisition by Red Light of all of the Scheme Shares by means of the Scheme; and
- (b) the acquisition by Red Light of all of the Scheme Options by means of the Option Scheme,

in accordance with the terms of this deed.

**Treasurer** means the Treasurer of the Commonwealth of Australia.

## 1.2 Interpretation

In this deed, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this deed, and a reference to this deed includes any schedule;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to A\$, dollar, Australian dollar or \$ is to Australian currency;
- (f) a reference to C\$, Canadian dollar or CAD is to the lawful currency of Canada;
- (g) a reference to time is to time in Perth, Western Australia, unless otherwise noted;
- (h) a reference to a party is to a party to this deed, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (i) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (j) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re enactments or replacements of any of them;
- (a) a reference to the Listing Rules or the CSE Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (b) a word or expression defined in the Corporations Act and not otherwise defined in this deed has the meaning given to it in the Corporations Act;
- (c) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (d) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (e) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this deed or any part of it;
- (f) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day; and
- (a) a reference to **Fairly Disclosed** means changes, events, circumstances, occurrences, information or matters disclosed to the relevant party in writing (including through any public announcements on ASX or CSE, as applicable) in good faith and in sufficient detail so as to enable a reasonable and sophisticated party experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the party, to identify the nature and scope of the relevant fact, matter, event or circumstance.

### 1.3 Knowledge

Where this deed makes reference to the knowledge or awareness of a party, or any similar reference, such knowledge or awareness will be taken to mean the actual knowledge and awareness of the party but will not include any deemed or imputed knowledge of the party.

## 2 Agreement to propose and implement Scheme and Option Scheme

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### 2.1 Creso to propose Scheme and Option Scheme

- (a) Creso agrees to propose the Scheme and Option Scheme on and subject to the terms and conditions of this deed.
- (b) Red Light agrees to assist Creso to propose the Scheme and Option Scheme on and subject to the terms and conditions of this deed.

### 2.2 Agreement to implement Transaction

The parties agree to implement the Transaction on the terms and conditions of this deed.

### 2.3 Red Light Nominee

- (a) Red Light may nominate any wholly-owned Subsidiary of Red Light (**Red Light Nominee**) to acquire the Scheme Shares under the Scheme and Scheme Options under the Option Scheme by giving written notice to Creso on or before the date that is 10 Business Days before the First Court Date.
- (b) If Red Light nominates the Red Light Nominee to acquire the Scheme Shares under the Scheme and Scheme Options under the Option Scheme, then:
  - (i) references in this deed to Red Light acquiring the Scheme Shares under the Scheme and Scheme Options under the Option Scheme are to be read as references to the Red Light Nominee doing so;
  - (ii) the parties must procure that the Scheme Shares transferred under the Scheme and Scheme Options transferred under the Option Scheme are transferred to the Red Light Nominee, rather than Red Light;
  - (iii) Red Light must procure that Red Light Nominee complies with the relevant obligations of Red Light under this deed, the Scheme and Option Scheme and enter into a deed of accession on terms acceptable to Creso, acting reasonably; and
  - (iv) any such nomination will not relieve Red Light of its obligations under this deed, the Deed Poll or the Option Deed Poll, including the obligation to issue the Scheme Consideration in accordance with the terms of the Scheme and the Option Scheme Consideration in accordance with the terms of the Option Scheme.

## 3 Conditions precedent

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### 3.1 Conditions Precedent to implementation of the Scheme

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Scheme are not binding, unless each of the following conditions precedent are satisfied or waived to the extent and in the manner set out in this clause 3.1:



- (a) **Regulatory Approvals:** Before 5:00pm on the Business Day before the Second Court Date:
- (i) **ASIC:** ASIC has issued or provided all such relief, confirmations, consents, approvals, qualifications or exemptions, or does such other acts which the parties agree are reasonably necessary or desirable to implement the Scheme and such relief, waivers, confirmations, consents, approvals, qualifications or exemptions or other acts (as the case may be) have not been withdrawn, suspended, varied or revoked;
  - (ii) **ASX:** ASX has issued or provided all such relief, confirmations, consents, approvals, waivers or does such other acts which the parties agree are reasonably necessary to implement the Scheme and such relief, confirmations, consents, approvals, waivers or other acts (as the case may be) have not been withdrawn, suspended, varied or revoked;
  - (iii) **FIRB:** one of the following occurs:
    - (A) Red Light has received written notification by or on behalf of the Treasurer under the FATA to the effect that the Commonwealth Government has no objection (unconditionally or on conditions acceptable to Red Light acting reasonably) under its foreign investment policy to Red Light acquiring all of the Scheme Shares under the Scheme (or is precluded from objecting because the time for doing so has passed);
    - (B) the period provided for under the FATA during which the Treasurer may make an order or interim order under the FATA prohibiting Red Light from acquiring all of the Scheme Shares has elapsed without such an order being made; or
    - (C) if an interim order has been made by the Treasurer to prohibit Red Light from acquiring the Scheme Shares under the Scheme, the subsequent period for making a final order under the FATA has elapsed without any final order being made; and
  - (iv) all other regulatory approvals or waivers required to implement the Scheme being granted or obtained and those regulatory approvals or waivers not being withdrawn, cancelled, revoked or varied in a manner that is materially adverse to the parties.
- (b) **Creso Shareholder Approval:** Creso Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under section 411(4)(a) of the Corporations Act, as modified under section 411(4)(a)(ii)(A) of the Corporations Act or otherwise.
- (c) **Court Approval of Scheme:** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably).
- (d) **Scheme Orders lodged with ASIC:** An office copy of the Court order approving the Scheme under section 411(10) of the Corporations Act is lodged with ASIC.
- (e) **Restraining Orders:** As at 8:00am on the Second Court Date, no judgement, order, decree, statute, law, ordinance, rule of regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition or other order or decision has been issued, made, entered, enacted, promulgated or enforced by any court of competent jurisdiction or any Regulatory Authority remains in effect that prohibits, restricts, makes illegal or restrains the completion of the Scheme, and there is no other legal restraint or prohibition, preventing the consummation of any aspect of the Transaction on the Implementation Date.

- (f) **Independent Expert Report:** The Independent Expert provides a report to Creso that concludes that the:
- (i) Scheme is in the best interests of Creso Shareholders; and
  - (ii) Option Scheme is in the best interests of Creso Listed Optionholders,
- on or before the time when the Scheme Booklet is registered by ASIC under the Corporations Act and the Independent Expert not withdrawing or adversely modifying or qualifying that conclusion before 8:00am on the Second Court Date.
- (g) **No Creso Investigations:** Before 8.00am on the Second Court Date, no action or investigation is announced or commenced by any Regulatory Authority relating to a substantial part of the ordinary business of Creso Group taken as a whole, in each case which is reasonably likely to have a materially adverse effect on that part of the business.
- (h) **No Creso Material Adverse Event:** No Creso Material Adverse Event occurs between the Execution Date and 8.00am on the Second Court Date.
- (i) **No Creso Prescribed Occurrence:** No Creso Prescribed Occurrence occurs between the Execution Date and 8.00am on the Second Court Date.
- (j) **Creso Representations and Warranties:** The Creso Representations and Warranties are true and correct in all material respects as at the Execution Date and until 5.00pm on the Business Day immediately prior to the Second Court Date.
- (k) **Creso Listed Optionholder Approval:** Creso Listed Optionholders approve the Option Scheme at the Option Scheme Meeting by the requisite majorities under section 411(4)(a) of the Corporations Act, as modified under section 411(4)(a)(ii)(A) of the Corporations Act or otherwise.
- (l) **Court approval of Option Scheme:** The Court approves the Option Scheme in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably).
- (m) **Option Scheme Orders lodged with ASIC:** An office copy of the Court order approving the Option Scheme under section 411(10) of the Corporations Act is lodged with ASIC.
- (n) **Creso Board Recommendation:** Between and including the Execution Date and the date of the Scheme Meeting:
- (i) other than where a Creso Director makes a determination in accordance with clause 7.4, none of the Creso Directors:
    - (A) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation of the Scheme, the Option Scheme or the Transaction;
    - (B) recommends or supports a Creso Competing Transaction; or
    - (C) makes any public statement to the effect that the Scheme, the Option Scheme or the Transaction is not, or is no longer, recommended; and
  - (ii) the Creso Board does not recommend a Creso Superior Proposal.
- (o) **Creso Convertible Securities:** On or before 8.00am on the Second Court Date:
- (i) Creso has complied with its obligations pursuant to clause 6 in relation to the Creso Performance Rights, Creso Unlisted Options and Creso Performance Shares; and

- (ii) binding agreements are in place with each of the holders of Creso Performance Right and, Creso Unlisted Options so that there will be no Creso Performance Rights or Creso Unlisted Options on issue immediately prior to the Record Date.
- (p) **No Red Light Investigations:** Before 8.00am on the Second Court Date, no action or investigation is announced or commenced by any Regulatory Authority relating to a substantial part of the ordinary business of Red Light Group taken as a whole, in each case which is reasonably likely to have a materially adverse effect on that part of the business.
- (q) **No Red Light Material Adverse Event:** No Red Light Material Adverse Event occurs between the Execution Date and 8.00am on the Second Court Date.
- (r) **No Red Light Prescribed Occurrence:** No Red Light Prescribed Occurrence occurs between the Execution Date and 8.00am on the Second Court Date.
- (s) **Red Light Representations and Warranties:** The Red Light Representations and Warranties are true and correct in all material respects as at the Execution Date and until 5.00pm on the Business Day immediately prior to the Second Court Date.
- (t) **Red Light Shareholder Approval:** Red Light obtaining the approval of Red Light Shareholders for the issuance of the Red Light Shares in connection with the Transaction as required in accordance with the CSE Listing Rules.
- (u) **Red Light Board Recommendation:** Between and including the Execution Date and the date of the Red Light Meeting:
  - (i) other than where a Red Light Director makes a determination in accordance with clause 7.4; none of the Red Light Directors:
    - (A) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation that Red Light Shareholders vote in favour of the resolution to approve the issuance of the Red Light Shares in connection with the Transaction;
    - (B) recommends or supports a Red Light Competing Transaction; or
    - (C) makes any public statement to the effect that the Transaction is not, or is no longer, recommended; and
  - (ii) the Red Light Board does not recommend a Red Light Superior Proposal.
- (v) **Health Canada Approval:** Health Canada grants Security Clearances for all Security Clearance Eligible Individuals that are required to hold a Security Clearance following the Transaction.

### 3.2 Waiver of Conditions Precedent - Scheme

- (a) The Conditions Precedent in:
  - (i) clauses 3.1(a) (Regulatory Approvals), 3.1(b) (Creso Shareholder Approval), 3.1(c) (Court Approval of Scheme), 3.1(e) (Restraining Orders), 3.1(k) (Creso Listed Optionholder Approval) and 3.1(l) (Court Approval of Option Scheme), 3.1(t) (Red Light Shareholder Approval) are for the benefit of both parties and cannot be waived;
  - (ii) clause 3.1(v) (Health Canada Approval) is for the benefit of both parties and can only be waived with the written consent of both Red Light and Creso;
  - (iii) clauses 3.1(g) (No Creso Investigations), 3.1(h) (No Creso Material Adverse Event), 3.1(i) (No Creso Prescribed Occurrence), 3.1(j) (Creso Representations and Warranties), 3.1(n) (Creso Board Recommendation) and 3.1(o) (Creso Convertible Securities), are for the sole benefit of, and any

breach or non-fulfilment of such Condition Precedent may only be waived with the written consent of, Red Light; and

- (iv) clauses 3.1(f) (Independent Expert Report), 3.1(p) (No Red Light Investigations), 3.1(q) (No Red Light Material Adverse Event), 3.1(r) (No Red Light Prescribed Occurrence), 3.1(s) (Red Light Representations and Warranties) and 3.1(u) (Red Light Board Recommendation) are for the sole benefit of, and any breach or non-fulfilment of such Condition Precedent may only be waived with the written consent of, Creso.
- (b) A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant this clause 3.2 may do so in its absolute discretion subject to the provision of written notice to the other party. Any such waiver by a party for whose benefit the relevant Condition Precedent applies must take place on or prior to 8:00am on the Second Court Date.
- (c) If a party waives the breach or non-fulfilment of a Condition Precedent, that waiver precludes the party from suing another party for any breach of this deed that resulted in the breach or non-fulfilment of the Condition Precedent.
- (d) Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event.

### 3.3 Conditions Precedent to implementation of the Option Scheme

Subject to this clause 3, the Option Scheme will not become Effective, and the respective obligations of the parties in relation to the implementation of the Option Scheme are not binding, unless each of the following conditions precedent are satisfied or waived to the extent and in the manner set out in this clause 3.3:

- (a) **Regulatory Approvals:** Before 5:00pm on the Business Day before the Second Court Date:
  - (i) **ASIC:** ASIC has issued or provided all such relief, confirmations, consents, approvals, qualifications or exemptions, or does such other acts which the parties agree are reasonably necessary or desirable to implement the Option Scheme and such relief, waivers, confirmations, consents, approvals, qualifications or exemptions or other acts (as the case may be) have not been withdrawn, suspended, varied or revoked;
  - (ii) **ASX:** ASX has issued or provided all such relief, confirmations, consents, approvals, waivers or does such other acts which the parties agree are reasonably necessary to implement the Option Scheme and such relief, confirmations, consents, approvals, waivers or other acts (as the case may be) have not been withdrawn, suspended, varied or revoked;
  - (iii) **FIRB:** one of the following occurs:
    - (A) Red Light has received written notification by or on behalf of the Treasurer under the FATA to the effect that the Commonwealth Government has no objection (unconditionally or on conditions acceptable to Red Light acting reasonably) under its foreign investment policy to Red Light acquiring all of the Scheme Options under the Option Scheme (or is precluded from objecting because the time for doing so has passed);
    - (B) the period provided for under the FATA during which the Treasurer may make an order or interim order under the FATA prohibiting Red

Light from acquiring all of the Scheme Options has elapsed without such an order being made; or

- (C) if an interim order has been made by the Treasurer to prohibit Red Light from acquiring the Scheme Options under the Option Scheme, the subsequent period for making a final order under the FATA has elapsed without any final order being made; and
- (iv) all other regulatory approvals or waivers required to implement the Option Scheme being granted or obtained and those regulatory approvals or waivers not being withdrawn, cancelled, revoked or varied in a manner that is materially adverse to the parties.
- (b) **Creso Listed Optionholder Approval:** Creso Listed Optionholders approve the Option Scheme at the Option Scheme Meeting by the requisite majorities under section 411(4)(a) of the Corporations Act, as modified under section 411(4)(a)(ii)(A) of the Corporations Act or otherwise.
- (c) **Court Approval of Option Scheme:** The Court approves the Option Scheme in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations upon either party (acting reasonably).
- (d) **Scheme:** The Scheme becoming Effective.

#### 3.4 Waiver of Conditions Precedent – Option Scheme

- (a) The Conditions Precedent in clauses 3.3(a) (Regulatory Approvals) 3.3(b) (Creso Listed Optionholder Approval), 3.3(c) (Court Approval of Option Scheme) and 3.3(d) (Scheme) are for the benefit of both parties and may only be waived by the written consent of both parties.
- (b) A party entitled to waive the breach or non-fulfilment of a Condition Precedent pursuant this clause 3.4 may do so in its absolute discretion subject to the provision of written notice to the other party. Any such waiver by a party for whose benefit the relevant Condition Precedent applies must take place on or prior to 8:00am on the Second Court Date.
- (c) If a party waives the breach or non-fulfilment of a Condition Precedent, that waiver precludes the party from suing another party for any breach of this deed that resulted in the breach or non-fulfilment of the Condition Precedent.
- (d) Waiver of a breach or non-fulfilment in respect of one Condition Precedent does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition Precedent resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that Condition Precedent resulting from any other event.

#### 3.5 Reasonable endeavours to satisfy Conditions Precedent

Each of the parties will use its reasonable endeavours to procure that:

- (a) each of the Conditions Precedent is satisfied as soon as practicable after the Execution Date and continues to be satisfied at all times until the last time it is to be satisfied (as the case may require); and
- (b) there is no occurrence within the control of Creso or Red Light (as the context requires) or their Affiliates that would prevent the Conditions Precedent being satisfied.

### 3.6 Pre-implementation steps

- (a) Without limiting the generality of clause 3.5:
- (i) **Regulatory Approvals:** each party must:
    - (A) promptly apply for all relevant Regulatory Approvals and take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information at the earliest practicable time;
    - (B) provide all information and assistance reasonable requested by the other party or a Regulatory Authority in connection with the applications for Regulatory Approvals; and
    - (C) to the extent that it is within its control, use its reasonable endeavours to procure that there is no occurrence that would prevent the Regulatory Approvals from being obtained by the applicable time referred to in clauses 3.1(a) and 3.3(a) and not take any action that will or is likely to hinder or prevent the satisfaction of the Condition Precedent in clauses 3.1(a) and 3.3(a) except to the extent that such action is required by any applicable laws;
  - (ii) **Consultation:** each party must consult with the other in advance in relation to all material communications (whether written or oral, and whether direct or via agents or advisers) with any Regulatory Authority relating to any Regulatory Approval (**Communications**) including:
    - (A) providing the other party with drafts of any material written Communications to be sent to a Regulatory Authority and making such amendments as the other party reasonably requires; and
    - (B) providing copies of any material written Communications sent to or received from a Regulatory Authority to the other party promptly upon despatch or receipt (as the case may be),

in each case to the extent it is reasonable to do so;
  - (iii) **Participation:** so far as it is able, allow the other party the opportunity to be represented (including by way of telephone, video conference or similar means) and make submissions at any proposed meeting with any Regulatory Authority relating to any Regulatory Approval;
  - (iv) **Notification:** each party must keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent; and
  - (v) **Health Canada Approval:** Red Light agrees to immediately apply for the Security Clearances required to be granted by Health Canada in order to satisfy the condition precedent set out in clause 3.1(v) and thereafter to use commercially reasonable efforts to obtain those Security Clearances, including, to the extent necessary, nominating alternative directors for the Red Light Board in the event those Security Clearances are not forthcoming. Creso agrees to use commercially reasonable efforts to assist Red Light to obtain the Security Clearances required to be granted by Health Canada.
- (b) Nothing in clauses 3.5 or 3.6 prevent a party applying for a Regulatory Approval from taking any step (including communicating with a Regulatory Authority) in respect of a Regulatory Approval if the other party has not promptly responded under clauses 3.6(a)(ii) or 3.6(a)(iii).

### 3.7 Assistance of Representatives

Each party must procure that its Representatives work (including by attending meetings and by providing information) in good faith and in a timely and co-operative fashion with the other party, and the other party's Representatives, to satisfy the Conditions Precedent.

### 3.8 Notice of failure to satisfy Condition Precedent

- (a) A party must promptly give the other written notice if it becomes aware that any Condition Precedent is incapable of being satisfied or of any event that will prevent a Condition Precedent being satisfied (having regard to the respective obligations of each party under clauses 3.5 or 3.6).
- (b) Creso or Red Light (as the case may be) must give written notice to the other party as soon as reasonably practicable (and in any event before 5.00pm on the day before the Second Court Date) as to whether or not it waives the breach or non-fulfilment of any Condition Precedent (if such Condition Precedent is capable of waiver) resulting from the occurrence of that event, specifying the Condition Precedent in question.

### 3.9 Certificates in relation to Conditions Precedent

- (a) At the Second Court Hearing for the Scheme:
  - (i) Creso and Red Light will provide a joint certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1(a) (Regulatory Approvals), 3.1(e) (Restraining Orders) and 3.1(v) (Health Canada Approval) have been satisfied or waived in accordance with the terms of this deed;
  - (ii) Creso will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1(b) (Creso Shareholder Approval), 3.1(f) (Independent Expert Report), 3.1(g) (No Creso Investigations), 3.1(h) (No Creso Material Adverse Event), 3.1(i) (No Creso Prescribed Occurrence), 3.1(j) (Creso Representations and Warranties), 3.1(k) (Creso Listed Optionholder Approval), 3.1(n) (Creso Board Recommendation) and 3.1(o) (Creso Convertible Securities), have been satisfied or waived in accordance with the terms of this deed; and
  - (iii) Red Light will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1(p) (No Red Light Investigations), 3.1(q) (No Red Light Material Adverse Event), 3.1(r) (No Red Light Prescribed Occurrence), 3.1(s) (Red Light Representations and Warranties), 3.1(t) (Red Light Shareholder Approval) and 3.1(u) (Red Light Board Recommendation) have been satisfied or waived in accordance with the terms of this deed.
- (b) At or prior to the Second Court Hearing for the Scheme:
  - (i) Creso will provide a certificate to Red Light confirming whether or not:
    - (A) it has breached any of its obligations under this deed (including any breach of any representation, warranty or covenant) and if it has, giving details of such breach; and
    - (B) any Creso Material Adverse Event has occurred and if it has, details of each Creso Material Adverse Event; and
  - (ii) Red Light will provide a certificate to Creso confirming whether or not:
    - (A) it has breached any of its obligations under this deed (including any breach of any representation, warranty or covenant) and if it has, giving details of such breach; and
    - (B) any Red Light Material Adverse Event has occurred and if it has, details of each Red Light Material Adverse Event.

- (c) At the Second Court Hearing for the Option Scheme:
  - (i) Creso and Red Light will provide a joint certificate to the Court confirming whether or not the Conditions Precedent set out in clause 3.3(a) (Regulatory Approvals) have been satisfied or waived in accordance with the terms of this deed; and
  - (ii) Creso will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clause 3.3(b) (Creso Listed Optionholder Approval) has been satisfied or waived in accordance with the terms of this deed.
- (d) Each party will give the other party a draft of its certificate by 5.00pm on date that is two Business Days prior to the Second Court Date.

### 3.10 Conditions Precedent not met

- (a) If:
  - (i) there is a breach or non-fulfilment of a Condition Precedent which is not satisfied or waived (where capable of waiver) in accordance with this deed;
  - (ii) there is an act, failure to act, event or occurrence which will prevent a Condition Precedent being satisfied or waived by the date specified in clauses 3.1 or 3.3 for its satisfaction (and the breach or non-fulfilment of the Condition Precedent which would otherwise occur has not already been waived or satisfied in accordance with this deed), or
  - (iii) it becomes probable that the Scheme or Option Scheme will not become Effective by the End Date,

either party may serve notice on the other party, and the parties must consult in good faith with a view to:

  - (iv) considering and if agreed, determining whether the Transaction may proceed by way of alternative means or methods;
  - (v) considering and if agreed, extending the time or date for satisfaction of the relevant Condition Precedent or the End Date; or
  - (vi) considering and if agreed, changing the date of application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or Option Scheme or adjourning that application (as applicable) to another date agreed to in writing by the parties (being a date no later than five Business Days before the End Date).
- (b) Subject to clause 3.10(e), if the parties are unable to reach agreement under clause 3.10(a) within the Required Consultation Period, then after the Required Consultation Period ends, either party may, provided that the relevant Condition Precedent is for the benefit of that party, terminate this deed by notice in writing to the other without incurring any liability to the other party because of that termination alone and such termination will be in accordance with clause 14.
- (c) If the Condition Precedent in clauses 3.1(b) (Creso Shareholder Approval), 3.1(k) (Creso Listed Optionholder Approval) or 3.3(b) (Creso Listed Optionholder Approval) are not satisfied only because of a failure to obtain the majority required by section 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other party within three Business Days after the date of the conclusion of the Scheme Meeting or Option Scheme Meeting (as applicable) require the approval of the Court to be sought, pursuant to the Court's discretion in that section, provided the party has in good faith formed the view that the prospect of the Court exercising its discretion in that way is reasonable.
- (d) If the Court refuses to make an order:



- (i) approving the Scheme satisfying clause 3.1(c); or
- (ii) approving the Option Scheme satisfying clauses 3.1(l) or 3.3(c),

at Red Light's request Creso must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Senior Counsel indicates that, in his or her view, an appeal would have negligible prospects of success before the End Date). Creso may bring an appeal even if not requested by Red Light. If any such appeal is undertaken at the request of Red Light, Red Light will bear Creso's costs of the appeal (including costs of the independent Senior Counsel) unless the parties otherwise agree. If any such appeal is undertaken by Creso, without the prior request from Red Light, Creso will bear Red Light's costs of the appeal unless the parties otherwise agree.

- (e) A party will not be entitled to terminate this deed for any reason set out in clause 3.10(b) if the relevant Condition Precedent has not been satisfied as a result (either alone or together with other circumstances) of:
  - (i) a breach of this deed by that party; or
  - (ii) a deliberate act or omission of that party which either alone or when taken together with other deliberate acts or omissions of that party, prevents that Condition Precedent being satisfied.

## **4 Scheme transaction steps**

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### **4.1 Scheme**

- (a) Creso must, as soon as reasonably practicable after the Execution Date and substantially in accordance with the Indicative Timetable, propose the Scheme to Creso Shareholders.
- (b) If the Scheme becomes Effective, on the Implementation Date:
  - (i) all of the Scheme Shares held by Scheme Participants on the Record Date will be transferred to Red Light; and
  - (ii) in exchange, each Scheme Participant will receive the Scheme Consideration in accordance with the terms of this deed, the Scheme and the Deed Poll.

### **4.2 No amendment to the Scheme without consent**

Creso must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Red Light.

### **4.3 Scheme Consideration**

- (a) Subject to clause 4.7, Red Light undertakes and warrants to Creso (in its own right and on behalf of each Scheme Participant) that in consideration of the transfer to Red Light of each Scheme Share held by a Scheme Participant under the terms of the Scheme, Red Light will on the Implementation Date:
  - (i) accept the transfer; and
  - (ii) provide the Scheme Consideration to each Scheme Participant,
 in accordance with the terms of the Scheme and Deed Poll.
- (b) Creso acknowledges that the undertaking by Red Light in clause 4.3(a) is given to Creso in its own right and in its capacity as trustee and nominee for each Scheme Participant.

#### 4.4 Allotment and issue of Red Light Shares

Subject to the Scheme becoming Effective, Red Light must:

- (a) allot and issue Red Light Shares that comprise the Scheme Consideration to the Scheme Participants in accordance with the Scheme and the Deed Poll; and
- (b) do everything reasonably necessary to ensure that the Red Light Shares that comprise the Scheme Consideration are listed for trading on CSE and that trading in the Red Light Shares that comprise the Scheme Consideration commences as soon as practicable after the Effective Date.

#### 4.5 Fractional entitlements

Where the calculation of the number of Red Light Shares to be issued to a particular Scheme Participant would result in the issue of a fraction of a Red Light Share, then any such fractional entitlement will be rounded down to the nearest whole number.

#### 4.6 Joint holders

In the case of Scheme Shares held in joint names, any Scheme Consideration will be issued to and registered in the names of the joint holders and any documents required to be sent by the Scheme will be forwarded to the registered address of the holder whose name appears first in the Creso Share Register.

#### 4.7 Ineligible Foreign Holders

- (a) Red Light will be under no obligation under this deed to allot or issue, and will not issue or procure to be issued any Scheme Consideration in the name of any Ineligible Foreign Holder and, instead, will issue the Red Light Shares to which the Ineligible Foreign Holder would have otherwise been entitled to the Sale Agent, in trust for the Ineligible Foreign Holder who is the beneficial owner thereof.
- (b) Red Light will:
  - (i) instruct the Sale Agent, acting on behalf of the Ineligible Foreign Holders and not on the behalf of Creso or Red Light, to sell all of the Red Light Shares issued in the name of the Sale Agent pursuant to clause 4.7(a) in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date; and
  - (ii) remit, or procure to be remitted, to the Ineligible Foreign Holder the proceeds of its sale (on an averaged basis so that all Ineligible Foreign Holders receive the same price per Red Light Share, subject to rounding to the nearest whole cent) in Australian dollars (after deducting any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges).

#### 4.8 Shares to rank equally

Red Light covenants in favour of Creso (in its own right and on behalf of the Scheme Participants) that:

- (a) the Red Light Shares to be issued pursuant to the Scheme will be duly and validly authorised and will be of the same class of Red Light Shares currently issued and outstanding and will rank equally in all respects with all issued and outstanding Red Light Shares; and
- (b) each such Red Light Share issued pursuant to the Scheme will be validly issued, fully paid, free from any Encumbrance or other third party rights and non-assessable.

#### 4.9 Deed Poll

Red Light covenants in favour of Creso to execute and deliver to Creso before 5:00pm on the Business Day prior to the First Court Date the Deed Poll.

### 5 Option Scheme transaction steps

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#### 5.1 Option Scheme

- (a) Creso must, as soon as reasonably practicable after the Execution Date and substantially in accordance with the Indicative Timetable, propose the Option Scheme to Creso Listed Optionholders.
- (b) If the Option Scheme becomes Effective, on the Implementation Date:
  - (i) all of the Scheme Options held by Option Scheme Participants on the Record Date will be transferred to Red Light; and
  - (ii) in exchange, each Option Scheme Participant will receive the Option Scheme Consideration in accordance with the terms of this deed, the Option Scheme and the Option Deed Poll.

#### 5.2 No amendment to the Option Scheme without consent

Creso must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Option Scheme without the prior written consent of Red Light.

#### 5.3 Option Scheme Consideration

- (a) Subject to clause 5.7, Red Light undertakes and warrants to Creso (in its own right and on behalf of each Option Scheme Participant) that in consideration of the transfer to Red Light of each Scheme Option held by an Option Scheme Participant under the terms of the Option Scheme, Red Light will on the Implementation Date:
  - (i) accept the transfer; and
  - (ii) provide the Option Scheme Consideration to each Option Scheme Participant, in accordance with the terms of the Option Scheme and Option Deed Poll.
- (b) Creso acknowledges that the undertaking by Red Light in clause 5.3(a) is given to Creso in its own right and in its capacity as trustee for each Option Scheme Participant.

#### 5.4 Allotment and issue of Red Light Shares

Subject to the Option Scheme becoming Effective, Red Light must allot and issue Red Light Shares that comprise the Option Scheme Consideration to the Option Scheme Participants in accordance with the Option Scheme and the Option Deed Poll.

#### 5.5 Fractional entitlements

Where the calculation of the number of Red Light Shares to be issued to a particular Option Scheme Participant would result in the issue of a fraction of a Red Light Share, then any such fractional entitlement will be rounded down to the nearest whole number.

#### 5.6 Joint holders

In the case of Scheme Options held in joint names, any Option Scheme Consideration will be issued to and registered in the names of the joint holders and any documents required to be sent by the Option Scheme will be forwarded to the registered address of the holder whose name appears first in the Creso Listed Option Register.

## 5.7 Ineligible Foreign Holders

- (a) Red Light will be under no obligation under this deed to allot or issue, and will not issue or procure to be issued any Option Scheme Consideration in the name of any Ineligible Foreign Holder and, instead, will issue the Red Light Shares to which the Ineligible Foreign Holder would have otherwise been entitled to the Sale Agent, in trust for the Ineligible Foreign Holder who is the beneficial owner thereof.
- (b) Red Light will:
  - (i) instruct the Sale Agent, acting on behalf of the Ineligible Foreign Holders and not on the behalf of Creso or Red Light, to sell all of the Red Light Shares issued in the name of the Sale Agent pursuant to clause 5.7(a) in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date; and
  - (ii) remit, or procure to be remitted, to the Ineligible Foreign Holder the proceeds of its sale (on an averaged basis so that all Ineligible Foreign Holders receive the same price per Red Light Share, subject to rounding to the nearest whole cent) in Australian dollars (after deducting any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges).

## 5.8 Options to rank equally

Red Light covenants in favour of Creso (in its own right and on behalf of the Option Scheme Participants) that:

- (a) the Red Light Shares to be issued pursuant to the Option Scheme will be duly and validly authorised and will be of the same class of Red Light Shares currently issued and outstanding and will rank equally in all respects with all issued and outstanding Red Light Shares; and
- (b) each such Red Light Share issued pursuant to the Option Scheme will be validly issued, fully paid, free from any Encumbrance or other third party rights and non-assessable.

## 5.9 Option Deed Poll

Red Light covenants in favour of Creso to execute and deliver to Creso before 5:00pm on the Business Day prior to the First Court Date the Option Deed Poll.

# 6 Creso Convertible Securities

## 6.1 Creso Unlisted Options

- (a) As soon as reasonably practicable after the Execution Date but in any event prior to the First Court Date, Creso procure that each Creso Unlisted Optionholder enters into a Creso Unlisted Optionholder Deed providing for the cancellation of their Creso Unlisted Options for the Creso Unlisted Option Consideration.
- (b) Red Light covenants in favour of Creso (in its own right and as trustee for each Creso Unlisted Optionholder) that in consideration of the cancellation of each Creso Unlisted Option held by a Creso Unlisted Optionholder, Red Light will, on the Implementation Date, issue to each Creso Unlisted Optionholder the Creso Unlisted Option Consideration in accordance with the terms of each Creso Unlisted Optionholder Deed.
- (c) As soon as practicable after the Execution Date (and in any event by no later than 5.00pm on the Business Day prior to the First Court Date), Creso will apply for, and use its best endeavours to procure:

- (i) subject to clause 6.1(d), a waiver from Listing Rule 6.23.2; and
  - (ii) any other ASX waiver necessary to give effect to the treatment of the Creso Unlisted Options as contemplated by this clause 6.1.
- (d) If a waiver from Listing Rule 6.23.2 is not obtained prior to the First Court Date, Creso include a resolution to obtain Creso Shareholder approval in the notice of meeting contained in the Scheme Booklet to enable the Creso Unlisted Options to be cancelled in consideration for the Creso Unlisted Option Consideration in accordance with the terms of each Creso Unlisted Optionholder Deed.
- (e) From the Execution Date up to the Implementation Date, if Creso receives any cash payment from a Creso Unlisted Optionholder as a result of the exercise any Creso Unlisted Options, Creso must ensure that such cash payment is deposited into a special purpose escrow account, from which payments may only be made with the prior written consent of Red Light, which such consent not being unreasonably withheld or delayed.

## 6.2 Creso Performance Rights

- (a) Creso must take all necessary steps after the Effective Date and prior to the Record Date to ensure that any Creso Performance Rights which have not already vested, so vest and are exercised prior to the Record Date, which actions shall include:
- (i) procuring that the Creso Board resolves that the Scheme becoming Effective constitutes a 'Change of Control' (as defined in the Creso Performance Rights Plan);
  - (ii) procuring that the Creso Board resolves to waive unsatisfied vesting conditions in respect of all Creso Performance Rights;
  - (iii) Creso notifies such Creso Performance Rights Holders of such acceleration prior to the First Court Date;
  - (iv) Creso procures that all Creso Performance Rights Holders provide Creso with an irrevocable written notice or agreement exercising their Creso Performance Rights immediately after the Effective Date and in any event prior to the Record Date; and
  - (v) subject to securing the agreement of each Creso Performance Rights Holder to exercise their Creso Performance Rights into Creso Shares, procuring that the Creso Board resolves to issue Creso Shares in respect of the exercise of Creso Performance Rights.
- (b) Creso must, prior to the Record Date, issue the number of Creso Shares required by the terms of those Creso Performance Rights on such vesting, so that the relevant former Creso Performance Rights Holders, can participate in the Scheme.

## 6.3 Creso Performance Shares

Creso must take such action as is necessary after the Effective Date and prior to the Record Date to ensure that all Creso Performance Shares automatically convert into new Creso Shares on a one for one basis and Creso must, prior to the Record Date, issue the number of Creso Shares required by the terms of those Creso Performance Shares so that the relevant former Creso Performance Share holders participate in the Scheme.

# 7 Implementation of the Schemes

## 7.1 General obligations

Creso and Red Light must each:

- (a) use all reasonable endeavours and commit necessary resources (including management and corporate relations resources and the resources of external advisers); and
- (b) procure that its officers and advisers act reasonably and work in a timely and co-operative fashion with the other party (including by attending meetings and by providing information),

to produce the Scheme Booklet and implement the Scheme and Option Scheme as soon as reasonably practicable and in accordance with the Indicative Timetable.

## 7.2 Creso obligations

Creso must, acting at all times in good faith, take all steps reasonably necessary to propose and (subject to all of the Conditions being satisfied or waived in accordance with their terms) implement the Scheme and Option Scheme as soon as reasonably practicable and substantially in accordance with the Indicative Timetable, including taking the following steps:

- (a) **(Announce Directors' Recommendation)** following execution of this deed, announce, in the form of its Agreed Public Announcement (on the basis of statements made to Creso by each Creso Director that):
  - (i) each Creso Director recommends:
    - (A) the Scheme to Creso Shareholders and recommends that Creso Shareholders vote in favour of the Scheme at the Scheme Meeting; and
    - (B) the Option Scheme to Creso Listed Optionholders and recommends that Creso Listed Optionholders vote in favour of the Option Scheme at the Option Scheme Meeting; and
  - (ii) each Creso Director intends to vote, or cause to be voted, all:
    - (A) Creso Shares in which he or she has a Relevant Interest in favour of the Scheme at the Scheme Meeting; and
    - (B) Creso Listed Options in which he or she controls in favour of the Option Scheme at the Option Scheme Meeting,

in each case in the absence of:

  - (iii) a Creso Superior Proposal;
  - (iv) the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the:
    - (A) Scheme is not in the best interests of Creso Shareholders; and/or
    - (B) Option Scheme is not in the best interests of Creso Listed Optionholders; or
  - (v) in the case of the recommendation in clause 7.2(a)(i) a Creso Director making a determination in accordance with clause 7.4;
- (b) **(Independent Expert)** as soon as reasonably practicable after the Execution Date, appoint the Independent Expert, in accordance with RG 112, and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's Report (and any update to any such report);
- (c) **(Copy of Independent Expert's Report)** promptly provide Red Light with a copy of each draft of the Independent Expert's Report and the final report received from the Independent Expert (noting that any feedback on the Independent Expert's Report

from Red Light is to be limited to comments as to factual accuracy, including parts that include information relating to Red Light);

- (d) **(Preparation of Scheme Booklet)**
- (i) prepare the Scheme Booklet (other than the Red Light Information and the Independent Expert's Report) in accordance with all applicable laws (including the Corporations Act and Corporations Regulations), RG 60 and the Listing Rules and, subject to clause 7.3(a) include the Red Light Information in the Scheme Booklet; and
  - (ii) consult with Red Light as to the content and presentation of the Scheme Booklet, including providing Red Light with drafts of the Scheme Booklet and the factual information sections relating to Red Light in the Independent Expert's Report, in a timely manner and, acting reasonably and in good faith, consider (and, where applicable, promptly provide to the Independent Expert in writing) all reasonable comments from Red Light and its Representatives on those drafts when preparing revised drafts, provided that such comments are provided to Creso in a timely manner (however in relation to the Independent Expert's Report, Creso is only responsible to ensure that the Independent Expert considers comments relating exclusively to factual accuracy);
- (e) **(Creso Directors Recommendation and Voting Intentions in Scheme Booklet)** state in the Scheme Booklet that:
- (i) each Creso Director recommends:
    - (A) the Scheme to Creso Shareholders and recommends that Creso Shareholders vote in favour of the Scheme at the Scheme Meeting; and
    - (B) the Option Scheme to Creso Listed Optionholders and recommends that Creso Listed Optionholders vote in favour of the Option Scheme at the Option Scheme Meeting; and
  - (ii) each Creso Director intends to vote, or cause to be voted, all:
    - (A) Creso Shares in which he or she has a Relevant Interest in favour of the Scheme at the Scheme Meeting; and
    - (B) Creso Listed Options in which he or she controls in favour of the Option Scheme at the Option Scheme Meeting,
- in each case in the absence of:
- (iii) a Creso Superior Proposal;
  - (iv) the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the
    - (A) Scheme is not in the best interests of Creso Shareholders; and/or
    - (B) Option Scheme is not in the best interests of Creso Listed Optionholders; or
  - (v) in the case of the recommendation in clause 7.2(e)(i) a Creso Director making a determination in accordance with clause 7.4.
- (f) **(Confirmation of Red Light Information)** seek consent from Red Light for the form and context in which the Red Light Information appears in the Scheme Booklet as contemplated in clause 7.3(e), and Creso must not lodge the Regulator's Draft with ASIC in accordance with clause 7.2(g) until such approval is obtained from Red Light in accordance with clause 7.3(e). Creso must not use any of the Red Light Information

for any other purpose other than as contemplated by this deed without the prior written consent of Red Light;

(g) **(Lodgement of Regulator's Drafts)**

- (i) no later than 14 days before the First Court Date, provide a near final draft of the Scheme Booklet (**Regulator's Draft**) to ASIC for its review for the purposes of section 411(2) of the Corporations Act, and provide a copy of the Regulator's Draft to Red Light as soon as reasonably practicable thereafter; and
- (ii) keep Red Light reasonably informed of any material issues raised by ASIC in relation to the Regulator's Draft and, where practical to do so, consult with Red Light in good faith prior to taking any steps or actions to address any such material issues (provided that, where such issues relate to Red Light Information, Creso must not take any steps to address them without Red Light's prior written consent, not to be unreasonably withheld);

(h) **(No objection statement)** apply to ASIC for statements under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme and the Option Scheme;

(i) **(First Court Hearing)** apply to the Court for orders under section 411(1) of the Corporations Act directing Creso to convene the Scheme Meeting and the Option Scheme Meeting;

(j) **(Due diligence and Verification)** undertake appropriate due diligence and verification processes in relation to the Creso Information, and, once such processes have been completed, provide written confirmation to Red Light of the completion of such processes;

(k) **(Approval of Scheme Booklet)** as soon as reasonably practicable after the conclusion of the review by ASIC of the Regulator's Draft, procure that a meeting of the Creso Board, or of a committee of the Creso Board appointed for the purpose, is held to consider approving the Scheme Booklet for dispatch to the Creso Shareholders and Creso Listed Optionholders, subject to orders of the Court under section 411(1) of the Corporations Act;

(l) **(Approval and Registration of Scheme Booklet)** if the Court directs Creso to convene the Scheme Meeting and the Option Scheme Meeting, in accordance with section 412(6) of the Corporations Act, request that ASIC register the Scheme Booklet;

(m) **(Scheme Meeting and Option Scheme Meeting)** as soon as reasonably practicable following registration of the Scheme Booklet with ASIC, despatch the Scheme Booklet to Creso Shareholders and Creso Listed Optionholders, and convene and hold the Scheme Meeting and Option Scheme Meeting in accordance with the orders made by the Court at the First Court Hearing;

(n) **(Director Votes and Participation)** use its reasonable endeavours to procure that each Creso Director votes:

- (i) any Creso Shares in which he or she has a Relevant Interest in favour of the Scheme at the Scheme Meeting; and
- (ii) any Creso Listed Options in which he or she controls in favour of the Option Scheme at the Option Scheme Meeting,

and, subject to a Creso Director making a determination in accordance with clause 7.4, that each Creso Director participates in reasonable efforts to promote the Scheme and Option Scheme, in the absence of:

- (iii) a Creso Superior Proposal; or



- (iv) the Independent Expert concluding in the Independent Expert's Report (or any update or variation to that report) that the:
- (A) Scheme is not in the best interests of Creso Shareholders; and
  - (B) Option Scheme is not in the best interests of Creso Listed Optionholders;
- (o) **(Information)**
- (i) provide reasonable information about the Scheme, the Option Scheme, the Creso Shareholders and Creso Listed Optionholders to Red Light and its Representatives, which Red Light requests and reasonably requires in order to:
    - (A) canvass views on the Scheme by Creso Shareholders and the Option Scheme by Creso Listed Optionholders;
    - (B) facilitate the provision by, or on behalf of, Red Light of the Scheme Consideration and the Option Scheme Consideration; or
    - (C) review the tally of proxy appointments and directions received by Creso before the Scheme Meeting and the Option Scheme Meeting;
  - (ii) within 5 Business Days after Execution Date, provide Red Light with:
    - (A) a copy of the Creso Share Register and Creso Listed Option Register as at the Execution Date to the extent doing so does not breach applicable privacy laws; and
    - (B) the most recently available information in Creso's possession regarding the beneficial ownership of Creso Shares and Creso Listed Options including a copy of the most recent beneficial ownership analysis report received by Creso (which, for the avoidance of doubt, may be as at a date prior to the Execution Date); and
  - (iii) provide Red Light:
    - (A) every two weeks, a copy of the latest Creso Share Register and Creso Listed Option Register; and
    - (B) every two weeks, the most recently available information in Creso's possession regarding the beneficial ownership of Creso Shares and Creso Listed Options including a copy of the most recent beneficial ownership analysis report received by Creso,

provided that if the Creso Share Register, Creso Listed Option Register or any beneficial ownership analysis report is received by Creso more frequently than every two weeks Creso must provide Red Light with a copy of each such report after it is received by Creso;
- (p) **(Regulatory Notifications)** in relation to the Regulatory Approvals, lodge with any Regulatory Authority within the relevant periods all documentation and filings required by law to be so lodged by Creso in relation to the Transaction;
- (q) **(Supplementary Disclosure)** if, after despatch of the Scheme Booklet, Creso becomes aware:
- (i) that information included in the Scheme Booklet is or has become false, misleading or deceptive in any material respect (whether by omission or otherwise); or
  - (ii) of information that is required to be disclosed to:

- (A) Creso Shareholders in relation to the Scheme; or
- (B) Creso Listed Optionholders in relation to the Option Scheme,

under any applicable law or having regard to RG 60 but was not included in the Scheme Booklet, promptly disclose such information to and consult with Red Light in good faith as to the need for, and form of, any supplementary disclosure to Creso Shareholders and Creso Listed Optionholders, the need for, the timing of, and directions to be sought at, an additional application to the Court, and make any disclosure that it is ordered to make or considers reasonably necessary in the circumstances, having regard to orders made by the Court, applicable laws and RG 60;

- (r) **(Support for Scheme and Option Scheme)** in consultation with Red Light, promote to:
  - (i) Creso Shareholders the merits of the Scheme and encourage Creso Shareholders to vote in favour of the Scheme in accordance with the recommendations of the Creso Directors, including obtaining proxy votes in favour of the Scheme; and
  - (ii) Creso Listed Optionholders the merits of the Option Scheme and encourage Creso Listed Optionholders to vote in favour of the Option Scheme in accordance with the recommendations of the Creso Directors, including obtaining proxy votes in favour of the Option Scheme;
- (s) **(Conditions Precedent Certificate)** at the Second Court Hearing, provide to the Court (through its counsel):
  - (i) a certificate confirming (in respect of matters within its knowledge) whether or not the certain Conditions Precedent referred to in clauses 3.9(a)(i), 3.9(a)(ii), 3.9(c)(i) and 3.9(c)(ii) have been satisfied or waived in accordance with clause 3, a draft of which certificate must be provided to Red Light by 5:00pm on the Business Day prior to the Second Court Date; and
  - (ii) any certificate provided to it by Red Light pursuant to clause 7.3(h);
- (t) **(Second Court Hearing)** subject to:
  - (i) the Conditions Precedent (other than the Condition Precedent in clauses 3.1(c) and 3.1(l)) being satisfied or waived in accordance with clause 3, apply to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme; and
  - (ii) the Conditions Precedent (other than the Condition Precedent in clauses 3.3(c) and 3.3(d)) being satisfied or waived in accordance with clause 3, apply to the Court for orders under section 411(4)(b) of the Corporations Act approving the Option Scheme;
- (u) **(Court Documents)** prepare the Court documents, provide drafts of those documents to Red Light in a timely manner and, acting reasonably and in good faith, take into account all reasonable comments from Red Light and its Representatives on those drafts, provided that such comments are provided in a timely manner;
- (v) **(Red Light Representation at Court Hearings)** allow, and not oppose, any application by Red Light for leave of the Court to be represented by counsel at the First Court Hearing and Second Court Hearing;
- (w) **(Extract Court Orders and Notify ASX)** as soon as reasonably possible after conclusion of the Second Court Hearing:
  - (i) obtain an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving the Scheme; and

- (ii) obtain an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving the Option Scheme,

and, promptly after receipt of these orders, tell the ASX of the Creso's intention to lodge the Court orders with ASIC the following Business Day;

- (x) **(Lodgement of Court Orders)** for the purposes of section 411(10) of the Corporations Act, lodge with ASIC an office copy of the orders made by the Court under section 411(4)(b) of the Corporations Act approving the Scheme and Option Scheme before 5:00pm on the Business Day following the day on which it receives such office copy;
- (y) **(Suspension of Trading)** apply to ASX to have:
  - (i) trading in Creso Shares and Creso Listed Options suspended from the close of trading on the Effective Date; and
  - (ii) Creso removed from the official list of ASX, and quotation of Creso Shares and Creso Listed Options on ASX is terminated, with effect on and from the close of trading on the Trading Day immediately following, or shortly after, the Implementation Date,

or, in each case, such other dates as the parties may agree, acting reasonably, following consultation with ASX and not do anything to cause any of these things to happen before the time specified in this clause 7.2(y);

- (z) **(Scheme Implementation)** if the Court makes orders under section 411(4) of the Corporations Act approving the Scheme:
  - (i) determine the identity of each Scheme Participant and their entitlement to the Scheme Consideration as at the Record Date, including by taking up-to-date copies of the Creso Share Register current as at the Record Date;
  - (ii) provide to Red Light all information about the Scheme Participants that Red Light reasonably requires in order for Red Light to provide the Scheme Consideration to the Scheme Participants in accordance with the Scheme;
  - (iii) execute proper instruments of transfer of and giving effect to and registering the transfer of all Creso Shares to Red Light in accordance with the Scheme; and
  - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court;
- (aa) **(Option Scheme Implementation)** if the Court makes orders under section 411(4) of the Corporations Act approving the Option Scheme:
  - (i) determine the identity of each Option Scheme Participant and their entitlement to the Option Scheme Consideration as at the Record Date, including by taking up-to-date copies of the Creso Listed Option Register current as at the Record Date;
  - (ii) provide to Red Light all information about the Option Scheme Participants that Red Light reasonably requires in order for Red Light to provide the Option Scheme Consideration to the Option Scheme Participants in accordance with the Option Scheme;
  - (iii) execute proper instruments of transfer of and giving effect to and registering the transfer of all Creso Listed Options to Red Light in accordance with the Option Scheme;

- (iv) do all other things contemplated by or necessary to give effect to the Option Scheme and the orders of the Court;
- (bb) **(Compliance with Laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws, regulations and policy;
- (cc) **(Prepare Creso Circular Information)**
  - (i) as soon as reasonably practicable after the Execution Date, prepare the Creso Circular Information for inclusion in the Red Light Circular in accordance with all applicable laws; and
  - (ii) provide Red Light with drafts of the Creso Circular Information in a timely manner and, acting reasonably and in good faith, take into account all reasonable comments from Red Light and its Representatives on those drafts, provided that such comments are provided to Creso in a timely manner;
- (dd) **(Assistance with Red Light Circular)** provide any assistance or information reasonably requested by Red Light or its Representatives in connection with the preparation of the Red Light Circular (including any supplementary disclosure to Red Light Shareholders), including reviewing the drafts of the Red Light Circular prepared by Red Light and provide comments in a timely manner on those drafts in good faith;
- (ee) **(Due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the Creso Circular Information, and, once those processes have been completed, provide written confirmation to Red Light of the completion of such processes;
- (ff) **(Confirmation of Creso Circular Information)** promptly after Red Light requests that it does so, confirm in writing to Red Light that:
  - (i) it consents to the inclusion of the Creso Circular Information in the Red Light Circular, in the form and context in which the Creso Circular Information appears; and
  - (ii) the Creso Circular Information in the Red Light Circular is not misleading or deceptive in any material respect (whether by omission or otherwise), and the inclusion of such Creso Circular Information, in that form and context, has been approved by the Creso Board;
- (gg) **(Update Creso Circular Information)** promptly advise Red Light in writing if it becomes aware:
  - (i) of information which should have been but was not included in the Creso Circular Information in the Red Light Circular (including if known at the time), and promptly provide Red Light with the omitted information; or
  - (ii) that the Creso Circular Information in the Red Light Circular is or has become misleading or deceptive in any material respect (whether by omission or otherwise), and promptly provide Red Light with any information required to correct the misleading or deceptive statements; and
- (hh) **(Health Canada Matters)** promptly file change of control forms for the Cannabis License with Health Canada and promptly attend to all other matters in order to receive approval of the Transaction from Health Canada.

### 7.3 Red Light obligations

Red Light must, acting at all times in good faith, take all steps reasonably necessary to implement the Scheme and Option Scheme in accordance with the Indicative Timetable and otherwise as soon as practicable and on and subject to the terms of this deed. Without limiting the foregoing, Red Light must (to the fullest extent applicable):

- (a) **(Prepare Red Light Information)**

- (i) as soon as reasonably practicable after the Execution Date, prepare the Red Light Information for inclusion in the Scheme Booklet in accordance with all applicable laws (including the Corporations Act and Corporations Regulations), RG 60 and the Listing Rules; and
- (ii) provide Creso with drafts of the Red Light Information in a timely manner and, acting reasonably and in good faith, take into account all reasonable comments from Creso and its Representatives on those drafts, provided that such comments are provided to Red Light in a timely manner;
- (b) **(Assistance with Scheme Booklet and Court documents)** provide any assistance or information reasonably requested by Creso or its Representatives in connection with the preparation of the Scheme Booklet (including any supplementary disclosure to Creso Shareholders) or any Court documents, including reviewing the drafts of the Scheme Booklet prepared by Creso and provide comments in a timely manner on those drafts in good faith;
- (c) **(Independent Expert's Report)** subject to the Independent Expert agreeing to reasonable confidentiality restrictions, provide any assistance or information reasonably requested by Creso or its Representatives, or by the Independent Expert, in connection with the preparation of the Independent Expert's Report (and any update or variation to any such report);
- (d) **(Due diligence and Verification)** undertake appropriate due diligence and verification processes in relation to the Red Light Information, and, once those processes have been completed, provide written confirmation to Creso of the completion of such processes;
- (e) **(Confirmation of Red Light Information)** promptly after Creso requests that it does so, confirm in writing to Creso that:
- (i) it consents to the inclusion of the Red Light Information in the Scheme Booklet, in the form and context in which the Red Light Information appears; and
- (ii) the Red Light Information in the Scheme Booklet is not misleading or deceptive in any material respect (whether by omission or otherwise), and the inclusion of such Red Light Information, in that form and context, has been approved by the Red Light Board;
- (f) **(Deed Polls)** before 5:00pm on the Business Day prior to the First Court Date, on the date this deed is signed, enter into the Deed Poll and Option Deed Poll and deliver them to Creso, and, if the Scheme and Option Scheme becomes Effective, comply with its obligations under the Deed Poll and Option Deed Poll;
- (g) **(Update Red Light Information)** promptly advise Creso in writing if it becomes aware:
- (i) of information which should have been but was not included in the Red Light Information in the Scheme Booklet (including if known at the time), and promptly provide Creso with the omitted information; or
- (ii) that the Red Light Information in the Scheme Booklet is or has become misleading or deceptive in any material respect (whether by omission or otherwise), and promptly provide Creso with any information required to correct the misleading or deceptive statements;
- (h) **(Conditions Precedent Certificate)** before 8:00am on the Second Court Date, provide to Creso for provision to the Court at the Second Court Hearing a certificate confirming (in respect of matters within its knowledge) whether or not the Conditions Precedent referred to in clauses 3.9(a)(i), 3.9(a)(iii) and 3.9(c)(i) have been satisfied or waived in accordance with clause 3, a draft of which certificate must be provided to Creso by 5:00pm on the Business Day prior to the Second Court Date;

- (i) **(Scheme Consideration and Option Scheme Consideration)** if:
- (i) the Scheme becomes Effective, provide the Scheme Consideration in the manner and in the amount contemplated by clause 4 of this deed, the terms of the Scheme and the Deed Poll; and
  - (ii) the Option Scheme becomes Effective, provide the Option Scheme Consideration in the manner and in the amount contemplated by clause 5 of this deed, the terms of the Option Scheme and the Option Deed Poll;
- (j) **(Share Transfer)** if the Scheme becomes Effective, accept a transfer of the Scheme Shares as contemplated by clause 4.1 and execute instruments of transfer in respect of the Scheme Shares in accordance with the Scheme;
- (k) **(Listed Option Transfer)** if the Option Scheme becomes Effective, accept a transfer of the Scheme Options as contemplated by clause 5.1 and execute instruments of transfer in respect of the Scheme Options in accordance with the Option Scheme;
- (l) **(Quotation of Red Light Shares)**: apply to CSE for the Red Light Shares, to be issued as Scheme Consideration, to be listed on the CSE (subject to the Scheme becoming Effective), and to trade on the CSE as soon as practicable after the Implementation Date;
- (m) **(Issue of Red Light Shares)**: do all things necessary to issue the Red Light Shares in accordance with the:
- (i) Scheme, Deed Poll and this deed; and
  - (ii) Option Scheme, Option Deed Poll and this deed;
- (n) **(Announce Directors' Recommendation)** following execution of this deed, announce, in the form of its Agreed Public Announcement (on the basis of statements made to Red Light by each Red Light Director that):
- (i) each Red Light Director recommends that Red Light Shareholders vote in favour of the resolution to approve the issuance of Red Light Shares in connection with the Transaction at the Red Light Meeting; and
  - (ii) each Red Light Director intends to vote, or cause to be voted, all Red Light Shares in which he or she has an interest in favour of the resolution to approve the issuance of Red Light Shares in connection with the Transaction at the Red Light Meeting,
- in each case in the absence of:
- (iii) a Red Light Superior Proposal; or
  - (iv) in the case of the recommendation in clause 7.3(n)(i), a Red Light Director making a determination in accordance with clause 7.4;
- (o) **(Red Light Shareholder Meeting)** as soon as practicable after the Execution Date, Red Light must take all steps necessary to obtain Red Light Shareholder approval in connection with the Transaction, including:
- (i) subject to Creso providing the Creso Circular Information, prepare the Red Light Circular in accordance with the requirements of all applicable laws and the applicable rules and policies of the CSE (including the CSE Listing Rules);
  - (ii) provide Creso and its advisers with a reasonable opportunity to review and provide suggested amendments to drafts of the Red Light Circular prior to submission to CSE for review;

- (iii) consider in good faith such suggested amendments and, to the extent that any such suggested amendments relate to Cresco Circular Information, accommodate such suggested amendments;
- (iv) send the Red Light Circular to Red Light Shareholders and convene and hold the Red Light Meeting in accordance with applicable laws and the constating documents of Red Light;
- (v) if the relevant resolution approving the issuance of Red Light Shares in connection with the Transaction is passed by the requisite majority of Red Light Shareholders, do all such things as are required to give full effect to that resolution; and
- (vi) until the Implementation Date, promptly inform Cresco if it becomes aware that the Red Light Circular contains any statement which is false or misleading whether in content or by omission;
- (p) **(Red Light Directors Recommendation and Voting Intentions in Red Light Circular)** state in the Red Light Circular that:
- (i) each Red Light Director recommends that Red Light Shareholders vote in favour of the resolution to approve the issuance of Red Light Shares in connection with the Transaction at the Red Light Meeting; and
- (ii) each Red Light Director intends to vote, or cause to be voted, all Red Light Shares in which he or she has an interest in favour of the issuance of Red Light Shares in connection with the Transaction at the Red Light Meeting,
- in each case in the absence of:
- (iii) a Red Light Superior Proposal; or
- (iv) in the case of the recommendation in clause 7.3(p)(i), a Red Light Director making a determination in accordance with clause 7.4;
- (q) **(Director Votes and Participation)** use its reasonable endeavours to procure that each Red Light Director votes any Red Light Shares in which he or she has an interest in favour of the resolution to approve the issuance of Red Light Shares in connection with the Transaction at the Red Light Meeting and participates in reasonable efforts to promote the Transaction, in the absence of a Red Light Superior Proposal;
- (r) **(Supplementary Disclosure)** if, after mailing the Red Light Circular to Red Light Shareholders, Red Light becomes aware:
- (i) that information included in the Red Light Circular is or has become false, misleading or deceptive in any material respect (whether by omission or otherwise); or
- (ii) of information that is required to be disclosed to Red Light Shareholders in connection with the Transaction,
- under any applicable law but was not included in the Red Light Circular, promptly disclose such information to and consult with Cresco in good faith as to the need for, and form of, any supplementary disclosure to Red Light Shareholders;
- (s) **(Support for Transaction)** in consultation with Cresco, promote to Red Light Shareholders the merits of the Transaction and encourage Red Light Shareholders to vote in favour of the resolution to approve the issuance of Red Light Shares in connection with the Transaction in accordance with the recommendations of the Red Light Directors, including obtaining proxy votes in favour of the resolution at the Red Light Meeting; and
- (t) **(Compliance with Laws)** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws, regulations and policy.

#### 7.4 Form of Recommendation

Clauses 3.1(n), 3.1(u), 7.2(a), 7.2(e), 7.2(n), 7.3(n), 7.3(p), 10.1(d)(i)(A)(VI) and 10.2(d)(i)(A)(V) are qualified to the extent that, after first obtaining written advice from his or her independent legal adviser, a Creso Director or Red Light Director (as applicable) reasonably determine that he or she should not provide or continue to maintain any recommendation because that Creso Director or Red Light Director (as applicable) has an interest in the Scheme, Option Scheme or Transaction that renders it inappropriate for him or her to maintain any such recommendation.

#### 7.5 Director Confirmations

- (a) Creso represents and warrants to Red Light that each Creso Director has confirmed his or her agreement not to do anything inconsistent with their recommendation and voting intention (including withdrawing, changing or in any way qualifying their recommendation or voting intention) provided pursuant to clauses 7.2(a) and 7.2(e) other than in the circumstances referred to in those clauses.
- (b) Red Light represents and warrants to Creso that each Red Light Director has confirmed his or her agreement not to do anything inconsistent with their recommendation and voting intention (including withdrawing, changing or in any way qualifying their recommendation or voting intention) provided pursuant to clauses 7.3(n) and 7.3(p) other than in the circumstances referred to in those clauses.

#### 7.6 Scheme Booklet

- (a) If the parties are unable to agree on the form or content of a particular part of the Scheme Booklet, then:
  - (i) if the relevant part of the Scheme Booklet is Red Light Information, Creso will make such amendments to that part of the Scheme Booklet as required by Red Light (acting reasonably and in good faith); and
  - (ii) in any other case, Creso (acting reasonably and in good faith) will decide the form and content of that part of the Scheme Booklet.
- (b) The parties agree that the Scheme Booklet will contain a responsibility statement to the effect that:
  - (i) Creso is responsible for the Creso Information contained in the Scheme Booklet;
  - (ii) Red Light is responsible for the Red Light Information contained in the Scheme Booklet; and
  - (iii) the Independent Expert is responsible for the Independent Expert's Report, and none of Creso, Red Light or their respective directors or officers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report or any other report or letter issued to Creso by a third party in connection with the Independent Expert's Report.
- (c) Each party must undertake appropriate verification processes for the information supplied by that party for the Scheme Booklet.

#### 7.7 Red Light Circular

- (a) The parties agree that the Red Light Circular will contain a responsibility statement to the effect that Creso is responsible for the Creso Circular Information contained in the Red Light Circular.
- (b) Each party must undertake appropriate verification processes for the information supplied by that party for the Red Light Circular.



## 7.8 Access

- (a) Between the Execution Date and the earlier of the Implementation Date and the date this deed is terminated, each party (**Access Provider**) must promptly provide the other party (**Accessing Party**) and its Representatives with reasonable access to the Access Provider's Representatives and documents, records, and other information reasonably requested by them, which the Accessing Party reasonably requires for the purposes of:
- (i) satisfying any of the Conditions Precedent;
  - (ii) understanding the financial position, business, operations or assets of the Access Provider;
  - (iii) implementing the Transaction;
  - (iv) planning the transition of the Creso Group and other matters relating to the conduct of the Creso Group following implementation of the Transaction,
- provided that compliance with any such request would not, in the reasonable opinion of Access Provider (acting in good faith), result in undue disruption to the Access Provider's business, and provided that the Accessing Party has provided the Access Provider with reasonable prior notice of the access it requires (including the identity of its Representatives who are to exercise that right of access on behalf of the Accessing Party).
- (b) Nothing in this clause 7.8 shall require the Access Provider to provide the Accessing Party with any information:
- (i) in breach of an obligation of confidentiality to any person;
  - (ii) will not result in the Access Provider breaching any laws; or
  - (iii) concerning consideration of the Scheme, the Transaction or any actual or potential Creso Competing Proposal.
- (c) The Accessing Party and each of its Representatives agrees to comply with the Access Provider's reasonable requirements (including allowing oversight and participation by the Access Provider's Representatives and, if required by the Access Provider, entering into appropriate confidentiality undertakings).

## 7.9 Board and management changes

- (a) From the Implementation Date:
- (i) the Red Light Board will be reconstituted as follows:
    - (A) Todd Shapiro, Ann Barnes and Brad Lamb;
    - (B) subject to the following persons signing consents to act as a director of Red Light and such consents being received before the Implementation Date:
      - (I) Adam Blumenthal; and
      - (II) Boaz Wachtel and James Ellingford or if agreed between Creso and Red Light two other nominees of Creso; and
    - (C) Bruce Linton – Non-Executive Chairman; and
  - (ii) Todd Shapiro will remain as Chief Executive Officer of Red Light.

## 7.10 Transaction Fee

The maximum fees payable by Creso to EverBlu Capital Pty Ltd in connection with the Transaction pursuant to a corporate advisory mandate is A\$3.25 million.

## 8 Conduct of business

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### 8.1 Overview

From the Execution Date up to and including the Implementation Date, each party must (and must ensure that its Related Bodies Corporate) conduct their businesses:

- (a) in the ordinary and proper course and in all material respects in accordance with applicable laws; and
- (b) in substantially the same manner and at the same locations as previously conducted.

### 8.2 Specific obligations

Without limiting clause 8.1 and other than with the prior approval of the other party (which approval must not be unreasonably withheld or delayed) or as required by this deed, each party must (and must ensure that its Related Bodies Corporate), during the period contemplated by clause 8.1, use all reasonable endeavours to:

- (a) **(business and assets)** maintain the condition of its business and assets materially in the manner maintained prior to the Execution Date, including maintaining at least its current level of insurance over its business and assets;
- (b) **(officers and employees)** keep available the services of its current officers and employees;
- (c) **(relationships)** maintain and preserve its relationships and contracts with customers, suppliers, licensors, licensees, joint venturers, Regulatory Authorities and others with whom it has business dealings;
- (d) **(Material Contracts)** comply in all material respects with all Material Contracts to which a member of the Red Light Group or the Creso Group (as applicable) is a party, including without limitation using its reasonable endeavours to satisfy the conditions precedent to and complete the acquisition of Halucenex pursuant to the terms of the Halucenex Agreement;
- (e) **(Listings)** maintain their respective listings on ASX and CSE and comply in all material respects with the Listing Rules and CSE Listing Rules (as applicable);
- (f) **(working capital)** manage its working capital, collection of receivables and payments of creditors in the ordinary course of business and in substantially the same manner as it was prior to the Execution Date;
- (g) **(inventory)** order, manage, maintain or otherwise deal with inventory in a manner that is inconsistent with the Red Light Group's or the Creso Group's (as applicable) practices in the 12 month period prior to the Execution Date;
- (h) **(Regulatory Authority)** disclose to the other party in writing all material correspondence between any member of the Red Light Group or the Creso Group (as applicable) and any Regulatory Authority received; and
- (i) **(Information)** keep the other party informed of the conduct of the businesses of the Red Light Group or the Creso Group (as applicable) by providing, in a timely manner, the other party with monthly updates on operational and financial performance of the Red Light Group or the Creso Group (as applicable).

### 8.3 Creso Prohibited actions

Subject to clause 8.5, Creso must not, during the period referred to in clause 8.1:

- (a) **(no new securities)** issue any securities in Creso other than upon exercise or conversion of any Creso Option, Creso Performance Right or Creso Performance Share granted prior to the Execution Date;
- (b) **(no amendment to terms)** amend the terms of any Creso Option, Creso Performance Rights, Creso Performance Share, the Creso Performance Rights Plan or any other incentive plan;
- (c) **(Material Contracts)** enter into, terminate, vary or amend a Material Contract, including, without limitation, any waiver of a condition precedent in, or termination, variation or amendment of the Halucenex Agreement;
- (d) **(employment agreements)** increase the remuneration of or pay any bonus (other than in accordance with existing arrangements and in the ordinary course) or issue any securities or options to, or otherwise vary the employment agreements with, any of its directors or employees;
- (e) **(accelerate rights)** accelerate the rights of any of its directors or employees to benefits of any kind;
- (f) **(termination or bonus payments)** pay a director or employee a termination, severance, retention or bonus payment, other than as provided for in an existing employment contract in place as at the Execution Date and a copy of which has previously been Fairly Disclosed in the Creso Disclosure Letter;
- (g) **(resignation)** terminate or encourage the resignation of a Key Person;
- (h) **(Financial Indebtedness)** incur any additional Financial Indebtedness;
- (i) **(tax disputes)** settle or compromise any dispute, audit on inquiry in relation to tax or duty or amends any tax return, other than in the ordinary course of its business;
- (j) **(employee bargaining)** except under contractual arrangements in effect on the Execution Date and which have been Fairly Disclosed in the Creso Disclosure Letter, enter into any enterprise bargaining agreement or similar collective employment agreement;
- (k) **(acquisitions)** in respect of any single transaction or series of related or similar transactions, acquire, lease or dispose of any interest in a business, securities, assets, real property, entity or undertaking (which for the avoidance of doubt, shall not be considered to include the disposal by any member of the Creso Group of obsolete assets, immaterial personal property or the sale by any member of the Creso Group of inventory in the ordinary course of business consistent with past practice);
- (l) **(write-downs)** write-down any of its material assets other than in accordance with the Accounting Standards;
- (m) **(no Encumbrance)** create any Encumbrance over any of its assets;
- (n) **(financial accommodation)** provide financial accommodation to any person other than to members of the Creso Group (irrespective of what form of Financial Indebtedness that accommodation takes);
- (o) **(derivative instrument agreements)** enter into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
- (p) **(legal proceedings settlement)** settle any legal proceedings, disputed claim, investigation, arbitration or other like proceeding;

- (q) **(accounting policy)** change any accounting policy of a member of the Creso Group applied to report its financial position, other than any change in policy required by a change in Accounting Standards;
- (r) **(insurance)** cancel any existing insurance policy in the name of or for the benefit of a member of the Creso Group in respect of any material assets or material risks unless a replacement policy (on the same or substantially similar terms) has been put in place;
- (s) **(arrangements)** amend any arrangements with its advisers, or appoint any new adviser, resulting in an increase in fees payable by the Creso Group to any existing or new adviser of A\$30,000 or more (in aggregate), in respect of the Scheme, the Option Scheme, the Transaction, or a Creso Competing Transaction. For the avoidance of doubt, Creso may make any payment as and when required to be made under an engagement existing at the Execution Date which has been Fairly Disclosed in the Creso Disclosure Letter in accordance with the terms of that engagement (without amendment);
- (t) **(regulatory licences)** allow any regulatory licences or permits material to the Creso Group or any other material Authorisations to lapse or fall out of good standing;
- (u) **(new business)** enter into any new line of business or new type of activities in which the Creso Group is not engaged as of the Execution Date;
- (v) **(material change)** make or permit a material change be made to the businesses' product prices, promotional activity or terms of supply of any goods or services other than consistent with its practices in the 12 month period prior to the Execution Date;
- (w) **(constitution)** amend the constitution of Creso;
- (x) **(dividends)** announce, declare, distribute or pay any dividends bonus or share of its profits or assets or retained earnings or reserves or agree to return any capital or announcing any intention to do any of the above;
- (y) **(Prescribed Occurrences)** take or fail to take any action which is, or would be reasonably expected to give rise to, a Creso Prescribed Occurrence;
- (z) **(Material Adverse Event)** use its reasonable endeavours to avoid the occurrence of an event within its control or the control of any member of the Creso Group that would constitute or be likely to constitute a Creso Material Adverse Event; or
- (aa) **(agreement)** agree to do any of the matters set out above.

#### 8.4 Red Light Prohibited actions

Subject to clause 8.5, Red Light must not, during the period referred to in clause 8.1:

- (a) **(no new securities)** issue any securities in Red Light other than upon exercise of any convertible security granted prior to the Execution Date;
- (b) **(no amendment to terms)** amend the terms of the Red Light Shares;
- (c) **(Material Contracts)** enter into, terminate, vary or amend a Material Contract;
- (d) **(employment agreements)** increase the remuneration of or pay any bonus (other than in accordance with existing arrangements and in the ordinary course);
- (e) **(accelerate rights)** accelerate the rights of any of its directors or employees to benefits of any kind;
- (f) **(termination or bonus payments)** pay a director or employee a termination, severance, retention or bonus payment, other than as provided for in an existing employment contract in place as at the Execution Date and a copy of which has previously been Fairly Disclosed in the Red Light Disclosure Letter;

- (g) **(resignation)** terminate or encourage the resignation of a Key Person;
- (h) **(Financial Indebtedness)** incur any additional Financial Indebtedness;
- (i) **(tax disputes)** settle or compromise any dispute, audit on inquiry in relation to tax or duty or amends any tax return, other than in the ordinary course of its business;
- (j) **(employee bargaining)** except under contractual arrangements in effect on the Execution Date and which have been Fairly Disclosed in the Red Light Disclosure Letter, enter into any enterprise bargaining agreement or similar collective employment agreement;
- (k) **(acquisitions)** in respect of any single transaction or series of related or similar transactions, acquire, lease or dispose of any interest in a business, securities, assets, real property, entity or undertaking (which for the avoidance of doubt, shall not be considered to include the disposal by any member of the Red Light Group of obsolete assets, immaterial personal property or the sale by any member of the Red Light Group of inventory in the ordinary course of business consistent with past practice);
- (l) **(no Encumbrance)** create any Encumbrance over any of its assets;
- (m) **(financial accommodation)** provide financial accommodation to any person other than to members of the Red Light Group (irrespective of what form of Financial Indebtedness that accommodation takes);
- (n) **(derivative instrument agreements)** enter into any agreement, arrangement or transaction with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments;
- (o) **(legal proceedings settlement)** settle any legal proceedings, disputed claim, investigation, arbitration or other like proceeding;
- (p) **(accounting policy)** change any accounting policy of a member of the Red Light Group applied to report its financial position, other than any change in policy required by a change in Accounting Standards;
- (q) **(insurance)** cancel any existing insurance policy in the name of or for the benefit of a member of the Red Light Group in respect of any material assets or material risks unless a replacement policy (on the same or substantially similar terms) has been put in place;
- (r) **(arrangements)** amend any arrangements with its advisers, or appoint any new adviser, resulting in an increase in fees payable by the Red Light Group to any existing or new adviser of A\$30,000 or more (in aggregate), in respect of the Transaction, or a Red Light Competing Transaction. For the avoidance of doubt, Red Light may make any payment as and when required to be made under an engagement existing at the Execution Date which has been Fairly Disclosed in the Red Light Disclosure Letter in accordance with the terms of that engagement (without amendment);
- (s) **(regulatory licences)** allow any regulatory licences or permits material to the Red Light Group or any other material Authorisations to lapse or fall out of good standing;
- (t) **(new business)** enter into any new line of business or new type of activities in which the Red Light Group is not engaged as of the Execution Date;
- (u) **(material change)** make or permit a material change be made to the businesses' product prices, promotional activity or terms of supply of any goods or services other than consistent with its practices in the 12 month period prior to the Execution Date;
- (v) **(constitution)** amend the constating documents or by-laws of Red Light;
- (w) **(write-downs)** write-down any of its material assets other than in accordance with the Accounting Standards;

- (x) **(dividends)** announce, declare, distribute or pay any dividends bonus or share of its profits or assets or retained earnings or reserves or agree to return any capital or announcing any intention to do any of the above;
- (y) **(Prescribed Occurrences)** take or fail to take any action which is, or would be reasonably expected to give rise to, a Red Light Prescribed Occurrence;
- (z) **(Material Adverse Event)** use its reasonable endeavours to avoid the occurrence of an event within its control or the control of any member of the Red Light Group that would constitute or be likely to constitute a Red Light Material Adverse Event; or
- (aa) **(agreement)** agree to do any of the matters set out above.

## 8.5 Exceptions to conduct of business restrictions

Nothing in clauses 8.3 and 8.4 restrict the ability of a party to take any action:

- (a) expressly required or permitted by this deed, the Scheme or the Option Scheme;
- (b) required by law or by an order of a Regulatory Authority;
- (c) required for any director of a party to comply with his or her fiduciary or statutory duties, provided that, to the extent possible in the circumstances, the party first provides the other party with reasonable details and consults in good faith with the other party in relation to the act to be done (or not done) in reliance of this clause;
- (d) approved in writing by the other party;
- (e) which has been Fairly Disclosed in the Red Light Disclosure Letter or the Creso Disclosure Letter as applicable;
- (f) which has been Fairly Disclosed to the other party or its Representatives before the Execution Date as being an action that the party may carry out between (and including) the Execution Date and the Implementation Date;
- (g) where applicable, to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or damage to property); or
- (h) which is necessary for the party (or its Subsidiaries) to meet its legal obligations or contractual obligations existing prior to the Execution Date.

## 9 Exclusivity

### 9.1 No continuing discussions

- (a) Each party represents and warrants to the other party that as at the Execution Date:
  - (i) it has ceased all negotiations or discussions with any person in respect of any Competing Transaction, or which could reasonably be expected to encourage or lead to the making of an actual, proposed or potential Competing Transaction; and
  - (ii) it is not a party to any agreement or arrangement with a third party for the purpose of facilitating a Competing Transaction.
- (b) On the Execution Date, each party must, and must procure that each of their Representatives:
  - (i) cease any discussions with any third party in relation to, a potential Competing Transaction or a transaction which would affect, prejudice or jeopardise the completion of the Transaction;

- (ii) cease the provision of any due diligence access and the making available of any non-public information in relation to the Creso Group or Red Light Group, as applicable, to any third party and procure the return or description of such non-public information by the third party; and
- (iii) not terminate, waive, amend or modify any provision of any existing confidentiality agreement relating to any possible Competing Transaction or any standstill agreement to which any member of the Creso Group or Red Light Group, as applicable, is a party and must use reasonable endeavours to enforce all standstill, non-disclosure, non-solicit and similar covenants in any agreement to which any member of the Creso Group or Red Light Group, as applicable, is a party.

## 9.2 No-shop

During the Exclusivity Period, each party must ensure that none of it, its Subsidiaries, or any of their respective Representatives directly or indirectly:

- (a) solicits, invites, encourages or initiates any Competing Transaction; or
- (b) communicates any intention to do any of these things,

in relation to, or which may reasonably be expected to encourage or lead to the making of any expression of interest, offer or proposal from any person in relation to a Competing Transaction or which affects, prejudices or jeopardises or might reasonably be expected to affect, prejudice or jeopardise the completion of the Transaction.

## 9.3 No-talk

Subject to clause 9.7, during the Exclusivity Period, each party must ensure that none of it, its Subsidiaries, or any its Representatives directly or indirectly:

- (a) responds to, facilitates, negotiates or enters into or participates in negotiations or discussions with any third party; or
- (b) enters into any relevant agreement, arrangement or understanding; or
- (c) communicates any intention to do any of these things,

in relation to, or which may reasonably be expected to lead to a Competing Transaction or which may reasonably be expected to affect, prejudice or jeopardise the completion of the Transaction.

## 9.4 Due diligence information

- (a) During the Exclusivity Period, each party must ensure that none of it, its Subsidiaries, or any of its respective Representatives in relation to a Competing Transaction, directly or indirectly:
  - (i) solicits, invites, initiates, encourages, facilitates or permits any third party (other than the other party) to undertake due diligence investigations on the party, their Subsidiaries, or its businesses and operations in connection with or with a view to obtaining or which would reasonably be expected to lead to such person formulating, developing or finalising, or assisting in the formulation, development or finalisation of, a Competing Transaction; or
  - (ii) makes available to any other person or permits any other person to receive (in the course of due diligence investigations or otherwise) any non-public information relating to the party, any Subsidiary of the party or its businesses and operations.
- (b) Nothing in this clause 9 prevents a party or any of its Representatives from:
  - (i) providing information to its Representatives; or

- (ii) providing information required to be provided by law, a Court or any Regulatory Authority.

#### 9.5 Notification of approaches

- (a) During the Exclusivity Period, each party must promptly notify the other party (and in any event within two Business Days) in writing if it, any of its Subsidiaries or any of its respective Representatives becomes aware of:
  - (i) any approach, inquiry or proposal made to, and any attempt or any intention on the part of any person to initiate or continue any negotiations or discussions with the party or any of its Representatives with respect to, or that could reasonably be expected to lead to, a Competing Transaction or a transaction which would affect, prejudice or jeopardise the completion of the Transaction, whether unsolicited or otherwise;
  - (ii) any proposal whether written or otherwise made to the party, its Representatives or any of its Subsidiaries or their respective Representatives, in connection with, or in respect of any exploration or consummation of, a Competing Transaction or a proposed or potential Competing Transaction or a transaction which would affect, prejudice or jeopardise the completion of the Transaction, whether unsolicited or otherwise;
  - (iii) any request for information relating to the party or any Subsidiary of the party or any of their respective businesses or operations or any request for access to the books or records of the party or any Subsidiary of the party, which the party has reasonable grounds to suspect may relate to a current or future Competing Transaction or a transaction which would affect, prejudice or jeopardise the completion of the Transaction; or
  - (iv) any intention by the party or any of its Representatives to provide any information relating to it, any Subsidiary of the party or any of their respective businesses or operations to any person in connection with or for the purposes of a current or future Competing Transaction or a transaction which would affect, prejudice or jeopardise the completion of the Transaction.
- (b) A notice given under this clause 9.5 must be accompanied by all material details of the relevant event (including the identity of the person or persons taking any action referred to in clause 9.5(a)(i) or 9.5(a)(ii) or on whose behalf any such action was taken or any person to whom the party intends to provide information under clause 9.5(a)(iii) (**Third Party Bidder**)), including:
  - (i) the terms and conditions of any Competing Transaction, any proposed Competing Transaction (to the extent known) or the transaction which would affect, prejudice or jeopardise the completion of the Transaction; and
  - (ii) the circumstances in which any information is provided to the Third Party Bidder.

#### 9.6 Response to Third Party Bidder and right to respond

- (a) If the party is permitted by virtue of clause 9.7 to engage in activity that would otherwise breach clause 9.3, the party must enter into an Acceptable Confidentiality Agreement with the Third Party Bidder.
- (b) Without prejudice to a party's rights under this clause 9, if at any time during the Exclusivity Period any director of a party wishes to approve or recommend entry into any agreement, commitment, arrangement or understanding relating to a Competing Transaction (other than an Acceptable Confidentiality Agreement), the party must ensure that they do not do so:
  - (i) unless the Competing Transaction is bona fide; and
  - (ii) until each of the following has occurred:



- (A) in respect of Creso:
- (I) the Creso Board has made the determination contemplated by clause 9.7(b) in respect of that Creso Competing Transaction;
  - (II) Creso has given Red Light notice in writing: (a) of the identity of the Third Party Bidder and (b) of its intention to enter into an agreement, commitment, arrangement or understanding relating to that Creso Competing Transaction, subject to Red Light's rights under clause 9.6(c);
  - (III) Red Light's rights under clause 9.6(c) have been exhausted; and
  - (IV) the Creso Board has made the determination contemplated by clause 9.7(b) in respect of that Creso Competing Transaction after Red Light's rights under clause 9.6(c) have been exhausted and after evaluation of any Counterproposal; and
- (B) in respect of Red Light:
- (I) the Red Light Board has made the determination contemplated by clause 9.7(b) in respect of that Red Light Competing Transaction;
  - (II) Red Light has given Creso notice in writing: (a) of the identity of the Third Party Bidder and (b) of its intention to enter into an agreement, commitment, arrangement or understanding relating to that Red Light Competing Transaction, subject to Creso's rights under clause 9.6(c);
  - (III) Creso's rights under clause 9.6(c) have been exhausted; and
  - (IV) the Red Light Board has made the determination contemplated by clause 9.7(b) in respect of that Red Light Competing Transaction after Creso's rights under clause 9.6(c) have been exhausted and after evaluation of any Counterproposal.
- (c) If a party gives notice to the other party under clauses 9.6(b)(ii)(A)(II) or 9.6(b)(ii)(B)(II), the other party will have the right, but not the obligation, at any time during the period of 10 Business Days following receipt of the notice, to:
- (i) offer to amend the terms of the Scheme;
  - (ii) make a takeover bid for the party; or
  - (iii) propose any other form of transaction,
- (each a **Counterproposal**), and if it does so then the party and the party's board of directors must review the Counterproposal in good faith and in order to satisfy what the party's board of directors determines is required to comply with their fiduciary and statutory duties, to determine whether the Counterproposal is a Superior Proposal. If the Counterproposal would be at least as favourable to the party and their shareholders than the Competing Transaction (having regard to the matters noted in clause 9.7(b)), then:
- (iv) if the Counterproposal contemplates an amendment to the Scheme, the parties must enter into an amended agreement in relation to this deed and the Scheme reflecting the Counterproposal; or
  - (v) if the Counterproposal contemplates any other form of transaction, the parties must pursue implementation of the Counterproposal in good faith,

and in each case, subject to clause 9.6(d), the party must announce promptly to the market that the party's board of directors unanimously recommend the Counterproposal (subject to a Superior Proposal).

- (d) Clause 9.6(c) is qualified to the extent that, after first obtaining written advice from his or her independent legal adviser, a Creso Director or Red Light Director (as applicable) reasonably determines that he or she should not provide or continue to maintain any recommendation because that Creso Director or Red Light Director (as applicable) has an interest in the Counterproposal that renders it inappropriate for him or her to maintain any such recommendation.
- (e) Where at any time before the Scheme Meeting, a Counterproposal from Red Light is received by Creso, Creso's board of directors determines that the Counterproposal would be at least as favourable to Creso and the Creso Shareholders and Creso Listed Optionholders than the Competing Transaction (having regard to the matters noted in clause 9.7(b)) and the parties have complied with clause 9.6(c), then, subject to applicable Laws, at Red Light's request, Creso will:
  - (i) apply to the Court for an order adjourning the Scheme Meeting to a date acceptable to Red Light, acting reasonably, which (where the Counterproposal involves a revision to the terms of the Scheme) must not be later than 10 Business Days after the scheduled date of the Scheme Meeting; and
  - (ii) if Red Light and Creso amend the terms of this deed and the Scheme pursuant to clause 9.6(c)(iv) or otherwise pursue implementation of the Counterproposal under clause 9.6(c)(v) the parties must ensure that the details of such amended agreement or other form of Counterproposal and the recommendation of the Creso Board are communicated to the Creso Shareholders as soon as practicable and in any event before the resumption of the adjourned Scheme Meeting.
- (f) Where at any time before the Red Light Meeting, a Counterproposal from Creso is received by Red Light, Red Light's board of directors determines that the Counterproposal would be at least as favourable to Red Light and the Red Light Shareholders than the Competing Transaction (having regard to the matters noted in clause 9.7(b)) and the parties have complied with clause 9.6(c) then, subject to applicable Laws, at Creso's request, Red Light will:
  - (i) adjourn the Red Light Meeting to a date acceptable to Creso, acting reasonably, which (where the Counterproposal involves a revision to the terms of the Transaction) must not be later than 10 Business Days after the scheduled date of the Red Light Meeting; and
  - (ii) if Red Light and Creso amend the terms of this deed and the Scheme pursuant to clause 9.6(c)(iv) or otherwise pursue implementation of the Counterproposal under clause 9.6(c)(v) the parties must ensure that the details of such amended agreement or other form of Counterproposal and the recommendation of the Red Light Board are communicated to the Red Light Shareholders as soon as practicable and in any event before the resumption of the adjourned Red Light Meeting.
- (g) For the purposes of this clause 9.6, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Transaction will constitute a new Competing Transaction.

## 9.7 Fiduciary and other carve-out

The restriction in clauses 9.3 and 9.4 do not apply to the extent that it restricts a party or a party's board of directors from taking or refusing to take any action with respect to a Competing Transaction (in relation to which there has been no contravention of this clause 9) provided that:

- (a) the Competing Transaction is bona fide and is made in writing by or on behalf of a third party; and
- (b) the party's board of directors has determined in good faith and acting reasonably, after having received advice from its external legal and/or financial advisers, that:
  - (i) the Competing Transaction would, if consummated in accordance with its terms, constitute a Superior Proposal, and
  - (ii) failing to respond to such a bona fide Competing Transaction may constitute a breach of the fiduciary duties or other statutory obligations of such directors under applicable Law.

## 9.8 Legal advice

Each party represents and warrants that:

- (a) prior to entering into this deed it has received legal advice on this deed and the operation of this clause 9; and
- (b) it and its directors consider this clause 9 to be fair and reasonable and that it is appropriate to agree to the terms in clause 9 in order to secure the significant benefits to it, and the party and their shareholders, resulting from the Transaction.

## 10 Reimbursement Fees

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### 10.1 Red Light Reimbursement Fee

- (a) Background

Red Light represents and warrants to Creso that it would not have entered into this deed without the benefit of this clause 10.1 and it would not have entered into and continued the negotiations unless Red Light had a reasonable expectation that Creso would agree to enter into a clause of this kind.

- (b) Acknowledgments

- (i) The fee payable under clause 10.1(d) has been calculated to reimburse Red Light for the following:

- (A) external advisory costs;
- (B) out of pocket expenses; and
- (C) reasonable opportunity costs incurred by Red Light in pursuing the Transaction or in not pursuing other alternative acquisitions or strategic initiatives,

in relation to the Transaction and Red Light will incur further costs if the Transaction is not successful (**Red Light Costs**).

- (ii) Creso represents and warrants that:

- (A) prior to entering into this deed it has received legal advice on this deed and the operation of this clause 10.1;
- (B) it has clear documentary evidence supporting the Creso Board's detailed consideration of this deed and this clause 10.1 in particular; and
- (C) it and the Creso Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 10.1 in

order to secure the significant benefits to it, and Creso Shareholders, resulting from the Transaction.

(c) Agreement on Red Light Costs

The parties acknowledge that the amount of the Red Light Costs is inherently unascertainable and that, even after termination of this deed, the Red Light Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that Red Light will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 10.1, the Red Light Costs will be equal to the amount of the Reimbursement Fee Amount.

(d) Reimbursement of Red Light Costs

(i) Creso agrees to pay to Red Light the Reimbursement Fee Amount if at any time after the Execution Date, any of the following events occur:

(A) any Creso Director:

- (I) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation of the Transaction;
- (II) recommends or supports a Creso Competing Transaction; or
- (III) makes any public statement to the effect that the Scheme is not, or is no longer, recommended,

in each case other than as a result of:

- (IV) the Independent Expert opining (including any update of, revision, amendment or addendum of the Independent Expert's Report) that the Scheme is not in the best interests of Creso Shareholders or the Option Scheme is not in the best interests of Creso Listed Optionholders (other than where the reason for that opinion is a Creso Competing Transaction or Creso Superior Proposal);
- (V) as a result of any matter or thing giving Creso the right to terminate this deed under clauses 14.1(a)(i) or 14.1(c)(i); or
- (VI) a Creso Director determines pursuant to clause 7.4 that he should not provide or continue to maintain any recommendation;
- (B) a Creso Competing Transaction is announced before the date of the Scheme Meeting and within 12 months of the announcement, the third party proponent of the Creso Competing Transaction acquires at least 20% or more of the issued Creso Shares; or
- (C) Red Light is entitled to terminate this deed under clauses 14.1(a)(i), 14.1(b)(i) or 14.1(b)(ii).

(ii) The payment of the Reimbursement Fee Amount to Red Light provided for in this clause 10.1(d) must be made within ten Business Days of receipt of a written demand for payment by Red Light.

## 10.2 Creso Reimbursement Fee

(a) Background

Creso represents and warrants to Red Light that it would not have entered into this deed without the benefit of this clause 10.2 and it would not have entered into and continued the negotiations and conducted due diligence into Red Light leading up to

this deed unless Creso had a reasonable expectation that Red Light would agree to enter into a clause of this kind.

(b) Acknowledgments

(i) The fee payable under clause 10.2(d) has been calculated to reimburse Creso for the following:

- (A) external advisory costs;
- (B) out of pocket expenses; and
- (C) reasonable opportunity costs incurred by Creso in pursuing the Transaction or in not pursuing other alternative strategic initiatives,

in relation to the Transaction and Creso will incur further costs if the Transaction is not successful (**Creso Costs**).

(ii) Red Light represents and warrants that:

- (A) it has received legal advice on this deed and the operation of this clause 10.2;
- (B) it has clear documentary evidence supporting the Red Light Board's detailed consideration of this deed and this clause 10.2 in particular; and
- (C) it and the Red Light Board considers this clause to be fair and reasonable and that it is appropriate to agree to the terms in this clause 10.2 in order to secure the significant benefits to it resulting from the Transaction.

(c) Agreement on Creso Costs

The parties acknowledge that the amount of the Creso Costs is inherently unascertainable and that, even after termination of this deed, the Creso Costs will not be able to be accurately ascertained. As a genuine and reasonable pre-estimate of the costs that Creso will suffer if the Transaction does not proceed, the parties agree that, for the purposes of this clause 10.2, the Creso Costs will be equal to the amount of the Reimbursement Fee Amount.

(d) Reimbursement of Creso Costs

(i) Red Light agrees to pay to Creso the Reimbursement Fee Amount if at any time after the Execution Date, any of the following events occur:

- (A) any Red Light Director:
  - (I) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation in connection with the Transaction;
  - (II) recommends or supports a Red Light Competing Transaction; or
  - (III) makes any public statement to the effect that the Transaction is not, or is no longer, recommended,

in each case other than as a result of:

- (IV) as a result of any matter or thing giving Red Light the right to terminate this deed under clauses 14.1(a)(i) or 14.1(b)(i); or

- (V) a Red Light Director determines pursuant to clause 7.4 that he should not provide or continue to maintain any recommendation;
  - (B) a Red Light Competing Transaction is announced before the date of the Red Light Meeting and within 12 months of the announcement, the third party proponent of the Red Light Competing Transaction acquires 20% or more of the issued Red Light Shares; or
  - (C) Creso is entitled to terminate this deed under clauses 14.1(a)(i), 14.1(c)(i) or 14.1(c)(ii).
- (ii) The payment of the Reimbursement Fee Amount to Creso provided for in this clause 10.2(d) must be made within ten Business Days of receipt of a written demand for payment by Creso.

### 10.3 No amounts payable

- (a) Notwithstanding the occurrence of any event in 10.1(d) or 10.2(d), no Reimbursement Fee Amount is payable:
- (i) once the Scheme becomes Effective; or
  - (ii) if a transaction is completed pursuant to which Red Light acquires 100% of the issued Creso Shares.
- (b) No Reimbursement Fee Amount is payable by:
- (i) Creso, merely by reason of the Creso Shareholders not approving the Scheme at the Scheme Meeting or the Option Scheme at the Option Scheme Meeting; and
  - (ii) Red Light, merely by reason of the Red Light Shareholders not approving the resolution to approve the issuance of Red Light Shares in connection with the Transaction at the Red Light Meeting.

However, for the avoidance of doubt, the Reimbursement Fee Amount will be payable to Red Light pursuant to clause 10.1(d)(i)(B) and Creso pursuant to clause 10.2(d)(i)(B) if subsequent to the Scheme Meeting or Red Light Meeting (as applicable), the relevant third party proponent of the Competing Transaction acquires 20% or more of the issued Creso Shares or Red Light Shares (as applicable) within 12 months of the announcement of the Competing Transaction.

- (c) The Reimbursement Fee Amount is only payable to each party once.

### 10.4 Compliance with law

- (a) If a court or the Takeovers Panel determines that any part of the Reimbursement Fee Amount payable to either Red Light or Creso:
- (i) constitutes or would, if performed, constitute:
    - (A) a breach of the fiduciary or statutory duties of the Red Light Board or Creso Board, as appropriate; or
    - (B) unacceptable circumstances within the meaning of the Corporations Act; or
  - (ii) is unenforceable or would, if paid, be unlawful for any reason,

then Creso or Red Light (as appropriate) will not be obliged to pay such part of the Reimbursement Fee Amount and, if such fee has already been paid, then the relevant party or parties must within five Business Days after receiving written demand from the other party or parties refund that part of the Reimbursement Fee Amount.

- (b) If in Takeovers Panel proceedings detailed in clause 10.4(a), the Takeovers Panel indicates to a party that in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) it will make a declaration of unacceptable circumstances, each of the parties (as the case may be) may give that undertaking on their own behalf and must give reasonable consideration to giving that undertaking if requested by the other parties. Where such undertakings are given, this clause 10.4(b) will operate in a manner consistent with the terms of such undertakings.
- (c) The parties must not make or cause or permit to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in clause 10.4(a).

## 10.5 Claims

Each party agrees that, upon termination of this deed under circumstances where Creso or Red Light is entitled to a Reimbursement Fee Amount and such fee is paid in full, Creso or Red Light, as the case may be, shall be precluded from any other remedy against the other party at law or in equity or otherwise (including, without limitation, an order for specific performance), and shall not seek to obtain any recovery, judgment or damages of any kind, including consequential, indirect or punitive damages, against the other party or any member of its group or any of the respective directors, officers, employees, partners, managers, members, shareholders or affiliates or their respective Representatives in connection with this deed or the transactions contemplated, provided, however that a payment by a party of a fee shall not be in lieu of any damages or any other payment or remedy available in the event of any wilful or intentional breach by such party of any of its obligations under this deed.

## 11 Representations, warranties and undertakings

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### 11.1 Creso's representations and warranties

Creso represents and warrants to Red Light that each of the Creso Representations and Warranties are true and correct in all material respects.

### 11.2 Qualifications on Creso Warranties

The Creso Representations and Warranties under clause 11.1 and Schedule 2 are subject to matters that:

- (a) have been Fairly Disclosed in public filings of Creso on ASX in the 12 months before the Execution Date; and/or
- (b) have been Fairly Disclosed in the Creso Disclosure Letter.

### 11.3 Creso's indemnity

Creso agrees to indemnify Red Light and each of the Red Light Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Red Light or any of the other Red Light Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Creso Representations and Warranties.

### 11.4 Red Light's representations and warranties

Red Light represents and warrants to Creso that each of the Red Light Representations and Warranties are true and correct in all material respects.

### 11.5 Qualifications on Red Light Warranties

The Red Light Representations and Warranties under clause 11.4 and Schedule 3 are subject to matters that:

- (a) have been Fairly Disclosed in public filings of Red Light on CSE in the 12 months before the Execution Date; and/or
- (b) have been Fairly Disclosed in the Red Light Disclosure Letter.

#### **11.6 Red Light's indemnity**

Red Light agrees to indemnify Creso and each of the Creso Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Creso or any of the other Creso Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Red Light Representations and Warranties.

#### **11.7 Notifications**

Each party will promptly advise the other in writing if it becomes aware of any fact, matter or circumstance which constitutes or may constitute a breach of any of the representations or warranties given by it under clauses 11.1 or 11.4.

#### **11.8 Timing of representation and warranties**

Each representation and warranty made or given under clauses 11.1 or 11.4 is given at the Execution Date and again on each subsequent day until 8.00am on the Second Court Date, except where expressed to be given at a particular time in which case the representation or warranty is provided at that time.

#### **11.9 Survival of representations and warranties**

Each representation and warranty in clauses 11.1 or 11.4:

- (a) is severable;
- (b) survives termination of this deed;
- (c) is given with the intention that liability under it is not confined to breaches that are discovered before the date of termination of this deed;
- (d) is to be construed independently of all other representations and warranties; and
- (e) is not limited by any other representation or warranty.

#### **11.10 Survival of indemnities**

Each indemnity in this deed (including those in clauses 11.3 and 11.6):

- (a) is severable;
- (b) survives termination of this deed; and
- (c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed.

### **12 Releases**

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#### **12.1 Release of Creso Indemnified Parties**

- (a) Subject to clause 12.1(b), Red Light releases any and all rights that it may have, and agrees with Creso that it will not make any Claim, against any Creso Indemnified Party as at the Execution Date and from time to time in connection with:
  - (i) any breach of any covenant, representation or warranty given by Creso under this deed;
  - (ii) the implementation of the Scheme or the Option Scheme;



- (iii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
- (iv) any failure to provide information,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where a Creso Indemnified Party has not acted in good faith or has engaged in wilful misconduct. To avoid doubt, nothing in this clause 12.1(a) limits the rights of Red Light to demand payment of the Reimbursement Fee Amount under clause 10.1 or terminate this deed under clause 14.

- (b) The release in clause 12.1(a) is subject to any restriction imposed by law and will be read down to the extent that any such restriction applies.
- (c) Creso receives and holds the benefit of clause 12.1(a) as trustee for the other Creso Indemnified Parties.

## 12.2 Release of Red Light Indemnified Parties

- (a) Subject to clause 12.2(b), Creso releases any and all rights that it may have, and agrees with Red Light that it will not make any Claim, against any Red Light Indemnified Party as at the Execution Date and from time to time in connection with:

- (i) any breach of any covenant, representation or warranty given by Red Light under this deed;
- (ii) the implementation of the Scheme or the Option Scheme;
- (iii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
- (iv) any failure to provide information,

whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where a Red Light Indemnified Party has not acted in good faith or has engaged in wilful misconduct. Nothing in this clause 12.2(a) limits the rights of Creso to demand payment of the Reimbursement Fee Amount under clause 10.2 or terminate this deed under clause 14.

- (b) The release in clause 12.2(a) is subject to any restriction imposed by law and will be read down to the extent that any such restriction applies.
- (c) Red Light receives and holds the benefit of clause 12.2(a) as trustee for the other Red Light Indemnified Parties.

## 12.3 Survival of releases

Each release in this clause 12:

- (a) is severable;
- (b) survives termination of this deed;
- (c) is a continuing obligation; and
- (d) constitutes a separate and independent obligation of the party giving the release from any other obligation of that party under this deed.

## 13 Deed of Access, Indemnity and Insurance

- (a) Red Light acknowledges that, notwithstanding any other provision of this deed, Creso may, prior to or on the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for any and all directors and officers of each

member of the Creso Group for up to a 7 year period from the Implementation Date and that any actions to facilitate that insurance or in connection therewith (including paying any amounts to ensure such maintenance upfront) will not be a Creso Prescribed Occurrence or breach any provision of this deed, subject to the premium for any such directors and officers run-off insurance being not more than 200% of the current premium paid by Creso for its annual directors and officers insurance policy.

- (b) Subject to the Scheme becoming Effective and the Transaction completing, Red Light undertakes in favour of Creso and each other person who is a Creso Indemnified Party that it will:
- (i) for a period of 7 years from the Implementation Date, ensure that the constitutions of Creso and each other member of the Creso Group continue to contain such rules as are contained in those constitutions at the Execution Date that provide for each company to indemnify each of its previous directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Creso Group;
  - (ii) procure that Creso and each member of the Creso Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time; and
  - (iii) to the extent practicable at normal commercial rates, procure that Creso and each other member of the Creso Group maintains all insurance the subject of this clause and continues to pay all premiums and other costs of such insurance for the full period (of up to 7 years from the Implementation Date) agreed or arranged on or prior to the Implementation Date and does not permit such insurance to be used for purposes contrary to such agreements or arrangements.
- (c) The provisions contained in this clause 13 are subject to any Corporations Act restriction and will be read down accordingly.
- (d) Creso receives and holds the benefit of clause 13 to the extent it relates to other Creso Indemnified Parties, for and on behalf of, and as trustee for, them.
- (e) The undertakings in this clause 13 are given until the date on which the relevant Creso Group member ceases to be part of the Creso Group.

## 14 Termination rights

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### 14.1 Termination events

Without limiting any other provision of this deed:

- (a) either party (**non-defaulting party**) may terminate this deed by notice in writing to the other party:
- (i) if each of the following has occurred:
    - (A) the other party (**defaulting party**) is in breach of a material provision of this deed (other than for a breach of a representation or warranty in Schedule 2 or Schedule 3) at any time prior to 8:00am on the Second Court Date;
    - (B) the non-defaulting party has given notice to the defaulting party setting out the relevant circumstances of the breach and stating an intention to terminate this deed; and

- (C) the relevant circumstances have continued to exist five Business Days (or any shorter period ending at 8:00am on the Second Court Date) from the time the notice in clause 14.1(a)(i)(B) is given;
- (ii) in accordance with clause 3.10(b);
- (iii) if a Court or other Regulatory Authority has issued an order, decree or ruling or taken other action that permanently restrains or prohibits the Transaction and that order, decree, ruling or other action has become final and cannot be appealed; or
- (iv) if the End Date has passed before the Transaction has been implemented (other than as a result of a breach by the terminating party of its obligations under this deed);
- (b) Red Light may terminate this deed by notice in writing to Creso if:
- (i) at any time prior to 8.00am on the Second Court Date, Creso breaches any Creso Representation or Warranty given pursuant to clause 11.1 and:
- (A) Creso fails to remedy that breach within 10 Business Days of receipt by it of a notice in writing from Red Light setting out details of the relevant breach and requesting Creso to remedy the breach; or
- (B) the Creso Representation or Warranty cannot be remedied by subsequent action on the part of Creso before 8.00am on the Second Court Date;
- (ii) a Creso Prescribed Occurrence or Creso Material Adverse Event occurs prior to 8.00am on the Second Court Date;
- (iii) other than where any Creso Director(s) comprising a minority of the Creso Board makes a determination in accordance with clause 7.4, any Creso Director:
- (A) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation of the Scheme, the Option Scheme or the Transaction;
- (B) recommends or supports a Creso Competing Transaction; or
- (C) makes any public statement to the effect that the Scheme, the Option Scheme or the Transaction is not, or is no longer, recommended;
- (iv) the Creso Board recommends a Creso Superior Proposal; or
- (v) a Creso Competing Transaction is announced, made, or becomes open for acceptance and, pursuant to that Creso Competing Transaction, the bidder for Creso acquires voting power (within the meaning of section 610 of the Corporations Act) of 20% or more of Creso and that Creso Competing Transaction is (or has become) free from any defeating conditions;
- (c) Creso may terminate this deed by notice in writing to Red Light if:
- (i) at any time prior to 8.00am on the Second Court Date, Red Light breaches any Red Light Representation or Warranty given pursuant to clause 11.4 and:
- (A) Red Light fails to remedy that breach within 10 Business Days of receipt by it of a notice in writing from Creso setting out details of the relevant breach and requesting Red Light to remedy the breach; or
- (B) the Red Light Representation or Warranty cannot be remedied by subsequent action on the part of Red Light before 8.00am on the Second Court Date;

- (ii) a Red Light Prescribed Occurrence or Red Light Material Adverse Event occurs prior to 8.00am on the Second Court Date;
- (iii) other than where any Red Light Director(s) comprising a minority of the Red Light Board makes a determination in accordance with clause 7.4, any Red Light Director:
  - (A) fails to recommend, recommends against, withdraws or adversely modifies or qualifies their recommendation in connection with the Transaction;
  - (B) recommends or supports a Red Light Competing Transaction; or
  - (C) makes any public statement to the effect that the Transaction is not, or is no longer, recommended;
- (iv) the Red Light Board recommends a Red Light Superior Proposal; or
- (v) a Red Light Competing Transaction is announced, made, or becomes open for acceptance and, pursuant to that Red Light Competing Transaction, the bidder for Red Light acquires 20% or more of Red Light Shares and that Red Light Competing Transaction is (or has become) free from any defeating conditions; and
- (d) either party may terminate this agreement if the other party consents to do so and both parties confirm it in writing.

#### 14.2 Notice of breach

Each party must give notice to the other as soon as practicable after it becomes aware of a breach by it of this deed.

#### 14.3 Termination right

- (a) Any right to terminate this deed under clauses 14.1(a), 14.1(b), 14.1(c) or 14.1(d) that arises before the Second Court Date ceases at 8:00am on the Second Court Date.
- (b) Subject to clause 14.3(a), any right to terminate this deed ceases when the Scheme becomes Effective.

#### 14.4 Effect of termination

- (a) If a party terminates this deed, each party will be released from all further obligations under this deed other than under clauses 1, 10, 15, 16, 17 and 18 (other than 18.9).
- (b) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of this clause 14.4), on termination of this deed, no party shall have any rights against or obligations to any other party under this deed except for those rights and obligations which accrued prior to termination.

#### 14.5 Disclosure on termination of deed

The parties agree that, if this deed is terminated under this clause 14, any party may disclose:

- (a) the fact that this deed has been terminated, where such disclosure is required by the relevant Listing Rules or is in the reasonable opinion of that party required to ensure that the market in its securities is properly informed;
- (b) the fact that this deed has been terminated to ASIC and the Court; and
- (c) information that is required to be disclosed as a matter of law or in any proceedings.

## 15 Public announcements

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### 15.1 Announcement of transaction

Immediately after execution of this deed, Creso and Red Light must release the Agreed Public Announcement.

### 15.2 Public announcements

- (a) Subject to clause 15.2(b), no public announcement or disclosure in relation to the Transaction or any subject matter thereof, or any other transaction the subject of this deed, the Scheme, the Option Scheme or the Transaction (including any staff or client announcements or presentations) may be made other than in a form approved by each party (acting reasonably), but each party must use all reasonable endeavours to provide such approval as soon as practicable.
- (b) Where Red Light, Creso or any of their Affiliates is required by law and/or ASX, ASIC, Listing Rules, CSE or CSE Listing Rules, to make any announcement or make any filing or disclosure in relation to the Transaction or any other transaction the subject of this deed, the Scheme or the Option Scheme, it may do so only after it has given as much notice as possible to, and has consulted (to the fullest extent reasonable in the circumstances) with the other party prior to making the relevant disclosure.
- (c) Red Light and Creso agree to consult with each other in advance in relation to:
  - (i) overall communication plans;
  - (ii) approaches to Creso Shareholders and Creso Listed Optionholders;
  - (iii) approaches to the media;
  - (iv) proxy solicitations; and
  - (v) written presentations,

in each case relating to the Transaction, including to provide each other a reasonable advance opportunity to comment, to ensure that the information used in clauses 15.2(c)(i) to 15.2(c)(v) above is consistent with the information in the Scheme Booklet.

### 15.3 Statements on termination

The parties must act in good faith and use all reasonable endeavours to issue agreed statements in respect of any termination of this deed and, to that end but without limitation, clauses 15.2(a) to 15.2(c) applies to any such statements or disclosures.

## 16 Notices

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### 16.1 Manner of giving notice

- (a) Any notice or other communication to be given under this deed must be in writing (which includes email) and may be delivered or sent by post or email to the party to be served as follows:
  - (i) to **Creso** at:
 

Address	Suite 5 CPC, 145 Stirling Highway, Nedlands, Western Australia, 6009
Email	winton@azc.com.au

Attention Winton Willesee

(ii) to **Red Light** at:

Address 1 Adelaide Street East  
Suite 801  
Toronto, Ontario  
M5C 2V9

Email todd@redlighttruffles.com

Attention Todd Shapiro

or at any such other address or email address notified for this purpose to the other parties under this clause. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

## 16.2 When notice given

- (a) Any notice or other communication is deemed to have been given:
- (i) if delivered, on the date of delivery; or
  - (ii) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
  - (iii) if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the notice or other communication would otherwise be taken to be received after 5:00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9:00am on the next day that is not a Saturday, Sunday or public holiday.

## 16.3 Proof of service

In proving service of a notice or other communication, it shall be sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail or that the email was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's email system, as the case may be.

## 16.4 Documents relating to legal proceedings

This clause 16 does not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this deed.

# 17 Entire agreement

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## 17.1 Entire agreement

This deed contains the entire deed between the parties relating to the Transaction and supersede all previous agreements, whether oral or in writing, between the parties relating to the Transaction.

**17.2 No reliance**

Each party acknowledges that in agreeing to enter into this deed it has not relied on any express or implied representation, warranty, collateral contract or other assurance (except those expressly set out in this deed) made by or on behalf of any other party before the entering into of this deed. Each party waives all rights and remedies which, but for this clause 17.2 might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance.

**17.3 Termination rights**

Except for the express right of termination contained in clause 14, no party has any right to terminate this deed and the parties waive their rights (if any) to annul, rescind, dissolve, withdraw from, cancel or terminate this deed in any circumstances.

**18 General**

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**18.1 Amendments**

This deed may only be amended in writing and where such amendment is signed by all the parties.

**18.2 Assignments**

None of the rights or obligations of a party under this deed may be assigned or transferred without the prior written consent of the other party.

**18.3 Costs**

Except as otherwise provided in this deed, each party will pay its own costs and expenses in connection with the negotiation, preparation, execution, and performance of this agreement and the Scheme Booklet and the proposed, attempted or actual implementation of this agreement, the Scheme and the Option Scheme.

**18.4 Stamp duty**

Red Light must pay all stamp duties (if any) and any fines and penalties with respect to stamp duty in respect of this deed, the Scheme or the Option Scheme or the steps to be taken under this deed, the Scheme or the Option Scheme (including without limitation the acquisition or transfer of Scheme Shares under the Scheme and the cancellation of Scheme Options under the Option Scheme).

**18.5 GST**

- (a) Where under the terms of this deed one party is liable to indemnify or reimburse another party in respect of any costs, charges or expenses, the payment shall include an amount equal to any GST thereon not otherwise recoverable by the other party, subject to that party using all reasonable endeavours to receive such amount of GST as may be practicable.
- (b) If any payment under this deed constitutes the consideration for a taxable supply for GST purposes, then in addition to that payment the payer shall pay any GST due.
- (c) Unless otherwise expressly stated, all prices or other sums payable or consideration to be provided under or in accordance with this deed are exclusive of GST.

**18.6 Consents**

Except as otherwise expressly provided in this deed a party may give or withhold its consent to any matter referred to in this deed in its absolute discretion. A party that gives its consent to any matter referred to in this deed is not taken to have made any warranty or representation as to any matter or circumstance connected with the subject matter of that consent.

**18.7 Counterparts**

This deed may be executed in counterparts, which taken together must constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this deed by executing a counterpart.

**18.8 Exercise and waiver of rights**

The rights of each party under this deed:

- (a) may be exercised as often as necessary;
- (b) except as otherwise expressly provided by this deed, are cumulative and not exclusive of rights and remedies provided by law; and
- (c) may be waived only in writing and specifically,

and delay in exercising or non-exercise of any such right is not a waiver of that right.

**18.9 Further assurance**

Each party undertakes, at the request, cost and expense of the other party, to sign all documents and to do all other acts, which may be necessary to give full effect to this deed.

**18.10 No merger**

Each of the obligations, warranties and undertakings set out in this deed (excluding any obligation which is fully performed at the Implementation Date) must continue in force after the Implementation Date.

**18.11 Severability**

The provisions contained in each clause and sub clause of this deed shall be enforceable independently of each of the others and their validity shall not be affected if any of the others is invalid.

**18.12 Governing law**

This deed and any non-contractual obligations arising out of or in connection with it is governed by the law applying in Western Australia.

**18.13 Jurisdiction**

The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this deed) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.



### Schedule 1- Indicative Timetable

Event	Date
Release of Agreed Announcement	Wednesday 16 June 2021
Regulator's Draft provided to ASIC	Wednesday 28 July 2021
First Court Hearing	Friday 13 August 2021
Dispatch Scheme Booklet to Creso Shareholders and Creso Listed Optionholders	Wednesday 18 August 2021
Mail Red Light Circular to Red Light Shareholders	Friday 27 August 2021
Scheme Meeting Option Scheme Meeting	Friday 17 September 2021
Red Light Meeting	Monday 20 September 2021
Second Court Hearing	Tuesday 21 September 2021
Effective Date	Wednesday 22 September 2021
Record Date	Friday 24 September 2021
Implementation Date	Friday 1 October 2021
Delisting of Creso from the official list of ASX	Friday 1 October 2021

## Schedule 2 – Creso Representation and Warranties

Creso represents and warrants the following:

- 1.1 **status:** Creso is a company limited by shares and is validly existing under the Corporations Act and each member of the Creso Group is a corporation validly existing under the laws of its place of incorporation. Creso and each member of the Creso Group is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties and assets owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing would not reasonably be expected to have a material adverse effect on Creso or any member of the Creso Group;
- 1.2 **share capital:**
  - (a) all of the issued and outstanding shares in Creso and each member of the Creso Group have been duly authorised and validly issued, and are fully paid and non-assessable;
  - (b) all of the issued and outstanding shares of each Subsidiary of Creso are owned, directly or indirectly, by Creso; and
  - (c) the issued and outstanding shares of each Subsidiary in the Creso Group are owned free and clear of all Encumbrances and Creso is not liable to any creditor in respect thereof;
- 1.3 **subsidiaries:** Creso has no Subsidiaries other than those listed in Schedule 8. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such shares of capital stock or other ownership interests in any of Creso's Subsidiaries. All of the outstanding shares of capital stock and other ownership interests in Creso's Subsidiaries are validly issued and are not subject to, nor were they issued in violation of, any pre-emptive rights;
- 1.4 **corporate power:** Creso has full legal capacity to enter into this deed and carry out the transactions contemplated by this deed and the Scheme and Option Scheme and perform its obligations hereunder and thereunder;
- 1.5 **corporate authorisations:** Creso has taken all necessary corporate action to authorise the entry into this deed and, subject to Creso Shareholders approving the Scheme and Creso Listed Optionholders approving the Option Scheme, has full authority to carry out the transactions contemplated by this deed, the Scheme and Option Scheme in accordance with its terms, and other than the Creso Shareholders approving the Scheme and the Creso Listed Optionholders approving the Option Scheme, no other corporate proceedings on the part of Creso (other than as contemplated by this deed) are necessary to authorise the execution and delivery of this deed and the performance by Creso of its obligations under this deed or the Scheme and Option Scheme;
- 1.6 **binding obligations:** this deed has been duly executed and delivered by Creso and constitutes legal, valid and binding obligations of Creso, enforceable against it, in accordance with its terms;
- 1.7 **no contravention:** this deed does not, and the consummation of the Scheme and the Option Scheme will not:
  - (a) contravene, violate, conflict with or result in a breach of any provision of:
    - (i) any rule, law or regulation to which Creso or any member of the Creso Group's property is subject to;
    - (ii) any material term or provision of any material contract to which Creso or any member of the Creso Group is a party to; or
    - (iii) Creso's or any member of the Creso Group's constitution;

- (b) constitute a default or result in a right of termination or acceleration under, or result in the creation of any encumbrance upon any of the properties or assets of Creso or any of its Subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available; or
- (c) cause the suspension or revocation of any authorisation, consent, approval or license currently in effect which would have a material adverse effect on Creso;

1.8 **issued securities:** the issued Creso securities and rights to be issued Creso securities as of the Execution Date is as follows:

- (a) 1,102,115,840 Creso Shares;
- (b) 120,245,277 Creso Listed Options;
- (c) 115,926,839 Creso Unlisted Options;
- (d) 1,798,000 Creso Performance Rights;

and the issued capital of each of Creso's Subsidiaries is stated in Schedule 8;

1.9 **no obligation to issue securities:** other than as disclosed in paragraph 1.8 above and apart from the 75,851,795 Creso Shares, 1,000,000 Creso Performance Rights, 39,999,934 Creso Options and 17,551,077 Creso Performance Shares disclosed in the Creso Disclosure Material as being agreed to be issued following Execution Date, neither Creso or any member of the Creso Group has issued, or agreed to issue, or is required to issue any other securities or instrument which are still in force and may convert into Creso Shares, shares in a member of the Creso Group or any other securities in Creso or a member of the Creso Group;

1.10 **no additional rights:** the Creso Shares are free of pre-emptive rights;

1.11 **solvency:** no member of the Creso Group is affected by an Insolvency Event;

1.12 **no Creso Prescribed Occurrence:** no Creso Prescribed Occurrence has occurred;

1.13 **security interests and indebtedness:** other than as disclosed in the Creso Disclosure Letter, there is no Encumbrances over all or any member of the Creso Group's present or future assets or revenues and the Creso Group has no material indebtedness;

1.14 **regulatory action:** no member of the Creso Group has received notice of any regulatory action of any nature taken, or to be taken, in relation to any member of the Creso Group which would prevent, inhibit or otherwise have a material adverse effect on Creso's ability to fulfil its obligations under this deed and the Scheme or Option Scheme;

1.15 **litigation:** there are no material investigations, actions, suits, arbitrations, legal or administrative proceedings pending or, to the knowledge of Creso, threatened against Creso or any member of the Creso Group;

1.16 **regulatory approvals:** except as expressly specified in this deed and set out in the Creso Disclosure Letter, no Authorisation, order or filing with, any Regulatory Authority is required on the part of any member of the Creso Group in connection with the execution, delivery and performance of this deed and the transactions contemplated by the Scheme and Option Scheme, or any other documents and agreements to be delivered under this deed;

1.17 **Creso Authorisations:** the Creso Group has all Authorisations from applicable Regulatory Authorities required for the Creso Group to conduct its business and operations and perform its obligations under this deed and the transactions contemplated by the Scheme and Option Scheme and the Creso Group is not aware of any violations of or non-compliance with applicable laws or Authorisations and the Creso Group will continue to comply with all applicable conditions of the Authorisations;

1.18 **breach of law:** there has been no material breach by Creso Group of any Australian or foreign law or regulation applicable to them or order of any Australian or foreign Regulatory Authority

having jurisdiction over them that has or could reasonably expected to have a materially adverse effect on:

- (a) the conduct of the business of the Creso Group;
- (b) the value of the Creso Group; or
- (c) the reputation of the Creso Group, including any implication in relation to its good standing with any Regulatory Authority having jurisdiction over the conduct of business of the Creso Group,

or which would prevent or materially delay consummation of the transactions contemplated by this deed or the Scheme and the Option Scheme;

**1.19 tax matters:** Creso and each member of the Creso Group has duly and timely:

- (a) prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects;
- (b) duly and timely paid all taxes due;
- (c) withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it;
- (d) collected all amounts on account of sales or transfer taxes, including goods and services, harmonised sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it; and
- (e) the charges, accruals and reserves for taxes reflected in the Creso Financial Statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of Creso, adequate under applicable accounting principles to cover taxes with respect to Creso and the Creso Group for the periods covered thereby;

**1.20 reporting status and compliance:**

- (a) the Creso Shares and Creso Listed Options are admitted to official quotation on ASX, and are not listed or traded on any other stock exchange;
- (b) Creso is in compliance in all material respects with applicable laws, Listing Rules and rules and regulations of ASX;
- (c) no delisting, suspension of trading or cease trade order with respect to any securities of Creso is pending or, to the knowledge of Creso, threatened; and
- (d) there are no outstanding or unresolved comments in comment letters from any securities commission or similar regulatory authority with respect to Creso's public disclosure and, to the knowledge of Creso, neither Creso nor any of its disclosure record is subject of an ongoing audit, review, comment or investigation by any securities commission or similar Regulatory Authority or the ASX.

**1.21 no order:** Creso is not subject to any order of ASX or any Regulatory Authority and, to the knowledge of Creso, no investigation or other proceedings involving Creso, that may operate or prevent or restrict trading of any securities of Creso, are currently in progress or pending before ASX or any Regulatory Authority;

**1.22 disclosure:**

- (a) Creso has complied in all material respects with its continuous disclosure obligations under the Corporations Act and the Listing Rules and is not relying on any carve-out in ASX Listing Rule 3.1A to withhold any information from disclosure (other than the fact

of this deed, and the negotiations preceding it) and Creso has not been the subject of a continuous disclosure review by ASIC within the last 24 months;

- (b) the Creso Disclosure Materials have been collated and in good faith and, so far as the Creso Board and the senior management of Creso are aware after due and diligent enquiry:
    - (i) the Creso Disclosure Materials are true, complete and accurate;
    - (ii) Creso has not omitted anything from such information that makes any part of that information materially false or misleading; and
    - (iii) Creso has not included anything materially false or misleading in such information;
  - (c) the information and statements contained in this deed are true and correct in all material respects and together with the public filings of Creso on ASX, constitute full, true and plain disclosure of all material facts relating to Creso and the Creso Group on a consolidated basis, contain no misrepresentations and do not omit a material fact which is necessary to make the information and statements contained not misleading in light of the circumstances in which they were made; and
  - (d) as far as Creso is aware, it has disclosed all material information relating to the Creso Group or its respective businesses or operations as at the Execution Date, which could reasonably be expected to be material for a reasonable and sophisticated buyer to make an informed assessment of:
    - (i) Creso's material agreements and their respective change of control or termination provisions which would be enlivened by implementation of the Transaction; and
    - (ii) material disputes between Creso and a third party (including a Regulatory Authority);
  - (e) Creso has made all material filings required by all applicable Regulatory Authorities and all such filings were, as of their respective dates, in compliance in all material respects with all applicable laws and, in respect of documents required to be filed under applicable securities laws, at the time filed did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- 1.23 **financial statements:** Creso's financial statements as disclosed to ASX have been prepared in accordance with the Accounting Standards on a basis consistent with past practice financial statements and, so far as Creso is aware, there has not been any event, change, effect or development which would require Creso to restate its financial statements as disclosed to ASX;
- 1.24 **no material adverse change:** since the date of the Creso Financial Statements: (i) the Creso Group has conducted its business only in the ordinary and normal course, (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to any members of the Creso Group has been incurred other than in the ordinary course of business, and (iii) there has not been any material adverse change in respect of any members of the Creso Group;
- 1.25 **no breach:** the implementation of the Transaction as contemplated by this deed and the Scheme and Option Scheme does not and will not:
- (a) constitute a breach of or default under, or constitute an event that with notice or lapse of time, or both, would constitute a breach of or default by;
  - (b) in any material respect, accelerate or permit the acceleration of the performance required by;

- (c) give rise to any material obligation or material liability on the part of, or any third party rights (including any right of termination, purchase or pre-emption) that are adverse to the interests of; or
- (d) result in the creation of any encumbrance upon any of the properties or assets of, any member of the Creso Group under any material contract or agreement or instrument relating to the rights and interests of a member of the Creso Group;
- 1.26 **change of control:** there are no contracts material to the Creso Group which contain any change of control provisions that will be triggered by implementation of the Transaction (except as disclosed in the Creso Disclosure Letter);
- 1.27 **consents:** there is no requirement to obtain any consent, approval or waiver of, or provide any notice to, a party under any agreement or other commitment to which any member of the Creso Group is a party in order to enter into this deed and complete the transactions contemplated by this deed and the Scheme and Option Scheme;
- 1.28 **employment:** Creso has Fairly Disclosed details of the period of service, remuneration package, applicable allowances, redundancy and/or termination entitlements and accrued leave (including long service leave, annual leave and personal leave) as at the date specified therein for each employee;
- 1.29 **holding of interest:** the Creso Disclosure Materials set out the details of any company, partnership, trust, joint venture, other enterprise or any other equity interest in which Creso or another member of the Creso Group owns or otherwise holds any interest;
- 1.30 **Swiss operations:**
- (a) none of the human health products manufactured and sold by the Creso Group in Switzerland are subject to Swiss pharmaceutical laws;
  - (b) all products manufactured by Dr. med. Aufdermaur AG (**Domaco**) and Frike Pharma AG (**Frike**) on behalf of the Creso Group are in compliance with Swiss and other applicable laws;
  - (c) all human health products and animal health products of the Creso Group are manufactured in compliance with applicable laws;
  - (d) Frike and Swiss Filling and Packaging AG hold valid certificates of good manufacturing practice certification;
  - (e) Creso Pharma Switzerland GmbH (**Creso Switzerland**) has not used any product components that are classified as novel food and are subject to a special authorisation by the Federal Food Safety and Veterinary Office (*Bundesamt für Lebensmittelsicherheit und Veterinärwesen BLV*);
  - (f) all human health products and animal health products of the Creso Group comply with all applicable safety requirements, including those already launched and sold;
  - (g) the Creso Group's anibidiol biscuits and anibidiol oil are compliant with Swiss law and that their marketing is permitted under Swiss law without a license and no other cannabidiol products were used for the manufacturing of the products without an Agroscope certification, and no additional license is required with respect to the use of cannabidiol;
  - (h) the Creso Group has not made any unpermitted use of health claims relating to its products;
  - (i) all animal health products of the Creso Group comply with product labelling requirements; and
  - (j) Creso Switzerland has performed and complied with all reporting obligations in accordance with Swiss law;

1.31 **Columbia operations:** the Creso Group does not conduct any business or operations in Colombia;

1.32 **Scheme Booklet not false or misleading:**

- (a) the Creso Information contained in the Scheme Booklet will be prepared and included in good faith and will comply in all material respect with the requirements of the Corporations Act, the Listing Rules and RG 60;
- (b) all information provided by or on behalf of Creso to the Independent Expert to enable the Independent Expert's Report to be included in the Scheme Booklet will be provided in good faith;
- (c) as at the date of dispatch of the Scheme Booklet, the Scheme Booklet (other than Red Light Information) will not contain any statement which is false or misleading (including because of a material omission); and
- (d) Creso will, as a continuing obligation (but in respect of the Red Light Information, only to the extent that Red Light provides Creso with updates to the Red Light Information), ensure that the Scheme Booklet is updated to include all further or new information which arises after the Scheme Booklet has been dispatched until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission) in any material respect;

1.33 **Anti-Corruption Laws:**

- (a) no member of the Creso Group, nor to the knowledge of Creso, any of their respective Affiliates or Representatives nor any third party with whom they are or have been in joint venture has taken, directly or indirectly or has been alleged to have taken any action which would cause any member of the Creso Group or its Affiliates to be in violation of the Anti-Corruption Laws;
- (b) the Creso Group has conducted its businesses in compliance with Anti-Corruption Laws and has implemented and adhered to policies and procedures designed to prevent conduct that would constitute a violation of the Anti-Corruption Laws and have maintained complete and accurate books and records, including records of payments to any agents, consultants, representatives, third parties and Government Officials;
- (c) during the five years prior to the Execution Date, no member of the Creso Group has received from any Regulatory Authority or any other person any notice, inquiry, or internal or external allegation, or made any voluntary or involuntary disclosure to a Regulatory Authority related to any actual or potential violation of applicable Anti-Corruption Laws;
- (d) no member of the Creso Group and none of their respective Representatives, is or has been the subject of any pending or threatened investigation, audit, suspension, inquiry or enforcement proceeding regarding any offence or alleged offence under any applicable Anti-Corruption Law, and so far as Creso is aware:
  - (i) no such investigation, inquiry or proceeding has been threatened or is pending; and
  - (ii) there are no circumstances reasonably likely to give rise to any such investigation, inquiry or proceeding.
- (e) no Government Official is associated with, or owns an interest, whether direct or indirect, in any member of the Creso Group, or has any legal or beneficial interest in the Transaction; and

1.34 **Real Property:** Creso or any of its subsidiaries, as applicable, is the registered and/or beneficial owner of the Real Property described in the Creso Disclosure Letter (the "Company Owned Real Property") and has good and marketable fee simple title to such Company Owned Real Property, free and clear of all Encumbrances. Other than the Company Owned Real Property, Creso and its subsidiaries do not own any other Real Property. Each Company Owned Real

Property is in material compliance with all applicable laws except where such non-compliance would not have a Creso Material Adverse Effect. Neither Creso nor any of its subsidiaries has received any written notice of any existing plan or study by any governmental authority or by any other person that challenges or otherwise adversely affects the continuation of the use or operation of any Company Owned Real Property. Neither Creso nor any of its subsidiaries have received any notice, and have no knowledge, of any intention of any governmental authority to expropriate all or any part of the Company Owned Real Property. The buildings used in connection with the Company Owned Real Property are situated wholly within the limits of the respective Real Property, and, to the knowledge of Cresco or any of its subsidiaries, there is no dispute as to the boundaries of the Company Owned Real Property and neither Cresco nor any of its subsidiaries has heard of any claim of easement affecting the Company Owned Real Property, except as the records of the land registry office disclose. To Cresco's or any of its subsidiary's knowledge, there is no private restrictive covenant or governmental use restriction (including zoning) on all or any portion of the Company Owned Real Property that prohibits or materially interferes with the current use of the Company Owned Real Property. Any and all leases of the Company Owned Real Property have been duly authorized, executed and delivered by the tenant(s) and are binding and in full force and effect, there is actual occupation under the lease(s), and, to the knowledge of Cresco or any of its subsidiaries, there is no default under the lease(s) (whether by the tenant or landlord) and there are no events which would have occurred that with the giving of notice of the passage of time, or both, would result in a default under a lease.



### Schedule 3 – Red Light Representation and Warranties

Red Light represents and warrants the following:

- 1.1 **status:** Red Light is validly existing under the laws of the Province of Ontario and each member of the Red Light Group is a corporation validly existing under the laws of its place of incorporation. Red Light and each member of the Red Light Group is duly qualified to carry on business and is in good standing in each jurisdiction in which the character of its properties and assets owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so registered or in good standing would not reasonably be expected to have a material adverse effect on Red Light or any member of the Red Light Group;
- 1.2 **share capital:**
  - (a) all of the issued and outstanding shares and other ownership interests in Red Light and each member of the Red Light Group have been duly authorised and validly issued, and are fully paid and non-assessable;
  - (b) all of the issued and outstanding shares of each Red Light Subsidiary are owned, directly or indirectly, by Red Light; and
  - (c) the issued and outstanding shares of each Subsidiary in the Red Light Group are owned free and clear of all Encumbrances and Red Light is not liable to any creditor in respect thereof;
- 1.3 **subsidiaries:** Red Light has no Subsidiaries other than those listed in Schedule 9. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such shares of capital stock or other ownership interests in any of Red Light's Subsidiaries. All of the outstanding shares of capital stock and other ownership interests in Red Light's Subsidiaries are validly issued and are not subject to, nor were they issued in violation of, any pre-emptive rights;
- 1.4 **corporate power:** Red Light has full legal capacity to enter into this deed and carry out the transactions contemplated by this deed and the Scheme and Option Scheme and perform its obligations hereunder and thereunder;
- 1.5 **corporate authorisations:** Red Light has taken all necessary corporate action to authorise the entry into this deed and, subject to Red Light Shareholder approval of the Transaction, has full authority to carry out the transactions contemplated by this deed, and other than the approval of the Red Light Shareholders of the resolution to approve the issuance of the Red Light Shares in connection with the Transaction at the Red Light Meeting, no other corporate proceedings on the part of Red Light (other than as contemplated by this deed) are necessary to authorise the execution and delivery of this deed and the performance by Red Light of its obligations under this deed;
- 1.6 **binding obligations:** this deed has been duly executed and delivered by Red Light and constitutes legal, valid and binding obligations of Red Light, enforceable against it, in accordance with its terms;
- 1.7 **no contravention:** this deed does not and the consummation of the Scheme and the Option Scheme will not:
  - (a) contravene, violate, conflict with or result in a breach of any provision of:
    - (i) any rule, law or regulation to which Red Light or any of its Subsidiaries' property is subject to;
    - (ii) any material term or provision of any material contract to which Red Light or any of its Subsidiaries is a party to; or
    - (iii) Red Light or any of its Subsidiaries' constituent documents;

- (b) constitute a default or result in a right of termination or acceleration under, or result in the creation of any encumbrance upon any of the properties or assets of Red Light or any of its Subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available; or
- (c) cause the suspension or revocation of any authorisation, consent, approval or license currently in effect which would have a material adverse effect on Red Light;

1.8 **Issued securities:** the issued Red Light securities and rights to be issued Red Light securities as of the Execution Date is as follows:

- (a) 332,888,764 Red Light Shares;
- (b) 12,266,668 Red Light options;
- (c) 73,654,994 Red Light warrants; and
- (d) 4,584,967 Red Light broker warrants,

and the issued capital of each of Red Light's Subsidiaries is stated in Schedule 9;

1.9 **no obligation to issue securities:** other than as disclosed in public filings of Red Light on CSE on SEDAR before the Execution Date or otherwise Fairly Disclosed to Creso before the Execution Date, neither Red Light or any member of the Red Light Group has issued, or agreed to issue, or is required to issue any other securities or instrument which are still in force and may convert into Red Light Shares, shares in a member of the Red Light Group or any other securities in Red Light or a member of the Red Light Group;

1.10 **no additional rights:** the Red Light Shares are free of pre-emptive rights;

1.11 **solvency:** no member of the Red Light Group is affected by an Insolvency Event;

1.12 **no Red Light Prescribed Occurrence:** no Red Light Prescribed Occurrence has occurred;

1.13 **security interests and indebtedness:** other than as disclosed in the Red Light Disclosure Letter, there is no Encumbrances over all or any member of the Red Light Group's present or future assets or revenues and the Red Light Group has no material indebtedness;

1.14 **regulatory action:** no member of the Red Light Group has received notice of any regulatory action of any nature taken, or to be taken, in relation to any member of the Red Light Group which would prevent, inhibit or otherwise have a material adverse effect on Red Light's ability to fulfil its obligations under this deed and the Scheme or Option Scheme;

1.15 **litigation:** there are no material investigations, actions, suits, arbitrations, legal or administrative proceedings pending or, to the knowledge of Red Light, threatened against Red Light or any member of the Red Light Group;

1.16 **regulatory approvals:** except as expressly specified in this deed, no Authorisation, order, or filing with, any Regulatory Authority is required on the part of any member of the Red Light Group in connection with the execution, delivery and performance of this deed, the transactions contemplated by the Scheme and Option Scheme or any other documents and agreements to be delivered under this deed;

1.17 **Red Light Authorisations:** the Red Light Group has all Authorisations from applicable Regulatory Authorities required for the Red Light Group to conduct its business and operations and perform its obligations under this deed and the transactions contemplated by the Scheme and Option Scheme and the Red Light Group is not aware of any violations of or non-compliance with applicable laws or Authorisations and the Red Light Group will continue to comply with all applicable conditions of the Authorisations;

1.18 **breach of law:** there is no material breach by Red Light Group of any Canadian or foreign law or regulation applicable to them or order of any Canadian or foreign Regulatory Authority

having jurisdiction over them that has or could reasonably expected to have a materially adverse effect on:

- (a) the conduct of the business of the Red Light Group;
- (b) the value of the Red Light Group; or
- (c) the reputation of the Red Light Group, including any implication in relation to its good standing with any Regulatory Authority having jurisdiction over the conduct of business of the Red Light Group;

or which would prevent or materially delay consummation of the transactions contemplated by this deed or the Scheme and the Option Scheme;

**1.19 tax matters:** Red Light and each member of the Red Light Group has duly and timely:

- (a) prepared and filed all tax returns required to be filed by it with the appropriate Regulatory Authority and, to its knowledge, such tax returns are complete and correct in all material respects;
- (b) duly and timely paid all taxes due;
- (c) withheld all taxes and other amounts required by law to be withheld by it and has duly and timely remitted to the appropriate Regulatory Authority such taxes and other amounts required by law to be remitted by it;
- (d) collected all amounts on account of sales or transfer taxes, including goods and services, harmonised sales and provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate Regulatory Authority any such amounts required by law to be remitted by it;
- (e) the charges, accruals and reserves for taxes reflected in the Red Light financial statements (whether or not due and whether or not shown on any tax return but excluding any provision for deferred income taxes) are, in the opinion of Red Light, adequate under applicable accounting principles to cover taxes with respect to Red Light and its Subsidiaries for the periods covered thereby;
- (f) for all transactions between Red Light and any member of the Red Light Group and any person not resident in Canada for purposes of the Tax Act with whom the Red Light and any member of the Red Light Group was not dealing at arm's length, Red Light and each member of the Red Light Group has made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act. There are no transactions to which subsection 247(2) or (3) of the Tax Act may reasonably be expected to apply to Red Light or any member of the Red Light Group;
- (g) Red Light and each member of the Red Light Group has duly and timely withheld or collected the proper amount of Taxes that are required by law to be withheld or collected (including Taxes and other amounts required to be withheld by it in respect of any person, including any employee, officer or director and any person not resident in Canada for purposes of the Tax Act) and has duly and timely remitted to the appropriate Regulatory Authority such Taxes and other amounts required to be remitted, except in each case where the failure to withhold, collect or remit would not be reasonably expected to have a material adverse effect on Red Light;
- (h) there are no transactions or events that have resulted, and no circumstances existing which could result, in the application to Red Light or any member of the Red Light Group of sections 80, 80.01, 80.02, 80.03, 80.04 of the Tax Act or any equivalent provision of the Tax law of any province or territory;
- (i) Red Light and each member the Red Light Group has not incurred any deductible outlay or expense owing to a person not dealing at arm's length (for purposes of the Tax Act) with Red Light or any member the Red Light Group the amount of which would, in the absence of an agreement filed under paragraph 78(1)(b) of the Tax Act, be included in the income of Red Light and any member the Red Light Group for

Canadian income tax purposes for any taxation year beginning on or after the date of the completion of the transactions contemplated in this deed under paragraph 78(1)(a) of the Tax Act or any equivalent provision of the Tax law of any province or territory; and

- (j) Red Light and each member the Red Light Group has not acquired property from a person not dealing at arm's length (for purposes of the Tax Act) with it in circumstances that would result in Red Light or any member of the Red Light Group becoming liable to pay Taxes of such person under subsection 160(1) of the Tax Act or any equivalent provision of the Tax law of any province or territory.

**1.20 reporting status and compliance:**

- (a) Red Light is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia;
- (b) the Red Light Shares are listed and posted for trading on the CSE and are not listed or traded on any other stock exchange;
- (c) Red Light is not on the list of reporting issuers in default under applicable securities laws and no securities commission or similar Regulatory Authority has issued any order preventing or suspending trading of any securities of Red Light;
- (d) Red Light is in compliance in all material respects with applicable laws, listing and corporate governance rules and regulations of the CSE;
- (e) no delisting, suspension of trading or cease trade order with respect to any securities of Red Light is pending or, to the knowledge of Red Light, threatened; and
- (f) there are no outstanding or unresolved comments in comment letters from any securities commission or similar regulatory authority with respect to Red Light's public disclosure on SEDAR and, to the knowledge of Red Light, neither Red Light nor any of its disclosure record on SEDAR is subject of an ongoing audit, review, comment or investigation by any securities commission or similar Regulatory Authority or the CSE.

**1.21 no order:** Red Light is not subject to any order of CSE or any Regulatory Authority and, to the knowledge of Red Light, no investigation or other proceedings involving Red Light, that may operate or prevent or restrict trading of any securities of Red Light, are currently in progress or pending before CSE or any Regulatory Authority;

**1.22 disclosure:**

- (a) Red Light has complied in all material respects with its disclosure obligations under the CSE Listing Rules and is not relying on any exclusion to withhold any information from disclosure (other than the fact of this deed, and the negotiations preceding it);
- (b) the Red Light Disclosure Materials have been collated and in good faith and, so far as the Red Light Board and the senior management of Red Light are aware after due and diligent enquiry:
  - (i) the Red Light Disclosure Materials are true, complete and accurate;
  - (ii) Red Light has not omitted anything from such information that makes any part of that information materially false or misleading; and
  - (iii) Red Light has not included anything materially false or misleading in such information;
- (c) the information and statements contained in this deed are true and correct in all material respects and together with the public announcements of Red Light, constitute full, true and plain disclosure of all material facts relating to Red Light and the Red Light Group on a consolidated basis, contain no misrepresentations and do not omit a material fact which is necessary to make the information and statements contained not misleading in light of the circumstances in which they were made; and

- (d) as far as Red Light is aware, it has disclosed all material information relating to the Red Light Group or its respective businesses or operations as at the Execution Date, which could reasonably be expected to be material for a reasonable and sophisticated buyer to make an informed assessment of:
- (i) Red Light's material agreements and their respective change of control or termination provisions which would be enlivened by implementation of the Transaction; and
  - (ii) material disputes between Red Light and a third party (including a Regulatory Authority);
- (e) Red Light has made all material filings required by all applicable Regulatory Authorities and all such filings were, as of their respective dates, in compliance in all material respects with all applicable laws and, in respect of documents required to be filed under applicable securities laws, at the time filed did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- 1.23 **financial statements:** Red Light's financial statements as filed on SEDAR have been prepared in accordance with the Accounting Standards on a basis consistent with past practice financial statements and, so far as Red Light is aware, there has not been any event, change, effect or development which would require Red Light to restate its financial statements as filed on SEDAR;
- 1.24 **no material adverse change:** since the date of the latest financial statements of Red Light filed on SEDAR: (i) the Red Light Group has conducted its business only in the ordinary and normal course, (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to any members of the Red Light Group has been incurred other than in the ordinary course of business, and (iii) there has not been any material adverse change in respect of any members of the Red Light Group;
- 1.25 **no breach:** as at the Execution Date (subject to satisfaction or waiver of the Conditions Precedent) the implementation of the Transaction as contemplated by this deed does not and will not:
- (a) constitute a breach of or default under, or constitute an event that with notice or lapse of time, or both, would constitute a breach of or default by;
  - (b) in any material respect, accelerate or permit the acceleration of the performance required by;
  - (c) give rise to any material obligation or material liability on the part of, or any third party rights (including any right of termination, purchase or pre-emption) that are adverse to the interests of, or
  - (d) result in the creation of any encumbrance upon any of the properties or assets of, any member of the Red Light Group under any material contract or agreement or instrument relating to the rights and interests of a member of the Red Light Group;
- 1.26 **change of control:** there are no contracts material to the Red Light Group which contain any change of control provisions that will be triggered by implementation of the Transaction (except as disclosed in the Red Light Disclosure Letter);
- 1.27 **consents:** there is no requirement to obtain any consent, approval or waiver of, or provide any notice to, a party under any agreement or other commitment to which any member of the Red Light Group is a party in order to enter into this deed and the Scheme and Option Scheme;
- 1.28 **employment:** Red Light has Fairly Disclosed details of the period of service, remuneration package, applicable allowances, redundancy and/or termination entitlements and accrued

leave (including long service leave, annual leave, personal leave and unpaid vacation) as at the date specified therein for each employee;

- 1.29 **holding of interest:** the Red Light Disclosure Materials set out the details of any company, partnership, trust, joint venture, other enterprise or any other equity interest in which Red Light or another member of the Red Light Group owns or otherwise holds any interest;
- 1.30 **Scheme Booklet not false or misleading:** as at the date of dispatch of the Scheme Booklet, the Red Light Information contained in the Scheme Booklet will not contain any statement which is false or misleading (including because of a material omission);
- 1.31 **provision of information to Independent Expert:** all information provided by Red Light to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- 1.32 **new information:** Red Light will, as a continuing obligation, provide to Creso all further or new information which arises after the Scheme Booklet has been despatched to Creso Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Red Light Information is not misleading or deceptive (including by way of omission);
- 1.33 **Anti-Corruption Laws:**
- (a) no member of the Red Light Group, nor to the knowledge of Red Light, any of their respective Affiliates or Representatives nor any third party with whom they are or have been in joint venture has taken, directly or indirectly or has been alleged to have taken any action which would cause any member of the Red Light Group or its Affiliates to be in violation of the Anti-Corruption Laws;
  - (b) the Red Light Group has conducted its businesses in compliance with Anti-Corruption Laws and has implemented and adhered to policies and procedures designed to prevent conduct that would constitute a violation of the Anti-Corruption Laws and have maintained complete and accurate books and records, including records of payments to any agents, consultants, representatives, third parties and Government Officials;
  - (c) during the five years prior to the Execution Date, no member of the Red Light Group has received from any Regulatory Authority or any other person any notice, inquiry, or internal or external allegation, or made any voluntary or involuntary disclosure to a Regulatory Authority related to any actual or potential violation of applicable Anti-Corruption Laws;
  - (d) no member of the Red Light Group and none of their respective Representatives, is or has been the subject of any pending or threatened investigation, audit, suspension, inquiry or enforcement proceeding regarding any offence or alleged offence under any applicable Anti-Corruption Law, and so far as Red Light is aware:
    - (i) no such investigation, inquiry or proceeding has been threatened or is pending; and
    - (ii) there are no circumstances reasonably likely to give rise to any such investigation, inquiry or proceeding.
  - (e) no Government Official is associated with, or owns an interest, whether direct or indirect, in any member of the Red Light Group, or has any legal or beneficial interest in the Transaction; and
- 1.34 **Health Canada Approval:** no member of the Red Light Group and none of their respective Representatives are aware of any reason why the Security Clearances required to be granted by Health Canada will not be granted to any of the Security Clearance Eligible Individuals that are required to hold a Security Clearance following the Transaction.

**Schedule 4 - Scheme of Arrangement**

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## Scheme of Arrangement



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between **Creso Pharma Limited** ACN 609 406 911 of Suite 5 CPC, 145 Stirling Highway, Nedlands, Western Australia, 6009 (**Creso**)

and **The registered holders of Creso Shares in the Creso Share Register as at the Record Date other than an Excluded Shareholder.**

## 1 Defined terms & interpretation

---

### 1.1 Defined terms

In this Scheme, except where the context otherwise requires:

**Affiliate** means, in relation to any specified person (other than a natural person), any other person (which shall include a natural person) directly or indirectly Controlling or Controlled by such specified person or under direct or indirect common control with such specified person.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Rules** means ASX Settlement Operating Rules of ASX Settlement.

**Business Day** means a business day as defined in the Listing Rules and, to the extent any action must be taken in relation to CSE, a day on which CSE is operating but excludes a day that is not a Saturday, Sunday, bank holiday or public holiday in Perth, Western Australia or Toronto, Canada.

**CHES** means the clearing house electronic sub-register system of share transfers operated by ASX Settlement.

**Conditions Precedent** means the conditions precedent in clause 3.1 of the Scheme Implementation Deed.

**Control** has the meaning given to that term in section 50AA of the Corporations Act and **Controlling** and **Controlled** have a corresponding meaning.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of Western Australia.

**Creso Share** means a fully paid ordinary share in the capital of Creso.

**Creso Share Register** means the register of Creso Shareholders maintained by or on behalf of Creso in accordance with the Corporations Act.

**Creso Shareholder** means a person who is registered in the Creso Share Register as the holder of one or more Creso Shares, from time to time.

**CSE** means the Canadian Securities Exchange.

**Deed Poll** means the deed poll executed by Red Light substantially in the form of Schedule 5 to the Scheme Implementation Deed, or in such other form as agreed in writing between Creso and Red Light.

**Effect** means, when used in relation to the Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme and **Effective** has a corresponding meaning.

**Effective Date** means the date on which the Scheme becomes Effective;

**Encumbrance** means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by law or contract.

**End Date** means the date 7 months after the Execution Date, or such later date as agreed to in writing between Red Light and Creso.

**Exchange Ratio** means:

- (a) 0.395 of a Red Light Share per Creso Share; or
- (b) if Creso has not completed its acquisition of Halucenex Life Sciences Inc, such that it is a Subsidiary of Creso, or the Dealer's Licence (as defined in the Scheme Implementation Deed), (which, subject to compliance with other relevant laws and obtaining all other relevant exemptions and approvals, would allow Halucenex to possess as well as conduct laboratory analysis of, research and development with and clinical studies with the Psychedelics) is not granted to Halucenex before the Effective Date, ER2 of a Red Light Share per Creso Share where ER2 is determined in accordance with the following formula:

$$ER2 = ER1 - R$$

where:

- $ER1 = ER * \frac{ER * CS2}{ER * CS1}$
- ER = 0.395 of a Red Light Share per Creso Share.
- CS1 = the number of Creso Shares on issue at the Record Date.
- CS2 = CS1 – 46,802,872.
- $R = ER1 - \frac{ER1 * CS1 * TRIP - ,000,000}{CS1 * TRIP}$
- TRIP = The Red Light Share price on the Record Date.

**Excluded Shareholder** means Red Light and its Affiliates.

**Excluded Shares** means any Creso Shares held by an Excluded Shareholder.

**Execution Date** means 16 June 2021.

**First Court Date** means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Scheme Meeting.

**Implementation Date** means the fifth Business Day after the Record Date, or such other date agreed to in writing by Red Light and Creso.

**Independent Expert** means a person to be appointed by Creso as an independent expert to prepare the Independent Expert's Report.

**Independent Expert's Report** means the independent expert's report prepared by the Independent Expert for inclusion in the Scheme Booklet, which states the Independent Expert's opinion in relation to whether the Scheme is in the best interest of Creso Shareholders, including any updates or amendments to this report made by the Independent Expert.

**Ineligible Foreign Holder** means any Scheme Participant whose address shown on the Creso Share Register as at the Record Date is a place outside Australia, New Zealand, Canada, Switzerland and such other jurisdictions as agreed in writing between Creso and Red

Light, unless, no less than three Business Days prior to the Scheme Meeting, Creso and Red Light agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Creso Shareholder with the Scheme Consideration when the Scheme becomes Effective.

**Listing Rules** means the official listing rules of the ASX.

**Record Date** means 7:00pm (AEDT) on the second Business Day following the Effective Date, or such other date (after the Effective Date) as Creso and Red Light may agree in writing.

**Red Light** means Red Light Holland Corp. (Company number 5032904).

**Red Light Nominee** has the meaning given in clause 2.3.

**Red Light Share** means a common share in the capital of Red Light.

**Red Light Share Register** means the register of Red Light shareholders maintained by or on behalf of Red Light in accordance with the Canadian laws.

**Representative** means:

- (a) in relation to Creso, any director, officer or employee of any member of Creso and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Creso in relation to the Transaction; and
- (b) in relation to Red Light, any director, officer or employee of any member of Red Light and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Red Light in relation to the Transaction.

**Sale Agent** means a person appointed by Red Light to sell the Red Light Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders under the terms of the Scheme.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Creso and the Creso Shareholders as set out in this document, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Red Light and Creso.

**Scheme Booklet** means the information booklet to be despatched to all Creso Shareholders and approved by the Court in connection with the Scheme, including the Scheme, the explanatory statement in respect of the Scheme, the Independent Expert's Report and the notice of meeting.

**Scheme Consideration** means such number of Red Light Shares as determined by applying the Exchange Ratio to the number of Scheme Shares held by a Scheme Participant at 5:00pm on the Record Date.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated on or about 16 June 2021 between Red Light and Creso, as amended or varied from time to time.

**Scheme Meeting** means the meeting of Creso Shareholders convened by the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

**Scheme Order** means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable and subject to clause 8.10, section 411(6) of the Corporations Act) in relation to the Scheme.

**Scheme Participant** means each person who is a Creso Shareholder on the Record Date (other than Excluded Shareholders).

**Scheme Shares** means all of the Creso Shares on issue on the Record Date other than Excluded Shares.

**Scheme Transfer** means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer for all Scheme Shares.

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Second Court Hearing** means the hearing at which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason adjourned hearing.

**Subsidiary** has the meaning given to that term in section 9 of the Corporations Act.

**Trading Day** means a trading day as defined in the Listing Rules.

**Transaction** has the meaning given to that term in the Scheme Implementation Deed.

**U.S. Securities Act** means the *United States Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder.

## 1.2 Interpretation

In this Scheme:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this document, and a reference to this agreement includes any schedule;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to time is to Perth, Western Australia time, unless otherwise noted;
- (f) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (j) a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (l) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

## **2 Preliminary**

---

### **2.1 Creso**

Creso is a public company incorporated in Australia and registered in Western Australia and is a company limited by shares. Creso is admitted to the official list of ASX and its shares are officially quoted on the securities market conducted by ASX. Its registered office is at Suite 5, 145 Stirling Highway, Nedlands WA 6009.

### **2.2 Red Light**

Red Light is a public company existing under the laws of the Province of Ontario and is a limited liability corporation under Canadian law. The Red Light Shares are listed and posted for trading on the CSE. Its registered office is at 1 Adelaide Street East, Suite 801, Toronto, Ontario.

### **2.3 Red Light Nominee**

Red Light may nominate any wholly-owned Subsidiary of Red Light (**Red Light Nominee**) to acquire the Scheme Shares under the Scheme by giving written notice to Creso on or before the date that is 10 Business Days before the First Court Date.

### **2.4 If Red Light nominates a Red Light Nominee to acquire the Scheme Shares under the Scheme, then:**

- (a) references in this Scheme to Red Light acquiring the Scheme Shares are to be read as references to the Red Light Nominee doing so;
- (b) other references in this Scheme to Red Light are to be read as references to Red Light or the Red Light Nominee;
- (c) the parties must procure that the Scheme Shares transferred under the Scheme are transferred to the Red Light Nominee, rather than Red Light;
- (d) Red Light must procure that the Red Light Nominee complies with the relevant obligations of Red Light under this Scheme; and
- (e) any such nomination will not relieve Red Light of its obligations under this Scheme, the Scheme Implementation Deed and the Deed Poll, including the obligation to issue the Scheme Consideration in accordance with the terms of the Scheme.

### **2.5 Agreement to implement this Scheme**

Each of Creso and Red Light have agreed, by executing the Scheme Implementation Deed, to implement the terms of this Scheme and the steps contemplated to follow the implementation of this Scheme, to the extent those steps are required to be done by each of them.

### **2.6 Deed Poll**

- (a) This Scheme attributes actions to Red Light but does not itself impose an obligation on Red Light to perform those actions. Red Light has undertaken in favour of each Scheme Participant, by executing the Deed Poll, that it will fulfil its obligations under the Scheme Implementation Deed and do all acts and things necessary or desirable on its part to give full effect to this Scheme, including to issue to each Scheme

Participant the Scheme Consideration for each Scheme Share held by the Scheme Participant.

- (b) Creso undertakes in favour of each Scheme Participant to enforce the Deed Poll against Red Light on behalf of and as agent and attorney for the Scheme Participants.

## 2.7 Summary of Scheme

If this Scheme becomes Effective:

- (a) all of the Scheme Shares (together with all rights and entitlements attaching to the Scheme Shares) will be transferred to Red Light and Creso will become a subsidiary of Red Light on the Implementation Date;
- (b) in consideration of the transfer to Red Light of each Scheme Share held by a Scheme Participant, Red Light will, on the Implementation Date, provide to each Scheme Participant the Scheme Consideration in accordance with the terms of the Scheme Implementation Deed, this Scheme and the Deed Poll;
- (c) Creso will enter the name of Red Light in the Creso Share Register as the holder of all the Scheme Shares;
- (d) it will bind Creso and all Scheme Participants, including those who do not attend the Scheme Meeting, those who do not vote at that meeting and those who vote against this Scheme at that meeting; and
- (e) it will override the constitution of Creso, to the extent of any inconsistency.

## 3 Conditions precedent

---

### 3.1 Conditions precedent

This Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions:

- (a) all of the Conditions Precedent being satisfied or waived (other than the conditions in clauses 3.1(c) (**Court Approval of Scheme**), and 3.1(l) (**Court Approval of Option Scheme**) of the Scheme Implementation Deed) in accordance with the Scheme Implementation Deed by the times set out in the Scheme Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Scheme Implementation Deed not having been terminated in accordance with its terms;
- (c) as at 8:00am on the Second Court Date, the Deed Poll not having been terminated in accordance with its terms;
- (d) approval of the Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act and if applicable, Creso and Red Light having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (e) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Creso and Red Light as having been satisfied or waived; and
- (f) the Scheme Order comes into effect pursuant to section 411(10) of the Corporations Act.

### 3.2 Effect of conditions precedent

The satisfaction of each condition in clauses 3.1(a) to 3.1(f) (inclusive) of this Scheme is a condition precedent to the operation of this Scheme.



### 3.3 Certificates

- (a) At the Second Court Hearing for the Scheme:
- (i) Creso and Red Light will provide a joint certificate to the Court confirming whether or not the Conditions Precedent in clauses 3.1(a) (Regulatory Approvals), 3.1(e) (Restraining Orders) and 3.1(v) (Health Canada Approval) of the Scheme Implementation Deed have been satisfied or waived as at 8:00am on the Second Court Date;
  - (ii) Creso will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1(b) (Creso Shareholder Approval), 3.1(f) (Independent Expert Report), 3.1(g) (No Creso Investigations), 3.1(h) (No Creso Material Adverse Event), 3.1(i) (No Creso Prescribed Occurrence), 3.1(j) (Creso Representations and Warranties), 3.1(k) (Creso Listed Optionholder Approval), 3.1(n) (Creso Board Recommendation) and 3.1(o) (Creso Convertible Securities) have been satisfied or waived as at 8:00am on the Second Court Date; and
  - (iii) Red Light will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clauses 3.1(p) (No Red Light Investigations), 3.1(q) (No Red Light Material Adverse Event), 3.1(r) (No Red Light Prescribed Occurrence), 3.1(s) (Red Light Representations and Warranties), 3.1(t) (Red Light Shareholder Approval) and 3.1(u) (Red Light Board Recommendation) have been satisfied or waived as at 8:00am on the Second Court Date.
- (b) The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether such Conditions Precedent have been satisfied or waived as at 8:00am on the Second Court Date.

## 4 The Scheme

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### 4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

### 4.2 End Date

Without limiting any rights under the Scheme Implementation Deed, this Scheme will lapse and be of no further force or effect (and each of Creso and Red Light are released from any obligations and any liability in connection with this Scheme or the Deed Poll) if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Deed or Deed Poll is terminated in accordance with its terms,

unless Creso or Red Light otherwise agree in writing (and, if required, as approved by the Court).

## 5 Implementation of the Scheme

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### 5.1 Lodgement of Scheme Order with ASIC

Creso will lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Scheme Order by no later than 5:00pm on the first Business Day after the date on which the Court makes that Scheme Order.

## 5.2 Transfer of Scheme Shares

Subject to the Scheme becoming Effective, on the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in accordance with clause 6, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares at the Implementation Date, will be transferred to Red Light, without the need for any further act by any Scheme Participant (other than acts performed by Creso as agent and attorney of the Scheme Participants under clauses 8.1 and 8.2 or otherwise), by:
  - (i) Creso delivering to Red Light a duly completed Scheme Transfer, executed on behalf of the Scheme Participants by Creso; and
  - (ii) Red Light executing that Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Creso for registration; and
- (b) immediately after receipt of the Scheme Transfer in accordance with clause 5.2(a)(ii), but subject to the stamping of the Scheme Transfer (if required), Creso must enter, or procure the entry of, the name of Red Light in the Creso Share Register in respect of the Scheme Shares transferred to Red Light in accordance with the Scheme.

## 5.3 Timing

Notwithstanding any other provision of this Scheme, while Red Light Shares forming the Scheme Consideration must be issued (and the Red Light Share Register updated to record their issuance) on the Implementation Date, any requirements under clause 6 for the sending of holding statements or allotment advices (or equivalent) may be satisfied as soon as practicable after the Implementation Date.

## 5.4 Entitlement to Scheme Consideration

Subject to this Scheme becoming Effective, in consideration of the transfer of the Scheme Shares to Red Light, and subject to the other terms and conditions of this Scheme, on the Implementation Date:

- (a) each Scheme Participant (who is not an Ineligible Foreign Holder) will be issued the Scheme Consideration in respect of the Scheme Shares held by them on the Record Date in accordance with clause 6 of this Scheme; and
- (b) the Sale Agent will be issued the Scheme Consideration in respect of the Scheme Shares held by all Ineligible Foreign Holders on the Record Date in accordance with clause 6 of this Scheme.

# 6 Scheme Consideration

## 6.1 Scheme Consideration

On the Implementation Date, Red Light must issue the Scheme Consideration to:

- (a) the Scheme Participants (other than Ineligible Foreign Holders) in accordance with clause 6.3(c) of this Scheme; and
- (b) the Sale Agent in respect of all Ineligible Foreign Holders on the Record Date to be dealt with in accordance with clause 6.8(b) of this Scheme.

## 6.2 Rounding Entitlements

Where the calculation of the number of Red Light Shares to be issued to a particular Scheme Participant (or to the Sale Agent in the case of an Ineligible Foreign Holder) as Scheme Consideration would result in the issue of a fraction of a Red Light Share, the fractional entitlement will be rounded down to the nearest whole number of Red Light Shares.

### 6.3 Issue of Scheme Consideration

- (a) Not later than one Business Day after the Record Date, Creso will give to Red Light a notice specifying the persons to whom Red Light Shares are to be issued pursuant to clause 5.4 and the number of Red Light Shares to which they are entitled.
- (b) On the Implementation Date, subject to receipt of the Scheme Consideration from Red Light, Creso must procure the issuance to each Scheme Participant of the Scheme Consideration for each Scheme Share transferred to Red Light on the Implementation Date by that Scheme Participant.
- (c) The obligation of Red Light to issue the Scheme Consideration in the form of Red Light Shares under this Scheme will be satisfied by Red Light procuring that:
  - (i) the name and address of each Scheme Participant, who is not an Ineligible Foreign Holder, is entered into the Red Light Share Register on the Implementation Date in respect of the Red Light Shares to which such Scheme Participant is entitled; and
  - (ii) a holding statement is sent to the registered address of each Scheme Participant, who is not an Ineligible Foreign Holder, representing the number of Red Light Shares issued to such Scheme Participant.
- (d) Red Light covenants in favour of Creso (in its own right and separately as trustee and nominee for each of the Scheme Participants) that:
  - (i) the Red Light Shares to be issued under the Scheme and Deed Poll will be duly and validly authorised and will, on and from their issue, rank equally in all respects with all existing and outstanding Red Light Shares;
  - (ii) the Red Light Shares issued as Scheme Consideration:
    - (A) will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Red Light Shares on and after the Implementation Date;
    - (B) will not be subject to any statutory hold or restricted period under the securities legislation of any province or territory of Canada and, subject to restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities*, will be freely tradable within Canada by the holders thereof; and
    - (C) will be exempt from the registration requirements of the U.S. Securities Act; provided that:
      - (I) the order to be issued by the Court at the Second Court Hearing will expressly state that the Scheme serves as a basis of a claim to the exemption under Section 3(a)(10) of the U.S. Securities Act from the registration requirements otherwise imposed by the U.S. Securities Act regarding the issuance of the Red Light Shares pursuant to the Scheme and is approved by the Court as being substantively and procedurally fair to the Creso Shareholders; and
      - (II) the order to be issued by the Court at the Second Court Hearing shall include a statement to substantially the following effect: "This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the U.S. Securities Act, as amended, from the registration requirements otherwise imposed by that act, regarding the issue and exchange of securities of Red Light pursuant to the Scheme".
  - (iii) on issue, each such Red Light Share will be validly issued, fully paid and free from any Encumbrance or other third-party rights and non-assessable; and

- (iv) it will use its best endeavours to ensure that the Red Light Shares issued as Scheme Consideration will be listed and posted for trading on the CSE with effect from the Business Day after the Implementation Date (or such later date as CSE may require).

#### 6.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) the Red Light Shares to be issued under this Scheme will be issued to and registered in the names of the joint holders;
- (b) any other document required to be sent under this Scheme will be forwarded to the registered address of the holder whose name appears first in the Creso Share Register; and
- (c) in respect of any Ineligible Foreign Holder, any cheque required to be paid to Scheme Participants will be payable to the joint holders and will be forwarded to the registered address of the holder whose name appears first in the Creso Share Register on the Record Date.

#### 6.5 Scheme Participants' agreement

If the Scheme becomes Effective:

- (a) each Scheme Participant (other than an Ineligible Foreign Holder) will be deemed to have agreed to become a shareholder of Red Light and to have accepted the Red Light Shares issued to that holder under this Scheme subject to, and to be bound by, the constituting documents and by-laws of Red Light;
- (b) each Scheme Participant that is an Ineligible Foreign Holder agrees and acknowledges that the payment to it of an amount in accordance with clause 6.8(c) constitutes the satisfaction in full of its entitlement under this Scheme; and
- (c) each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

#### 6.6 Warranty by Scheme Participants

Each Scheme Participant warrants to Red Light and is deemed to have authorised Creso to warrant to Red Light as agent and attorney for the Scheme Participant by virtue of this clause 6.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Red Light under the Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Red Light under the Scheme.

#### 6.7 Binding instruction or notifications

Except for a Scheme Participant's tax file number, any binding instruction or notification between a Scheme Participant and Creso relating to Scheme Shares on the Record Date (including any instructions relating to payment of dividends or to communications from Creso) will, from the Record Date, be deemed (except to the extent determined otherwise by Red Light in its sole discretion) to be a similarly binding instruction or notification to, and accepted by Red Light, in respect of the Red Light Shares issued to the Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Red Light, provided that any such instructions or notifications accepted by Red Light will apply to and in respect of the Red Light Shares issued as Scheme Consideration only to the extent that they are:

- (a) not inconsistent with the other provisions of this Scheme; or
- (b) recognised under Australian law or Red Light's constituent documents.

## 6.8 Ineligible Foreign Holders

- (a) Red Light has no obligation under this Scheme to issue any Scheme Consideration to an Ineligible Foreign Holder under the Scheme.
- (b) The Red Light Shares that would, but for this clause 6.8, have been issued to an Ineligible Foreign Holder as Scheme Consideration, must be issued by Red Light to the Sale Agent and Red Light must procure that:
  - (i) the name and registered address of the Sale Agent is entered into the Red Light Share Register on the Implementation Date in respect of the Red Light Shares required to be issued to it under clause 5.4(b); and
  - (ii) a holding statement is sent to the registered address of the Sale Agent, representing the number of Red Light Shares issued to it.
- (c) Red Light must procure that the Sale Agent:
  - (i) as soon as reasonably practicable and, in any event, not more than 15 Business Days after the Implementation Date, sells all the Red Light Shares issued to the Sale Agent pursuant to clause 6.8(b) in such manner, or such financial market, at such price and on such other terms as the Sale Agent determines in good faith for the benefit of the Ineligible Foreign Holders; and
  - (ii) promptly after receiving the proceeds in respect of the sale of all of the Red Light Shares referred to in clause 6.8(c)(i):
    - (A) accounts to the Ineligible Foreign Holders for the net proceeds of sale (on an averaged basis so that all Ineligible Foreign Holders receive the same price per Red Light Share, subject to rounding to the nearest whole cent) in Australian dollars (after deduction of any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges) at the Ineligible Foreign Holders' risk in full satisfaction of the Ineligible Foreign Holders' rights under this Scheme; and
    - (B) remits the net proceeds of sale to the Ineligible Foreign Holders by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian dollars drawn in the name of the Ineligible Foreign Holders (or in the case of joint holders, in accordance with clause 6.4) by ordinary pre-paid post to the address of that Ineligible Foreign Holder appearing in the Creso Share Register on the Record Date.
- (d) In the event that the Sale Agent believes, after consultation with Creso, that an Ineligible Foreign Holder is not known at its address appearing in the Creso Share Register on the Record Date, the Sale Agent may credit the amount payable to that Ineligible Foreign Holder to a separate bank account of Red Light to be held until the Ineligible Foreign Holder claims the amount or the interest is dealt with in accordance with unclaimed money legislation, and Red Light must hold the amount in trust but any amount accruing from the amount will be to the benefit of Red Light. An amount credited to the account is to be treated as having been paid to the Ineligible Foreign Holder. Red Light must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (e) Payment by the Sale Agent to an Ineligible Foreign Holder in accordance with clauses 6.8(a) to 6.8(d) satisfies in full the Ineligible Foreign Holder's right to the Scheme Consideration.

- (f) None of Red Light, Creso or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the Red Light Shares described in this clause 6, and the sale of the Red Light Shares under this clause 6 will be at the risk of the Ineligible Foreign Holder.
- (g) Each Ineligible Foreign Holder appoints Creso as its agent to receive on its behalf any financial services guide or other notice which may be given by the Sale Agent to the Ineligible Foreign Holder for or in connection with its appointment or sales.

## **7 Dealings in Creso Shares**

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### **7.1 Determination of Scheme Participants**

To establish the identity of Scheme Participants, dealings in Creso Shares will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Creso Share Register as holder of the relevant Creso Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Creso Share Register is kept,

and Creso will not accept for registration, nor recognise for any purpose (except a transfer to Red Light under this Scheme and any subsequent transfer by Red Light or its successors in title), any transfer or other request received after those times, or received prior to those times but not in registrable or actionable form, as appropriate.

### **7.2 Creso Share Register**

Creso must register any transmission application or transfer received in accordance with clause 7.1 by the Record Date.

### **7.3 Transfer requests received after Record Date**

Creso will not accept for registration or recognise for any purpose any transfer, transmission or application in respect of Creso Shares received after the times specified in clause 7.1, or received prior to such times but not in registrable form, other than a transfer to Red Light in accordance with this Scheme.

### **7.4 No disposals after Record Date**

If this Scheme becomes Effective, each Scheme Participant, and any person claiming through that Scheme Participant, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date.

### **7.5 Maintenance of Creso Share Register**

For the purpose of determining entitlements to the Scheme Consideration, Creso must maintain the Creso Share Register in accordance with the provisions of this clause until the Scheme Consideration has been delivered to the Scheme Participants. The Creso Share Register in this form will solely determine entitlements to the Scheme Consideration.

### **7.6 Effect of Holding Statements**

Subject to provision of the Scheme Consideration and registration of the transfer to Red Light, any statements of holding in respect of Creso Shares will cease to have effect after the Record Date as documents of title in respect of those Creso Shares. After the Record Date, each entry current on the Creso Share Register on the Record Date will cease to have effect except as evidence of entitlement to the Scheme Consideration.

## 7.7 Details of Scheme Participants

As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date, Creso will ensure that details of the names, registered addresses and holdings of Creso Shares for each Scheme Participant, as shown in the Creso Share Register on the Record Date, are available to Red Light in such form as Red Light reasonably requires.

## 7.8 Quotation of Creso Shares

- (a) Creso will apply to ASX to suspend trading on ASX in Creso Shares with effect from the close of trading on ASX on the Effective Date.
- (a) With effect on and from the close of trading on the Trading Day immediately following, or shortly after, the Implementation Date, Creso will apply:
  - (i) for termination of the official quotation of Creso Shares on ASX; and
  - (ii) to have itself removed from the official list of the ASX.

## 8 General

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### 8.1 Scheme Participant agreements and consents

Each Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Red Light in accordance with the terms of the Scheme; and
- (b) irrevocably consents to Creso and Red Light doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Scheme and the transactions contemplated by it,

without the need for any further act by that Scheme Participant.

### 8.2 Authority given to Creso

On this Scheme becoming Effective, each Scheme Participant, without the need for any further act, is deemed to have irrevocably appointed Creso and all of its directors and officers (jointly and severally) as its attorney and agent for the purposes of:

- (a) enforcing the Deed Poll against Red Light; and
  - (iii) in the case of Scheme Shares in a CHESS holding:
    - (A) causing a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Rules so as to transfer the Scheme Shares held by the Scheme Participant from the CHESS sub-register of Creso to the issuer sponsored sub-register operated by Creso or its share registry at any time after Red Light has provided the Scheme Consideration which is due under this Scheme to Scheme Participants; and
    - (B) completing and signing on behalf of Scheme Participants any required form of transfer of Scheme Shares; and
  - (iv) in the case of Scheme Shares registered in the issuer sponsored sub-register operated by Creso or its share registry, completing and signing on behalf of Scheme Participants any required form of transfer; and
- (b) doing all things and executing any agreements, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers

(or the execution and delivery of any Scheme Transfers) as contemplated by clause 5.2,

and Creso accepts such appointment. Creso as attorney and agent of each Scheme Participant, may sub delegate its functions, authorities or powers under this clause 8.2 to all or any of its directors and officers (jointly, severally or jointly and severally).

### 8.3 Further assurances

Each Scheme Participant and Creso will execute documents and do all things and acts necessary or expedient in order to implement this Scheme.

### 8.4 Authority of Creso

Each of the Scheme Participants consents to Creso doing all things necessary for or incidental to the implementation of this Scheme.

### 8.5 Scheme binding

This Scheme binds Creso and all Scheme Participants from time to time (including those who do not attend the Scheme Meeting, those who do not vote at that meeting or vote against this Scheme) and, to the extent of any inconsistency, overrides the constitution of Creso.

### 8.6 Variation, cancellation or modification of rights

The Scheme Participants agree to the transfer of their Creso Shares in accordance with this Scheme and agree to the variation, cancellation or modification of the rights attached to their Creso Shares constituted or resulting from this Scheme (if any).

### 8.7 Beneficial entitlement to Scheme Shares

Immediately from the time that Red Light has satisfied its obligations under clauses 5.4 and 6 pending registration by Creso of Red Light in the Creso Share Register as the holder of the Scheme Shares:

- (a) Red Light will be beneficially entitled to the Scheme Shares transferred to it under this Scheme; and
- (b) each Scheme Participant, without the need for any further act by that Scheme Participant:
  - (i) irrevocably appoints Red Light as attorney and agent (and directs Red Light in each capacity) to appoint any director, officer, secretary or agent nominated by Red Light as its sole proxy and, where applicable, its corporate representative to attend shareholder meetings of Creso, exercise the votes attached to the Scheme Shares registered in the name of the Scheme Participant and sign any shareholders resolution of Creso;
  - (ii) undertakes not to otherwise attend or vote at any such meetings or sign any such resolutions, whether in person, by proxy or by corporate representative other than pursuant to clause 8.7(b)(i);
  - (iii) must take all other actions in the capacity of a registered holder of Scheme Shares as Red Light reasonably directs; and
  - (iv) acknowledges and agrees that in exercising the powers referred to in this clause 8.7(b), any director, officer, secretary or agent nominated by Red Light may act in the best interests of Red Light as the intended registered holder of the Scheme Shares.

### 8.8 Withholding

If Red Light considers that it must pay an amount to the Commissioner of Taxation (**Commissioner**) under Subdivision 14-D of Schedule 1 of the *Taxation Administration Act*



1953 (Cth) (**TAA**) in relation to the acquisition of the Creso Shares from an Creso Shareholder, Red Light will:

- (a) determine the amount to be paid to the Commissioner (**Withholding Amount**) being 12.5% (or a lesser rate approved by the Commissioner) of the Scheme Consideration otherwise payable to the Creso Shareholder or Sale Agent, as appropriate;
- (b) withhold the Withholding Amount from the Scheme Consideration (by issuing such lesser number of Red Light Shares to the Creso Shareholder or Sale Agent, as appropriate for the Withholding Amount) and remit the Withholding Amount to the Commissioner within the timeframe required under the TAA (and issued of the reduced number of Red Light Shares shall be taken to be full payment of the Scheme Consideration for the purposes of this Scheme); and
- (c) if requested in writing by the relevant Creso Shareholder, provide a receipt or other appropriate evidence of payment of the Withholding Amount to the Commissioner (or procure the provision of such receipt or other evidence) to the relevant Creso Shareholder.

#### 8.9 Notices

- (a) Where a notice, transfer, transmission application or other communication referred to in this Scheme is sent by post to Creso, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Creso's registered office or at the office of the Creso Share registry.
- (b) The accidental omission to give notice of the Scheme Meeting to any Creso Shareholders, or the non-receipt of such a notice by any Creso Shareholders, will not, unless ordered by the Court, invalidate this Scheme or the proceedings at the Scheme Meeting.

#### 8.10 Alterations and conditions

If the Court proposes to approve this Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act, Creso may, by its counsel on behalf of all persons concerned consent to only such of those conditions or alterations to this Scheme to which Red Light has consented in writing, such consent not to be unreasonably withheld or delayed.

#### 8.11 Enforcement of Deed Poll

Creso undertakes in favour of each Scheme Participant that it will enforce the Deed Poll against Red Light on behalf of and as agent and attorney for the Scheme Participants.

#### 8.12 Duty

All duty (including stamp duty), and any related fines, penalties and interest, payable in connection with the transfer by Scheme Participants of the Scheme Shares to Red Light pursuant to the Scheme will be payable by Red Light.

#### 8.13 Limitation of liability

None of Creso or Red Light nor any of their respective Representatives is liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

#### 8.14 Governing Law

- (a) This Scheme is governed by and will be construed according to the laws of Western Australia.
- (b) Each party irrevocably:
  - (i) submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect

to any proceedings that may be brought at any time relating to this Scheme;  
and

- (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if the venue of those proceedings fall within clause 8.14(b)(i).

For personal use only

**Schedule 5 - Deed Poll**

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Perth WA 6000 Australia

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## Deed Poll

Red Light Holland Corp.

## DETAILS

Date

2021

By

### Red Light

Name Red Light Holland Corp.

Company No. 5032904

Address 1 Adelaide Street East

Suite 801

Toronto, Ontario

M5C 2V9

Email todd@redlighttruffles.com

Attention Todd Shapiro

Each registered holder of fully paid ordinary shares in Creso Pharma Limited ACN 609 406 911 of Suite 5 CPC, 145 Stirling Highway, Nedlands, WA 6009 (**Creso**) on the Record Date (other than Excluded Shareholders (**Scheme Participants**)).

## BACKGROUND

- A Creso and Red Light have entered into a Scheme Implementation Deed dated on or about 16 June 2021 (**Scheme Implementation Deed**).
- B Under the Scheme Implementation Deed, Creso has agreed that it will propose and implement the Scheme in accordance with the Scheme Implementation Deed, pursuant to which, among other things, Red Light will acquire all of the Scheme Shares.
- C Under the Scheme Implementation Deed, Red Light has agreed to take all steps reasonably necessary to assist Creso in proposing and implementing the Scheme in accordance with the Scheme Implementation Deed.
- D Red Light is entering into this Deed Poll for the purpose of:
- (i) covenanting in favour of the Scheme Participants to perform certain of its obligations under the Scheme Implementation Deed;
  - (ii) covenanting in favour of the Scheme Participants to perform the steps attributed to it under the Scheme; and
  - (iii) ensuring that the Scheme Consideration is provided to the Scheme Participants.
- E The effect of the Scheme will be that the Scheme Shares, together with all rights and entitlements attaching to them, will be transferred to Red Light in exchange for the Scheme Consideration and Creso will become a subsidiary of Red Light on the Implementation Date.

## AGREED TERMS

### Definitions and interpretation

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#### 1.1 Definitions

In this Deed Poll:

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Creso and Creso Shareholders, the form of which is contained in Annexure A, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Creso and Red Light.

## 1.2 Terms defined in Scheme Implementation Agreement

Words and phrases defined in the Scheme Implementation Deed have the same meanings in this Deed Poll unless the context requires otherwise.

## 1.3 Interpretation

- (a) Clause 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to "this Scheme" in that clause are to be read as references to "this Deed Poll".
- (b) Clause headings in this Deed Poll do not affect the interpretation of this Deed Poll.

## 1.4 Time for performance

- (a) If the day on or by which a payment or an act is to be done under this Deed Poll is not a Business Day, that act must be done on the next Business Day.
- (b) In this Deed Poll, if a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (c) In this Deed Poll, a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (d) In this Deed Poll a reference to time is a reference to Perth, Australia time.

## 2 Nature of Deed Poll

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Red Light acknowledges that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms, even though the Scheme Participants are not party to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints Creso and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Deed Poll against Red Light.

## 3 Condition

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### 3.1 Condition

This Deed Poll and the obligations of Red Light under this Deed Poll are subject to the Scheme becoming Effective.

### 3.2 Termination

The obligations of Red Light under this Deed Poll to Scheme Participants will automatically terminate and the terms of this Deed Poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme does not become Effective on or before the End Date

unless Red Light and Creso otherwise agree in writing.

### 3.3 Consequences of Termination

If this Deed Poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Red Light is released from its obligations to further perform this Deed Poll; and
- (b) each Scheme Participant retains, powers and remedies they have against Red Light in respect of any breach of this Deed Poll which occurs before it is terminated.

## 4 Scheme obligations

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Subject to clause 3, Red Light undertakes in favour of each Scheme Participant to:

- (a) issue, or cause to be issued, the Scheme Consideration to each Scheme Participant (or to the Sale Agent on behalf of the Scheme Participant in accordance with the Scheme); and
- (b) undertake all other actions attributed to it under the Scheme and do all acts and things necessary or desirable on its part to give full effect to the Scheme,

all in accordance with the terms of the Scheme and the Scheme Implementation Deed.

## 5 Warranties

---

Red Light represents and warrants to each Scheme Participant that:

- (a) it is a corporation validly existing under the laws of the Province of Ontario;
- (b) it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (d) this Deed Poll has been duly and validly executed and delivered by it and is valid and binding upon it; and
- (e) the execution and performance by it of this Deed Poll and each transaction contemplated by this Deed Poll did not and will not violate in any respect a provision of:
  - (i) a law, judgement, ruling, order or decree being on it;
  - (ii) its constitution or other constituent documents; or
  - (iii) any other document which is binding on it or its assets; and
- (f) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

## 6 Continuing obligations

---

- 6.1 This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Red Light having fully performed its obligations under this Deed Poll; or
- (b) termination of this Deed Poll under clause 3.2.

## **7 Miscellaneous**

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### **7.1 Assignment**

- (a) The rights and obligations of Red Light and each Scheme Participant under this Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with without the prior consent of Red Light and Creso.
- (b) Any purported dealing in contravention of clause 7.1 is invalid.

### **7.2 Cumulative rights**

The rights, powers and remedies of Red Light and the Scheme Participant under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

### **7.3 Further assurances**

Red Light will, at its own expense, do all things reasonably required of it by law to give full effect to this Deed Poll and the transactions contemplated by it.

### **7.4 Governing law**

- (a) This Deed Poll is governed by and will be construed according to the laws of Western Australia.
- (b) Red Light irrevocably:
  - (i) submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Deed Poll; and
  - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if the venue of those proceedings fall within clause 7.4(b)(i).

### **7.5 Notices**

Any notice or other communication to Red Light under or in connection with this Deed Poll must be in writing and:

- (a) sent to Red Light at:

Address	1 Adelaide Street East Suite 801 Toronto, Ontario M5C 2V9
Email	todd@redlighttruffles.com
Attention	Todd Shapiro

(or as otherwise notified by Red Light to Creso from time to time);

- (b) must be signed by the party making the communication or by a person duly authorised by that party or, in the case of email, set out the full name and position or title of the duly authorised sender;



- (c) must be delivered or posted by prepaid post to the address or emailed to the email address of the addressee in accordance with clause 7.5(a); and
- (d) will be deemed to have been given:
  - (i) if delivered, on the date of delivery; or
  - (ii) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
  - (iii) if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the notice or other communication would otherwise be taken to be received after 5:00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9:00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

#### 7.6 Costs

- (a) Red Light must bear its own costs arising out of the negotiation, preparation and execution of this Deed Poll.
- (b) Red Light:
  - (i) must pay all duty (including stamp duty) and any related fines, penalties and interest in respect of the Scheme and this Deed Poll (including without limitation the acquisition or transfer of Scheme Shares pursuant to the Scheme), the performance of this Deed Poll and each transaction effected by or made under or pursuant to the Scheme and this Deed Poll; and
  - (ii) indemnifies each Scheme Participant against any liability arising from failure to comply with clause 7.6(b)(i).

#### 7.7 Variation

- (a) A provision of this Deed Poll may not be varied, altered or otherwise amended unless:
  - (i) before the Second Court Date, the variation, alteration or amendment is agreed to in writing by Creso (which such agreement may be given or withheld without reference to or approval by any Creso Shareholder); or
  - (ii) on or after the Second Court Date, the variation, alteration or amendment is agreed to in writing by Creso and is approved by the Court (which such agreement may be given or withheld without reference to or approval by any Creso Shareholder),

in which event Red Light will enter into a further deed poll in favour of each Scheme Participant giving effect to the variation, alteration or amendment.

#### 7.8 Waiver

- (a) A provision of or right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
  - (i) a right arising from a breach of this Deed Poll; or

- (ii) a right, power, authority, discretion or remedy created or arising upon default under this Deed Poll,

does not result in a waiver of that right, power, authority, discretion or remedy.

- (c) Red Light is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Deed Poll or on a default under this Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) Red Light may not rely on any conduct of another person as a defence to the exercise of a right, power, authority, discretion or remedy by that other person.

**Executed** as a deed poll

**Executed** by an authorised signatory of  
**Red Light Holland Corp.:**

\_\_\_\_\_  
Signature of authorised person

\_\_\_\_\_  
Name of authorised person  
BLOCK LETTERS

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**Annexure A – Scheme of Arrangement**

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**Schedule 6 – Option Scheme of Arrangement**

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## Option Scheme of Arrangement

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between **Creso Pharma Limited** ACN 609 406 911 of Suite 5 CPC, 145 Stirling Highway, Nedlands, Western Australia, 6009 (**Creso**)

and **The registered holders of the listed options in the Creso Listed Option Register as at the Record Date other than an Excluded Optionholder.**

## 1 Defined terms & interpretation

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### 1.1 Defined terms

In this Option Scheme, except where the context otherwise requires:

**Affiliate** means, in relation to any specified person (other than a natural person), any other person (which shall include a natural person) directly or indirectly Controlling or Controlled by such specified person or under direct or indirect common control with such specified person.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Rules** means ASX Settlement Operating Rules of ASX Settlement.

**Business Day** means a business day as defined in the Listing Rules and, to the extent any action must be taken in relation to CSE, a day on which CSE is operating but excludes a day that is not a Saturday, Sunday, bank holiday or public holiday in Perth, Western Australia or Toronto, Canada.

**CHES** means the clearing house electronic sub-register system of share transfers operated by ASX Settlement.

**Conditions Precedent** means the conditions precedent in clause 3.3 of the Scheme Implementation Deed.

**Control** has the meaning given to that term in section 50AA of the Corporations Act and **Controlling** and **Controlled** have a corresponding meaning.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of Western Australia.

**Creso Listed Option** means an ASX listed option issued by Creso to acquire a Creso Share.

**Creso Listed Option Register** means the register of Creso Listed Optionholders maintained by or on behalf of Creso in accordance with the Corporations Act.

**Creso Listed Optionholder** means a person who is registered in the Creso Listed Option Register as the holder of one or more Creso Listed Options, from time to time.

**Creso Share** means a fully paid ordinary share in the capital of Creso.

**CSE** means the Canadian Securities Exchange.

**Effect** means, when used in relation to the Option Scheme, the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Option Scheme and **Effective** has a corresponding meaning.

**Effective Date** means the date on which the Option Scheme becomes Effective.

**Encumbrance** means any encumbrance, mortgage, pledge, charge, lien, assignment, hypothecation, security interest, title retention, preferential right or trust arrangement and any other security arrangement of any kind given or created and including any possessory lien in the ordinary course of business whether arising by law or contract.

**End Date** means the date 7 months after the Execution Date, or such later date as agreed to in writing between Red Light and Creso.

**Exchange Ratio** means 0.257 of a Red Light Share per Creso Listed Option.

**Excluded Optionholder** means Red Light and its Affiliates.

**Excluded Options** means any Creso Listed Options held by an Excluded Optionholder.

**Execution Date** means 16 June 2021.

**First Court Date** means the first day on which an application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Option Scheme Meeting.

**Implementation Date** means the fifth Business Day after the Record Date, or such other date agreed to in writing by Red Light and Creso.

**Independent Expert** means a person to be appointed by Creso as an independent expert to prepare the Independent Expert's Report.

**Independent Expert's Report** means the independent expert's report prepared by the Independent Expert for inclusion in the Scheme Booklet, which states the Independent Expert's opinion in relation to whether the Option Scheme is in the best interest of Creso Listed Optionholders, including any updates or amendments to this report made by the Independent Expert.

**Ineligible Foreign Holder** means any Option Scheme Participant whose address shown on the Creso Listed Option Register as at the Record Date is a place outside Australia, New Zealand, Canada, Switzerland and such other jurisdictions as agreed in writing between Creso and Red Light, unless, no less than three Business Days prior to the Option Scheme Meeting, Creso and Red Light agree in writing that it is lawful and not unduly onerous or unduly impracticable to issue that Creso Listed Optionholder with the Option Scheme Consideration when the Option Scheme becomes Effective.

**Listing Rules** means the official listing rules of the ASX.

**Option Deed Poll** means the deed poll executed by Red Light substantially in the form of Schedule 7 to the Scheme Implementation Deed, or in such other form as agreed in writing between Creso and Red Light.

**Option Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Creso and the Creso Listed Optionholders as set out in this document, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Red Light and Creso.

**Option Scheme Consideration** means such number of Red Light Shares as determined by applying the Exchange Ratio to the number of Scheme Options held by an Option Scheme Participant at 7:00pm (AEDT) on the Record Date.

**Option Scheme Meeting** means the meeting of Creso Listed Optionholders convened by the Court in relation to the Option Scheme pursuant to section 411(1) of the Corporations Act and includes any adjournment of that meeting.

**Option Scheme Order** means the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable and subject to clause 8.10, section 411(6) of the Corporations Act) in relation to the Option Scheme.

**Option Scheme Participant** means each person who is a Creso Listed Optionholder on the Record Date (other than Excluded Optionholders).

**Option Scheme Transfer** means, for each Option Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Options held by that Option Scheme Participant, which may be a master transfer for all Scheme Options.

**Record Date** means 7:00pm (AEDT) on the second Business Day following the Effective Date, or such other date (after the Effective Date) as Creso and Red Light may agree in writing.

**Red Light** means Red Light Holland Corp. (Company number 5032904).

**Red Light Nominee** has the meaning given in clause 2.3.

**Red Light Share** means a common share in the capital of Red Light.

**Red Light Share Register** means the register of Red Light shareholders maintained by or on behalf of Red Light in accordance with the Canadian laws.

**Representative** means:

- (a) in relation to Creso, any director, officer or employee of any member of Creso and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Creso in relation to the Transaction; and
- (b) in relation to Red Light, any director, officer or employee of any member of Red Light and any financier, financial adviser, accounting adviser, auditor, legal adviser or technical or other expert adviser or consultant to Red Light in relation to the Transaction.

**Sale Agent** means a person appointed by Red Light to sell the Red Light Shares that would otherwise be issued to or for the benefit of Ineligible Foreign Holders under the terms of the Option Scheme.

**Scheme Booklet** means the information booklet to be despatched to all Creso Listed Optionholders and approved by the Court in connection with the Option Scheme, including the Option Scheme, the explanatory statement in respect of the Option Scheme, the Independent Expert's Report and the notice of meeting.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated on or about 16 June 2021 between Red Light and Creso, as amended or varied from time to time.

**Scheme Options** means all of the Creso Listed Options on issue on the Record Date other than Excluded Options.

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Option Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Second Court Hearing** means the hearing at which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Option Scheme (as applicable) is heard or, if the application is adjourned for any reason adjourned hearing.

**Subsidiary** has the meaning given to that term in section 9 of the Corporations Act.

**Transaction** has the meaning given to that term in the Scheme Implementation Deed.

**U.S. Securities Act** means the *United States Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder.

## 1.2 Interpretation

In this Option Scheme:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph, or schedule is to a clause or paragraph of, or schedule to, this document, and a reference to this agreement includes any schedule;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to time is to Perth, Western Australia time, unless otherwise noted;
- (f) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;
- (g) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party;
- (j) a word or expression defined in the Corporations Act and not otherwise defined in this agreement has the meaning given to it in the Corporations Act;
- (k) the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (l) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (m) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this document or any part of it; and
- (n) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

## 2 Preliminary

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### 2.1 Creso

Creso is a public company incorporated in Australia and registered in Western Australia and is a company limited by shares. Creso is admitted to the official list of ASX and its shares are officially quoted on the securities market conducted by ASX. Its registered office is at Suite 5, 145 Stirling Highway, Nedlands WA 6009.

### 2.2 Red Light

Red Light is a public company existing under the laws of the Province of Ontario and is a limited liability corporation under Canadian law. The Red Light Shares are listed and posted

for trading on the CSE. Its registered office is at 1 Adelaide Street East, Suite 801, Toronto, Ontario.

### 2.3 **Red Light Nominee**

Red Light may nominate any wholly-owned Subsidiary of Red Light (**Red Light Nominee**) to acquire the Scheme Options under the Option Scheme by giving written notice to Creso on or before the date that is 10 Business Days before the First Court Date.

### 2.4 If Red Light nominates a Red Light Nominee to acquire the Scheme Options under the Option Scheme, then:

- (a) references in this Option Scheme to Red Light acquiring the Scheme Options are to be read as references to the Red Light Nominee doing so;
- (b) other references in this Option Scheme to Red Light are to be read as references to Red Light or the Red Light Nominee;
- (c) the parties must procure that the Scheme Options transferred under the Option Scheme are transferred to the Red Light Nominee, rather than Red Light;
- (d) Red Light must procure that the Red Light Nominee complies with the relevant obligations of Red Light under this Option Scheme; and
- (e) any such nomination will not relieve Red Light of its obligations under this Option Scheme, the Scheme Implementation Deed and the Option Deed Poll, including the obligation to issue the Option Scheme Consideration in accordance with the terms of the Option Scheme.

### 2.5 **Agreement to implement this Option Scheme**

Each of Creso and Red Light have agreed, by executing the Scheme Implementation Deed, to implement the terms of this Option Scheme and the steps contemplated to follow the implementation of this Option Scheme, to the extent those steps are required to be done by each of them.

### 2.6 **Option Deed Poll**

- (a) This Option Scheme attributes actions to Red Light but does not itself impose an obligation on Red Light to perform those actions. Red Light has undertaken in favour of each Option Scheme Participant, by executing the Option Deed Poll, that it will fulfil its obligations under the Scheme Implementation Deed and do all acts and things necessary or desirable on its part to give full effect to this Option Scheme, including to issue to each Option Scheme Participant the Option Scheme Consideration for each Scheme Option held by the Option Scheme Participant.
- (b) Creso undertakes in favour of each Option Scheme Participant to enforce the Option Deed Poll against Red Light on behalf of and as agent and attorney for the Option Scheme Participants.

### 2.7 **Summary of Option Scheme**

If this Option Scheme becomes Effective:

- (a) all of the Scheme Options (together with all rights and entitlements attaching to the Scheme Options) will be transferred to Red Light;
- (b) in consideration of the transfer to Red Light of each Scheme Option held by an Option Scheme Participant, Red Light will, on the Implementation Date, provide to each Option Scheme Participant the Option Scheme Consideration in accordance with the terms of the Scheme Implementation Deed, this Option Scheme and the Option Deed Poll;

- (c) Creso will enter the name of Red Light in the Creso Listed Option Register as the holder of all the Scheme Options; and
- (d) it will bind Creso and all Option Scheme Participants, including those who do not attend the Option Scheme Meeting, those who do not vote at that meeting and those who vote against this Option Scheme at that meeting.

### 3 Conditions precedent

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#### 3.1 Conditions precedent

This Option Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions:

- (a) all of the Conditions Precedent being satisfied or waived (other than the conditions in clauses 3.3(c) (**Option Scheme Court Approval**) and clause 3.3(d) (**Share Scheme becoming Effective**) of the Scheme Implementation Deed) in accordance with the Scheme Implementation Deed by the times set out in the Scheme Implementation Deed;
- (b) as at 8:00am on the Second Court Date, the Scheme Implementation Deed not having been terminated in accordance with its terms;
- (c) as at 8:00am on the Second Court Date, the Option Deed Poll not having been terminated in accordance with its terms;
- (d) approval of the Option Scheme by the Court pursuant to section 411(4)(b) of the Corporations Act and if applicable, Creso and Red Light having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (e) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Option Scheme and agreed to by Creso and Red Light as having been satisfied or waived; and
- (f) the Option Scheme Order comes into effect, pursuant to section 411(10) of the Corporations Act.

#### 3.2 Effect of conditions precedent

The satisfaction of each condition in clauses 3.1(a) to 3.1(f) (inclusive) of this Option Scheme is a condition precedent to the operation of this Option Scheme.

#### 3.3 Certificates

- (a) At the Second Court Hearing for the Option Scheme:
  - (i) Creso and Red Light will provide a joint certificate to the Court confirming whether or not the Conditions Precedent in clause 3.3.(a) (Regulatory Approvals) of the Scheme Implementation Deed has been satisfied or waived as at 8:00am on the Second Court Date; and
  - (ii) Creso will provide a certificate to the Court confirming whether or not the Conditions Precedent set out in clause 3.3(b) (Creso Listed Optionholder Approval) of the Scheme Implementation Deed has been satisfied or waived as at 8:00am on the Second Court Date.
- (b) The certificates referred to in this clause 3.3 will constitute conclusive evidence of whether such Conditions Precedent have been satisfied or waived as at 8:00am on the Second Court Date.

## 4 The Option Scheme

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### 4.1 Effective Date

Subject to clause 4.2, this Option Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

### 4.2 End Date

Without limiting any rights under the Scheme Implementation Deed, this Option Scheme will lapse and be of no further force or effect (and each of Creso and Red Light are released from any obligations and any liability in connection with this Option Scheme or the Option Deed Poll) if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Scheme Implementation Deed or Option Deed Poll is terminated in accordance with its terms,

unless Creso or Red Light otherwise agree in writing (and, if required, as approved by the Court).

## 5 Implementation of the Option Scheme

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### 5.1 Lodgement of Option Scheme Order with ASIC

Creso will lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Option Scheme Order by no later than 5:00pm on the first Business Day after the date on which the Court makes that Option Scheme Order.

### 5.2 Transfer of Scheme Options

Subject to the Option Scheme becoming Effective, on the Implementation Date:

- (a) subject to the provision of the Option Scheme Consideration in accordance with clause 6, the Scheme Options, together with all rights and entitlements attaching to the Scheme Options at the Implementation Date, will be transferred to Red Light, without the need for any further act by any Option Scheme Participant (other than acts performed by Creso as agent and attorney of the Option Scheme Participants under clauses 8.1 and 8.2 or otherwise), by:
  - (i) Creso delivering to Red Light a duly completed Option Scheme Transfer, executed on behalf of the Option Scheme Participants by Creso; and
  - (ii) Red Light executing that Option Scheme Transfer, attending to the stamping of the Option Scheme Transfer (if required) and delivering it to Creso for registration; and
- (b) immediately after receipt of the Option Scheme Transfer in accordance with clause 5.2(a)(ii), but subject to the stamping of the Option Scheme Transfer (if required), Creso must enter, or procure the entry of, the name of Red Light in the Creso Listed Option Register in respect of the Scheme Options transferred to Red Light in accordance with the Option Scheme.

### 5.3 Timing

Notwithstanding any other provision of this Option Scheme, while Red Light Shares forming the Option Scheme Consideration must be issued (and the Red Light Share Register updated to record their issuance) on the Implementation Date, any requirements under clause 6 for the sending of holding statements or allotment advices (or equivalent) may be satisfied as soon as practicable after the Implementation Date.

#### 5.4 Entitlement to Option Scheme Consideration

Subject to this Option Scheme becoming Effective, in consideration of the transfer of the Scheme Options to Red Light, and subject to the other terms and conditions of this Option Scheme, on the Implementation Date:

- (a) each Option Scheme Participant (who is not an Ineligible Foreign Holder) will be issued the Option Scheme Consideration in respect of the Scheme Options held by them on the Record Date in accordance with clause 6 of this Option Scheme; and
- (b) the Sale Agent will be issued the Option Scheme Consideration in respect of the Scheme Options held by all Ineligible Foreign Holders on the Record Date in accordance with clause 6 of this Option Scheme.

### 6 Option Scheme Consideration

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#### 6.1 Option Scheme Consideration

On the Implementation Date, Red Light must issue the Option Scheme Consideration to:

- (a) the Option Scheme Participants (other than Ineligible Foreign Holders) in accordance with clause 6.3(c) of this Option Scheme; and
- (b) the Sale Agent in respect of all Ineligible Foreign Holders on the Record Date to be dealt with in accordance with clause 6.8(b) of this Option Scheme.

#### 6.2 Rounding Entitlements

Where the calculation of the number of Red Light Shares to be issued to a particular Option Scheme Participant (or to the Sale Agent in the case of an Ineligible Foreign Holder) as Option Scheme Consideration would result in the issue of a fraction of a Red Light Share, the fractional entitlement will be rounded down to the nearest whole number of Red Light Shares.

#### 6.3 Issue of Option Scheme Consideration

- (a) Not later than one Business Day after the Record Date, Creso will give to Red Light a notice specifying the persons to whom Red Light Shares are to be issued pursuant to clause 5.4 and the number of Red Light Shares to which they are entitled.
- (b) On the Implementation Date, subject to receipt of the Option Scheme Consideration from Red Light, Creso must procure the issuance to each Option Scheme Participant of the Option Scheme Consideration for each Scheme Option transferred to Red Light on the Implementation Date by that Option Scheme Participant.
- (c) The obligation of Red Light to issue the Option Scheme Consideration in the form of Red Light Shares under this Option Scheme will be satisfied by Red Light procuring that:
  - (i) the name and address of each Option Scheme Participant, who is not an Ineligible Foreign Holder, is entered into the Red Light Share Register on the Implementation Date in respect of the Red Light Shares to which such Option Scheme Participant is entitled; and
  - (ii) a holding statement is sent to the registered address of each Option Scheme Participant, who is not an Ineligible Foreign Holder, representing the number of Red Light Shares issued to such Option Scheme Participant.



- (d) Red Light covenants in favour of Creso (in its own right and separately as trustee and nominee for each of the Option Scheme Participants) that:
- (i) the Red Light Shares to be issued under the Option Scheme and Option Deed Poll will be duly and validly authorised and will, on and from their issue, rank equally in all respects with all existing and outstanding Red Light Shares;
  - (ii) the Red Light Shares issued as Option Scheme Consideration:
    - (A) will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Red Light Shares on and after the Implementation Date;
    - (B) will not be subject to any statutory hold or restricted period under the securities legislation of any province or territory of Canada and, subject to restrictions contained in Section 2.6(3) of National Instrument 45-102 – *Resale of Securities*, will be freely tradable within Canada by the holders thereof; and
    - (C) will be exempt from the registration requirements of the U.S. Securities Act; provided that:
      - (I) the order to be issued by the Court at the Second Court Hearing will expressly state that the Option Scheme serves as a basis of a claim to the exemption under Section 3(a)(10) of the U.S. Securities Act from the registration requirements otherwise imposed by the U.S. Securities Act regarding the issuance of the Red Light Shares pursuant to the Option Scheme and is approved by the Court as being substantively and procedurally fair to the Creso Listed Optionholders; and
      - (II) the order to be issued by the Court at the Second Court Hearing shall include a statement to substantially the following effect: “This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the U.S Securities Act, as amended, from the registration requirements otherwise imposed by that act, regarding the issue and exchange of securities of Red Light pursuant to the Option Scheme”.
  - (iii) on issue, each such Red Light Share will be validly issued, fully paid and free from any Encumbrance or other third-party rights and non-assessable; and
  - (iv) it will use its best endeavours to ensure that the Red Light Shares issued as Option Scheme Consideration will be listed and posted for trading on the CSE with effect from the Business Day after the Implementation Date (or such later date as CSE may require).

#### 6.4 Joint holders

In the case of Scheme Options held in joint names:

- (a) the Red Light Shares to be issued under this Option Scheme will be issued to and registered in the names of the joint holders;
- (b) any other document required to be sent under this Option Scheme will be forwarded to the registered address of the holder whose name appears first in the Creso Listed Option Register; and
- (c) in respect of any Ineligible Foreign Holder, any cheque required to be paid to Option Scheme Participants will be payable to the joint holders and will be forwarded to the registered address of the holder whose name appears first in the Creso Listed Option Register on the Record Date.

## 6.5 Option Scheme Participants' agreement

If the Option Scheme becomes Effective:

- (a) each Option Scheme Participant (other than an Ineligible Foreign Holder) will be deemed to have agreed to become a shareholder of Red Light and to have accepted the Red Light Shares issued to that holder under this Option Scheme subject to, and to be bound by, the constating documents and by laws of Red Light Shares;
- (b) each Option Scheme Participant that is an Ineligible Foreign Holder agrees and acknowledges that the payment to it of an amount in accordance with clause 6.8(c) constitutes the satisfaction in full of its entitlement under this Option Scheme; and
- (c) each Option Scheme Participant agrees to the transfer of their Scheme Options, together with all rights and entitlements attaching to those Scheme Options, in accordance with the terms of this Option Scheme.

## 6.6 Warranty by Option Scheme Participants

Each Option Scheme Participant warrants to Red Light and is deemed to have authorised Creso to warrant to Red Light as agent and attorney for the Option Scheme Participant by virtue of this clause 6.6, that:

- (a) all their Scheme Options (including any rights and entitlements attaching to those options) transferred to Red Light under the Option Scheme will, as at the date of the transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Options (including any rights and entitlements attaching to those options) to Red Light under the Option Scheme.

## 6.7 Binding instruction or notifications

Except for an Option Scheme Participant's tax file number, any binding instruction or notification between an Option Scheme Participant and Creso relating to Scheme Options on the Record Date (including any instructions relating to payment of dividends or to communications from Creso) will, from the Record Date, be deemed (except to the extent determined otherwise by Red Light in its sole discretion) to be a similarly binding instruction or notification to, and accepted by Red Light, in respect of the Red Light Shares issued to the Option Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Red Light, provided that any such instructions or notifications accepted by Red Light will apply to and in respect of the Red Light Shares issued as Option Scheme Consideration only to the extent that they are:

- (a) not inconsistent with the other provisions of this Option Scheme; or
- (b) recognised under Australian law or Red Light's constituent documents.

## 6.8 Ineligible Foreign Holders

- (a) Red Light has no obligation under this Option Scheme to issue any Option Scheme Consideration to an Ineligible Foreign Holder under the Option Scheme.
- (b) The Red Light Shares that would, but for this clause 6.8, have been issued to an Ineligible Foreign Holder as Option Scheme Consideration, must be issued by Red Light to the Sale Agent and Red Light must procure that:
  - (i) the name and registered address of the Sale Agent is entered into the Red Light Share Register on the Implementation Date in respect of the Red Light Shares required to be issued to it under clause 5.4(b); and
  - (ii) a holding statement is sent to the registered address of the Sale Agent, representing the number of Red Light Shares issued to it.

- (c) Red Light must procure that the Sale Agent:
- (i) as soon as reasonably practicable and, in any event, not more than 15 Business Days after the Implementation Date, sells all the Red Light Shares issued to the Sale Agent pursuant to clause 6.8(b) in such manner, or such financial market, or at such price and on such other terms as the Sale Agent determines in good faith for the benefit of the Ineligible Foreign Holders; and
  - (ii) promptly after receiving the proceeds in respect of the sale of all of the Red Light Shares referred to in clause 6.8(c)(i):
    - (A) accounts to the Ineligible Foreign Holders for the net proceeds of sale (on an averaged basis so that all Ineligible Foreign Holders receive the same price per Red Light Share, subject to rounding to the nearest whole cent) in Australian dollars (after deduction of any applicable brokerage, foreign exchange, stamp duty and other selling costs, taxes and charges) at the Ineligible Foreign Holders' risk in full satisfaction of the Ineligible Foreign Holders' rights under this Option Scheme; and
    - (B) remits the net proceeds of sale to the Ineligible Foreign Holders by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian dollars drawn in the name of the Ineligible Foreign Holders (or in the case of joint holders, in accordance with clause 6.4) by ordinary pre-paid post to the address of that Ineligible Foreign Holder appearing in the Creso Listed Option Register on the Record Date.
- (d) In the event that the Sale Agent believes, after consultation with Creso, that an Ineligible Foreign Holder is not known at its address appearing in the Creso Listed Option Register on the Record Date, the Sale Agent may credit the amount payable to that Ineligible Foreign Holder to a separate bank account of Red Light to be held until the Ineligible Foreign Holder claims the amount or the interest is dealt with in accordance with unclaimed money legislation, and Red Light must hold the amount in trust but any amount accruing from the amount will be to the benefit of Red Light. An amount credited to the account is to be treated as having been paid to the Ineligible Foreign Holder. Red Light must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.
- (e) Payment by the Sale Agent to an Ineligible Foreign Holder in accordance with clauses 6.8(a) to 6.8(d) satisfies in full the Ineligible Foreign Holder's right to the Option Scheme Consideration.
- (f) None of Red Light, Creso or the Sale Agent gives any assurance as to the price that will be achieved for the sale of the Red Light Shares described in this clause 6, and the sale of the Red Light Shares under this clause 6 will be at the risk of the Ineligible Foreign Holder.
- (g) Each Ineligible Foreign Holder appoints Creso as its agent to receive on its behalf any financial services guide or other notice which may be given by the Sale Agent to the Ineligible Foreign Holder for or in connection with its appointment or sales.

## **7 Dealings in Creso Listed Options**

### **7.1 Determination of Option Scheme Participants**

To establish the identity of Option Scheme Participants, dealings in Creso Listed Options will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Creso Listed Option Register as holder of the relevant Creso Listed Options on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before the Record Date at the place where the Creso Listed Option Register is kept,

and Creso will not accept for registration, nor recognise for any purpose (except a transfer to Red Light under this Option Scheme and any subsequent transfer by Red Light or its successors in title), any transfer or other request received after those times, or received prior to those times but not in registrable or actionable form, as appropriate.

## **7.2 Creso Listed Option Register**

Creso must register any transmission application or transfer received in accordance with clause 7.1 by the Record Date.

## **7.3 Transfer requests received after Record Date**

Creso will not accept for registration or recognise for any purpose any transfer, transmission or application in respect of Creso Listed Options received after the times specified in clause 7.1, or received prior to such times but not in registrable form, other than a transfer to Red Light in accordance with this Option Scheme.

## **7.4 No disposals after Record Date**

If this Option Scheme becomes Effective, each Option Scheme Participant, and any person claiming through that Option Scheme Participant, must not dispose of or purport or agree to dispose of any Scheme Options or any interest in them after the Record Date.

## **7.5 Maintenance of Creso Listed Option Register**

For the purpose of determining entitlements to the Option Scheme Consideration, Creso must maintain the Creso Listed Option Register in accordance with the provisions of this clause until the Option Scheme Consideration has been delivered to the Option Scheme Participants. The Creso Listed Option Register in this form will solely determine entitlements to the Option Scheme Consideration.

## **7.6 Effect of Holding Statements**

Subject to provision of the Option Scheme Consideration and registration of the transfer to Red Light, any statements of holding in respect of Creso Listed Options will cease to have effect after the Record Date as documents of title in respect of those Creso Listed Options. After the Record Date, each entry current on the Creso Listed Option Register on the Record Date will cease to have effect except as evidence of entitlement to the Option Scheme Consideration.

## **7.7 Details of Option Scheme Participants**

As soon as practicable after the Record Date, and in any event within one Business Day of the Record Date, Creso will ensure that details of the names, registered addresses and holdings of Creso Listed Options for each Option Scheme Participant, as shown in the Creso Listed Option Register on the Record Date, are available to Red Light in such form as Red Light reasonably requires.

## **7.8 Quotation of Creso Listed Options**

Creso will apply to ASX to suspend trading on ASX in Creso Listed Options with effect from the close of trading on ASX on the Effective Date

## 8 General

### 8.1 Option Scheme Participant agreements and consents

Each Option Scheme Participant:

- (a) irrevocably agrees to the transfer of their Scheme Options, together with all rights and entitlements attaching to those Scheme Options, to Red Light in accordance with the terms of the Option Scheme; and
- (b) irrevocably consents to Creso and Red Light doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of the Option Scheme and the transactions contemplated by it,

without the need for any further act by that Option Scheme Participant.

### 8.2 Authority given to Creso

On this Option Scheme becoming Effective, each Option Scheme Participant, without the need for any further act, is deemed to have irrevocably appointed Creso and all of its directors and officers (jointly and severally) as its attorney and agent for the purposes of:

- (a) enforcing the Option Deed Poll against Red Light; and
  - (i) in the case of Scheme Options in a CHESS holding:
    - (A) causing a message to be transmitted to ASX Settlement in accordance with the ASX Settlement Rules so as to transfer the Scheme Options held by the Scheme Participant from the CHESS sub-register of Creso to the issuer sponsored sub-register operated by Creso or its share registry at any time after Red Light has provided the Option Scheme Consideration which is due under this Option Scheme to Option Scheme Participants; and
    - (B) completing and signing on behalf of Option Scheme Participants any required form of transfer of Scheme Options; and
  - (ii) in the case of Scheme Options registered in the issuer sponsored sub-register operated by Creso or its share registry, completing and signing on behalf of Option Scheme Participants any required form of transfer; and
- (b) doing all things and executing any agreements, instruments, transfers or other documents as may be necessary or desirable to give full effect to this Option Scheme and the transactions contemplated by it, including the effecting of a valid transfer or transfers (or the execution and delivery of any Option Scheme Transfers) as contemplated by clause 5.2,

and Creso accepts such appointment. Creso as attorney and agent of each Option Scheme Participant, may sub delegate its functions, authorities or powers under this clause 8.2 to all or any of its directors and officers (jointly, severally or jointly and severally).

### 8.3 Further assurances

Each Option Scheme Participant and Creso will execute documents and do all things and acts necessary or expedient in order to implement this Option Scheme.

### 8.4 Authority of Creso

Each of the Option Scheme Participants consents to Creso doing all things necessary for or incidental to the implementation of this Option Scheme.

## 8.5 Option Scheme binding

This Option Scheme binds Creso and all Option Scheme Participants from time to time (including those who do not attend the Option Scheme Meeting, those who do not vote at that meeting or vote against this Option Scheme) and, to the extent of any inconsistency, overrides the constitution of Creso.

## 8.6 Variation, cancellation or modification of rights

The Option Scheme Participants agree to the transfer of their Creso Listed Options in accordance with this Option Scheme and agree to the variation, cancellation or modification of the rights attached to their Creso Listed Options constituted or resulting from this Option Scheme (if any).

## 8.7 Beneficial entitlement to Scheme Options

Immediately from the time that Red Light has satisfied its obligations under clauses 5.4 and 6 pending registration by Creso of Red Light in the Creso Listed Option Register as the holder of the Scheme Options:

- (a) Red Light will be beneficially entitled to the Scheme Options transferred to it under this Option Scheme; and
- (b) each Option Scheme Participant, without the need for any further act by that Option Scheme Participant:
  - (i) irrevocably appoints Red Light as attorney and agent (and directs Red Light in each capacity) to appoint any director, officer, secretary or agent nominated by Red Light as its sole proxy and, where applicable, its corporate representative to attend Creso Listed Optionholder meetings of Creso, exercise the votes attached to the Scheme Options registered in the name of the Option Scheme Participant and sign any Creso Listed Optionholder resolution of Creso;
  - (ii) undertakes not to otherwise attend or vote at any such meetings or sign any such resolutions, whether in person, by proxy or by corporate representative other than pursuant to clause 8.7(b)(i);
  - (iii) must take all other actions in the capacity of a registered holder of Scheme Options as Red Light reasonably directs; and
  - (iv) acknowledges and agrees that in exercising the powers referred to in this clause 8.7(b), any director, officer, secretary or agent nominated by Red Light may act in the best interests of Red Light as the intended registered holder of the Scheme Options.

## 8.8 Withholding

If Red Light considers that it must pay an amount to the Commissioner of Taxation (**Commissioner**) under Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (**TAA**) in relation to the acquisition of the Creso Listed Options from a Creso Listed Optionholder, Red Light will:

- (a) determine the amount to be paid to the Commissioner (**Withholding Amount**) being 12.5% (or a lesser rate approved by the Commissioner) of the Option Scheme Consideration otherwise payable to the Creso Listed Optionholder or Sale Agent, as appropriate;
- (b) withhold the Withholding Amount from the Option Scheme Consideration (by issuing such lesser number of Red Light Shares to the Creso Listed Optionholder or Sale Agent, as appropriate for the Withholding Amount) and remit the Withholding Amount to the Commissioner within the timeframe required under the TAA (and issued of the reduced number of Red Light Shares shall be taken to be full payment of the Option Scheme Consideration for the purposes of this Option Scheme); and

- (c) if requested in writing by the relevant Creso Listed Optionholder, provide a receipt or other appropriate evidence of payment of the Withholding Amount to the Commissioner (or procure the provision of such receipt or other evidence) to the relevant Creso Listed Optionholder.

## 8.9 Notices

- (a) Where a notice, transfer, transmission application or other communication referred to in this Option Scheme is sent by post to Creso, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Creso's registered office or at the office of the Creso share registry.
- (b) The accidental omission to give notice of the Option Scheme Meeting to any Creso Listed Optionholder, or the non receipt of such a notice by any Creso Listed Optionholder will not, unless ordered by the Court, invalidate this Option Scheme or the proceedings at the Option Scheme Meeting.

## 8.10 Alterations and conditions

If the Court proposes to approve this Option Scheme subject to any conditions or alterations under section 411(6) of the Corporations Act, Creso may, by its counsel on behalf of all persons concerned consent to only such of those conditions or alterations to this Option Scheme to which Red Light has consented in writing, such consent not to be unreasonably withheld or delayed.

## 8.11 Enforcement of Option Deed Poll

Creso undertakes in favour of each Option Scheme Participant that it will enforce the Option Deed Poll against Red Light on behalf of and as agent and attorney for the Option Scheme Participants.

## 8.12 Duty

All duty (including stamp duty), and any related fines, penalties and interest, payable in connection with the transfer by Option Scheme Participants of the Scheme Options to Red Light pursuant to the Option Scheme will be payable by Red Light.

## 8.13 Limitation of liability

None of Creso or Red Light nor any of their respective Representatives is liable for anything done or omitted to be done in the performance of this Option Scheme or the Option Deed Poll in good faith.

## 8.14 Governing Law

- (a) This Option Scheme is governed by and will be construed according to the laws of Western Australia.
- (b) Each party irrevocably:
  - (i) submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Option Scheme; and
  - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if the venue of those proceedings fall within clause 8.14(b)(i).

**Schedule 7 – Option Deed Poll**

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# THOMSON GEER

LAWYERS

Level 27, Exchange Tower  
2 The Esplanade  
Perth WA 6000 Australia

T +61 8 9404 9100 | F +61 8 9300 1338

## Option Deed Poll

Red Light Holland Corp.

## DETAILS

Date

2021

By

**Red Light**

Name Red Light Holland Corp.  
Company No. 5032904  
Address 1 Adelaide Street East  
Suite 801  
Toronto, Ontario  
M5C 2V9  
Email todd@redlighttruffles.com  
Attention Todd Shapiro

Each registered holder of listed options in Creso Pharma Limited ACN 609 406 911 of Suite 5 CPC, 145 Stirling Highway, Nedlands, WA 6009 (**Creso**) on the Record Date (other than Excluded Optionholders) (**Option Scheme Participants**).

## BACKGROUND

- A Creso and Red Light have entered into a Scheme Implementation Deed dated on or about 16 June 2021 (**Scheme Implementation Deed**).
- B Under the Scheme Implementation Deed, Creso has agreed that it will propose and implement the Option Scheme in accordance with the Scheme Implementation Deed, pursuant to which, among other things, Red Light will acquire all of the Scheme Options.
- C Under the Scheme Implementation Deed, Red Light has agreed to take all steps reasonably necessary to assist Creso in proposing and implementing the Option Scheme in accordance with the Scheme Implementation Deed.
- D Red Light is entering into this Option Deed Poll for the purpose of:
- (i) covenanting in favour of the Option Scheme Participants to perform certain of its obligations under the Scheme Implementation Deed;
  - (ii) covenanting in favour of the Option Scheme Participants to perform the steps attributed to it under the Option Scheme; and
  - (iii) ensuring that the Option Scheme Consideration is provided to the Option Scheme Participants.
- E The effect of the Option Scheme will be that the Scheme Options, together with all rights and entitlements attaching to them, will be acquired by Red Light in exchange for the Option Scheme Consideration.

## AGREED TERMS

### Definitions and interpretation

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#### 1.1 Definitions

In this Option Deed Poll:

**Option Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Creso and Creso Listed Optionholders, the form of which is contained

in Annexure A, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by Creso and Red Light.

## 1.2 Terms defined in Scheme Implementation Agreement

Words and phrases defined in the Scheme Implementation Deed have the same meanings in this Option Deed Poll unless the context requires otherwise.

## 1.3 Interpretation

- (a) Clause 1.2 of the Option Scheme applies to the interpretation of this Option Deed Poll, except that references to "this Option Scheme" in that clause are to be read as references to "this Option Deed Poll".
- (b) Clause headings in this Option Deed Poll do not affect the interpretation of this Option Deed Poll.

## 1.4 Time for performance

- (a) If the day on or by which a payment or an act is to be done under this Option Deed Poll is not a Business Day, that act must be done on the next Business Day.
- (b) In this Option Deed Poll, if a period occurs from, after or before a day or the day of an act or event, it excludes that day.
- (c) In this Option Deed Poll, a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later.
- (d) In this Option Deed Poll a reference to time is a reference to Perth, Australia time.

## 2 Nature of Deed Poll

---

Red Light acknowledges that:

- (a) this Option Deed Poll may be relied on and enforced by any Option Scheme Participant in accordance with its terms, even though the Option Scheme Participants are not party to it; and
- (b) under the Option Scheme, each Option Scheme Participant irrevocably appoints Creso and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this Option Deed Poll against Red Light.

## 3 Condition

---

### 3.1 Condition

This Option Deed Poll and the obligations of Red Light under this Option Deed Poll are subject to the Option Scheme becoming Effective.

### 3.2 Termination

The obligations of Red Light under this Option Deed Poll to Option Scheme Participants will automatically terminate and the terms of this Option Deed Poll will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms; or
- (b) the Option Scheme does not become Effective on or before the End Date,

unless Red Light and Creso otherwise agree in writing.

### 3.3 Consequences of Termination

If this Option Deed Poll is terminated under clause 3.2, then in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Red Light is released from its obligations to further perform this Option Deed Poll; and
- (b) each Option Scheme Participant retains, powers and remedies they have against Red Light in respect of any breach of this Option Deed Poll which occurs before it is terminated.

## 4 Option Scheme obligations

---

Subject to clause 3, Red Light undertakes in favour of each Option Scheme Participant to:

- (a) issue, or cause to be issued, the Option Scheme Consideration to each Option Scheme Participant (or to the Sale Agent on behalf of the Option Scheme Participant in accordance with the Option Scheme); and
  - (b) undertake all other actions attributed to it under the Option Scheme and do all acts and things necessary or desirable on its part to give full effect to the Option Scheme,
- all in accordance with the terms of the Option Scheme and the Scheme Implementation Deed.

## 5 Warranties

---

Red Light represents and warrants to each Option Scheme Participant that:

- (a) it is a corporation validly existing under the laws of the Province of Ontario;
- (b) it has the corporate power to enter into and perform its obligations under this Option Deed Poll and to carry out the transactions contemplated by this Option Deed Poll;
- (c) it has taken all necessary corporate action to authorise its entry into this Option Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Option Deed Poll and to carry out the transactions contemplated by this Option Deed Poll;
- (d) this Option Deed Poll has been duly and validly executed and delivered by it and is valid and binding upon it; and
- (e) the execution and performance by it of this Option Deed Poll and each transaction contemplated by this Option Deed Poll did not and will not violate in any respect a provision of:
  - (i) a law, judgement, ruling, order or decree being on it;
  - (ii) its constitution or other constituent documents; or
  - (iii) any other document which is binding on it or its assets; and
- (f) it is solvent and no resolutions have been passed nor has any other step been taken or legal action or proceedings commenced or threatened against it for its winding up, deregistration or dissolution or for the appointment of a liquidator, receiver, administrator or similar officer over any or all of its assets.

## 6 Continuing obligations

---

- 6.1 This Option Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Red Light having fully performed its obligations under this Option Deed Poll; or
- (b) termination of this Option Deed Poll under clause 3.2.

## **7 Miscellaneous**

---

### **7.1 Assignment**

- (a) The rights and obligations of Red Light and each Option Scheme Participant under this Option Deed Poll are personal. They cannot be assigned, charged or otherwise dealt with without the prior consent of Red Light and Creso.
- (b) Any purported dealing in contravention of clause 7.1 is invalid.

### **7.2 Cumulative rights**

The rights, powers and remedies of Red Light and the Option Scheme Participant under this Option Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Option Deed Poll.

### **7.3 Further assurances**

Red Light will, at its own expense, do all things reasonably required of it by law to give full effect to this Option Deed Poll and the transactions contemplated by it.

### **7.4 Governing law**

- (a) This Option Deed Poll is governed by and will be construed according to the laws of Western Australia.
- (b) Red Light irrevocably:
  - (i) submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought at any time relating to this Option Deed Poll; and
  - (ii) waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if the venue of those proceedings fall within clause 7.4(b)(i).

### **7.5 Notices**

Any notice or other communication to Red Light under or in connection with this Option Deed Poll must be in writing and:

- (a) sent to Red Light at:

Address	1 Adelaide Street East Suite 801 Toronto, Ontario M5C 2V9
Email	todd@redlighttruffles.com
Attention	Todd Shapiro

(or as otherwise notified by Red Light to Creso from time to time);

- (b) must be signed by the party making the communication or by a person duly authorised by that party or, in the case of email, set out the full name and position or title of the duly authorised sender;

- (c) must be delivered or posted by prepaid post to the address or emailed to the email address of the addressee in accordance with clause 7.5(a); and
- (d) will be deemed to have been given:
  - (i) if delivered, on the date of delivery; or
  - (ii) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
  - (iii) if sent by email, on the earlier of the sender receiving an automated message confirming delivery or, provided no automated message is received stating that the email has not been delivered, three hours after the time the email was sent by the sender, such time to be determined by reference to the device from which the email was sent,

but if the notice or other communication would otherwise be taken to be received after 5:00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9:00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

#### 7.6 **Costs**

- (a) Red Light must bear its own costs arising out of the negotiation, preparation and execution of this Option Deed Poll.
- (b) Red Light:
  - (i) must pay all duty (including stamp duty) and any related fines, penalties and interest in respect of the Option Scheme and this Option Deed Poll (including without limitation the acquisition of Scheme Options pursuant to the Scheme), the performance of this Option Deed Poll and each transaction effected by or made under or pursuant to the Option Scheme and this Option Deed Poll; and
  - (ii) indemnifies each Option Scheme Participant against any liability arising from failure to comply with clause 7.6(b)(i).

#### 7.7 **Variation**

- (a) A provision of this Option Deed Poll may not be varied, altered or otherwise amended unless:
  - (i) before the Second Court Date, the variation, alteration or amendment is agreed to in writing by Creso (which such agreement may be given or withheld without reference to or approval by any Creso Listed Optionholder); or
  - (ii) on or after the Second Court Date, the variation, alteration or amendment is agreed to in writing by Creso and is approved by the Court (which such agreement may be given or withheld without reference to or approval by any Creso Listed Optionholder),

in which event Red Light will enter into a further deed poll in favour of each Option Scheme Participant giving effect to the variation, alteration or amendment.

#### 7.8 **Waiver**

- (a) A provision of or right under this Option Deed Poll may not be waived except in writing signed by the person granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of:
  - (i) a right arising from a breach of this Option Deed Poll; or

- (ii) a right, power, authority, discretion or remedy created or arising upon default under this Option Deed Poll,

does not result in a waiver of that right, power, authority, discretion or remedy.

- (c) Red Light is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of this Option Deed Poll or on a default under this Option Deed Poll as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) Red Light may not rely on any conduct of another person as a defence to the exercise of a right, power, authority, discretion or remedy by that other person.

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**Executed** as a deed poll

**Executed** by an authorised signatory of  
**Red Light Holland Corp.:**

---

Signature of authorised person

---

Name of authorised person  
BLOCK LETTERS

For personal use only



## Annexure A – Option Scheme of Arrangement

For personal use only

**Schedule 8 – Creso Subsidiaries**

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CPH Group  
Structure

personal use only

- BW

Boaz Wachtel
- AB

Adam Blumenthal
- JE

James Ellingford
- JW

Jorge Wernli
- RC

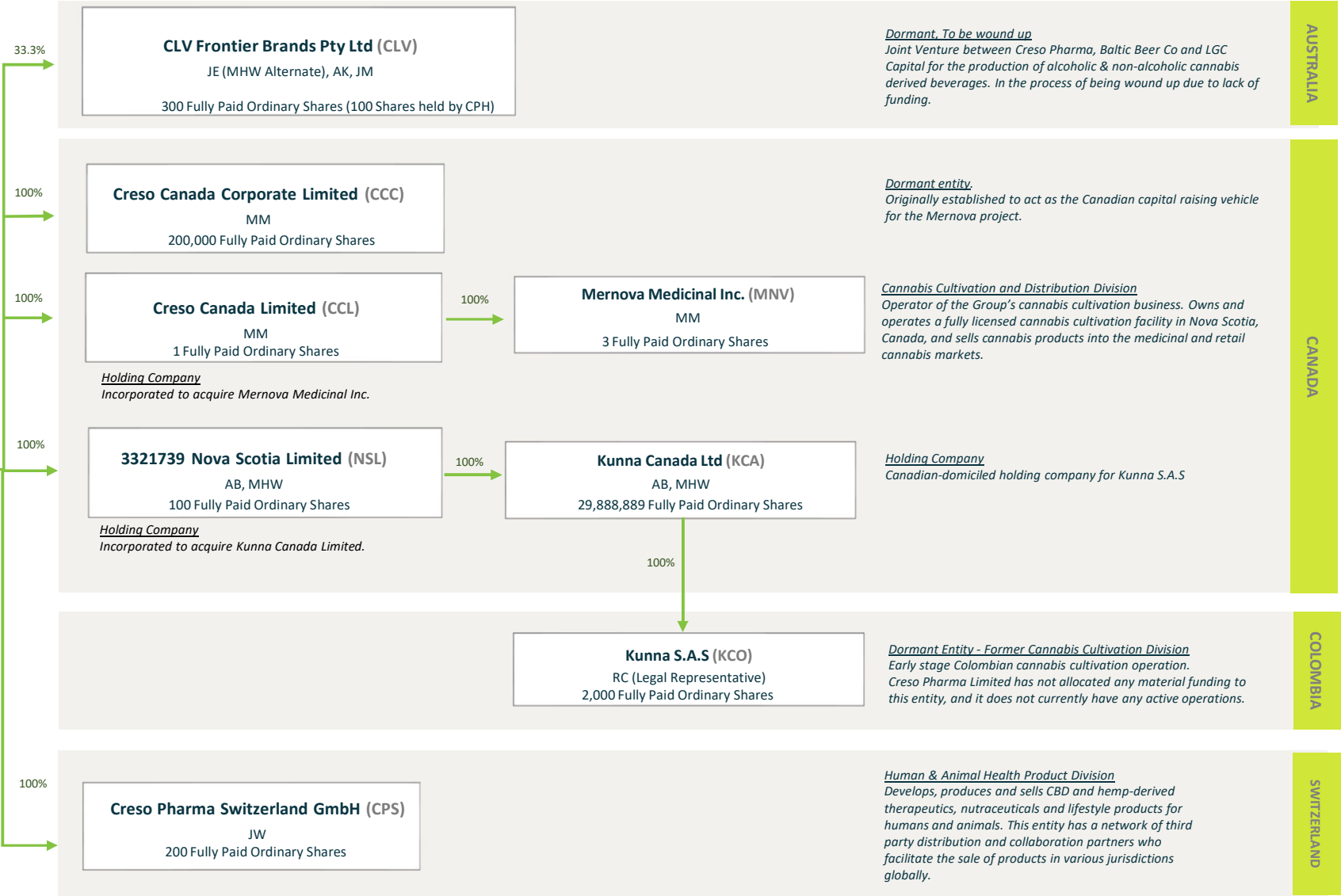
Ricardo Cuervo
- MHW

Miri Halperin Wernli
- JM

John McMullen
- AK

Aleksandr Klaos
- MM

Micheline MacKay



**Schedule 9 – Red Light Subsidiaries**

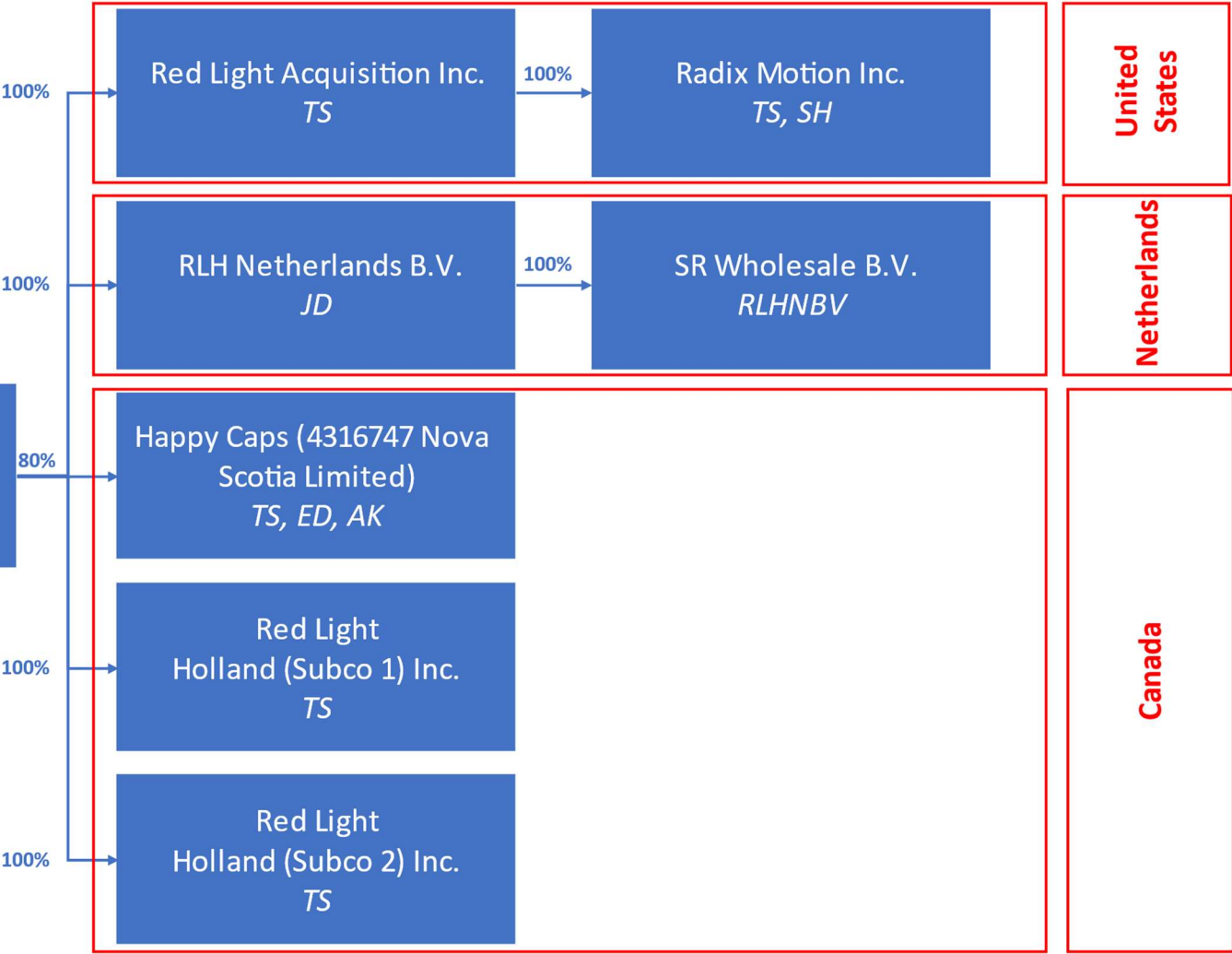
For personal use only

personal use only

RLH Group Structure

Red Light Holland Corp. (RLH)  
CSE: TRIP  
Canada  
TS, BL, AB, BP, SP (CoSec)

TS: Todd Shapiro  
BL: Brad Lamb  
AB: Ann Barnes  
BP: Binyomin Posen  
SP: Shimmy Posen  
ED: Ed Darlington  
AK: Andrew Kobayashi  
JD: Johannes Derix  
SH: Sarah Hashkes  
RLHNBV: RLH Netherlands B.V.



For personal use only

**EXECUTION**

Executed as a deed.

**Executed by Creso Pharma Limited** ACN 609 406 911 in accordance with section 127 of the *Corporations Act 2001* (Cth):



Director

BOAZ WACHTEL

Name of Director



Secretary

ERLYN DALE

Secretary

**Executed** by an authorised signatory of **Red Light Holland Corp.:**



Signature of authorised person

TODD SHAPIRO

Name of authorised person