



25 February 2022

Creso Pharma secures commitments to raise \$5m

Highlights:

- Firm commitments to raise \$5m through the issue of approximately 72.4m new fully paid ordinary shares at an issue price of \$0.069 ("Placement")
- Placement strongly supported by a range of local and international investors, including institutions and sophisticated investors
- Funds to be deployed towards US expansion, general working capital, product development initiatives and other opportunities
- Creso Pharma plans to grow its US footprint ahead of, and following the acquisition of, Sierra Sage Herbs LLC and leading Green Goo brand
- Multiple growth initiatives underway with new funds providing financial flexibility

Creso Pharma Limited (ASX:CPH, OTC:COPHF, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that it has secured firm commitments from institutional, professional and sophisticated investors to raise \$5 million (before costs) through the issue of approximately 72.4 million new fully paid ordinary shares ("Shares") at an issue price of \$0.069 per Share. This \$5 million includes a commitment for participation in the Placement for approximately \$318,250 from Non-Executive Director, Adam Blumenthal. Mr Blumenthal's commitment and participation in the Placement will be subject to shareholder approval at a future General Meeting.

The placement was well supported by a range of new and existing local and international investors. Funds raised from the Placement will be used to progress a number of opportunities, including the Company's ongoing US expansion following the recently announced acquisition of Sierra Sage Herbs LLC and leading Green Goo brand (refer ASX announcement: 3 February 2022). Additional capital will also be deployed to advance product development initiatives, international expansion and general working capital.

The issue price represents a 10.4% discount to the last closing price of \$0.077 on 21 February 2022.

Commentary:

CEO and Managing Director Mr William Lay said: *"We are very pleased to have achieved such strong support for this placement and I would like to take this opportunity to welcome a number of new investors to our register, as well as thank existing shareholders that have made commitments. These funds will provide us with additional financial flexibility to advance our US-focused growth trajectory, progress a number of new product development initiatives and explore new opportunities to unlock shareholder value."*

"The Company remains very well positioned to capitalise on the global market for recreational cannabis, CBD products and psychedelic treatments. We have a number of growth initiatives underway and look forward to providing additional updates as these materialise."



The Placement will be undertaken as follows:

- a) 67,851,448 Shares (subject to rounding) to be issued to non-related parties within the Company's available placement capacity under ASX listing rule 7.1A; and
- b) 4,612,320 Shares to be issued to Non-Executive Director, Adam Blumenthal subject to shareholder approval.

The Company will also issue participants in the placement one free attaching option for every one new Share issued, as set out below:

- a) 67,851,448 options (subject to rounding) to be issued to non-related parties within the Company's available placement capacity under ASX listing rule 7.1 ("Placement Options").
- b) 4,612,320 options to be issued to Non-Executive Director, Adam Blumenthal subject to shareholder approval.

(together the "New Options")

Director Adam Blumenthal may elect to invest in his investment vehicle Atlantic Capital Pty Ltd.

The New Options will be exercisable at \$0.14 each on or before a date that is 18 months after the date of issue of the Placement Options. Creso Pharma will seek quotation for the New Options, subject to meeting certain listing requirements.

Lead Manager

EverBlu Capital Pty Ltd ("EverBlu") acted as lead manager to the Placement. EverBlu will earn a 6% cash fee (\$300,000) and, subject to shareholder approval, EverBlu will receive one option for every one New Option issued under the Placement on the same terms and conditions as the Placement Options.

Black Scholes		
Stock Price (S_0)	\$	0.069
Exercise (Strike) Price (K)	\$	0.14
Time to Maturity (in years) (t)		1.50
Annual Risk Free Rate (r)		1.20%
Annualized Volatility (σ)		60.06%
Option Price		0.00644
Option Value	\$	466,675.28

Given the current market conditions, the board of Creso, independently of Mr Blumenthal, agreed on the broker options to be issued to EverBlu for this current raise in order to maximise the prospects of a successful outcome for the capital raising such that the Company could secure funding to progress its planned US expansion.

As announced to the market 21/01/2020 and again 26/03/21, Creso is mandated by Everblu as its corporate advisor and lead manager for capital raisings and therefore was the lead manager for this capital raising. The cash fee outlined above is provided for in Creso's mandate with EverBlu, however, the broker options were negotiated and agreed as an additional fee for the reasons outlined above. The issue of the broker options remains subject to shareholder approval.



-Ends-

Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

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About Creso Pharma

Creso 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 lifestyle products with wide patient and consumer reach for human and animal health.

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

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Forward Looking statements

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ



materially from expectations include, among other things, general economic and market factors, competition and government regulation.

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

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