

24 May 2023

Creso to complete Second Purchase from SBC Facility, Accelerates Certain Amortisation Payments

Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to confirm it is finalising the completion of the Second Purchase of the convertible note facility with SBC Global Investment Fund ("SBC") announced on 6 March 2023. In addition, the Company has also issued shares in settlement of the first amortisation payment and the acceleration of two further amortisation payments (plus interest) in relation to the First Purchase of the convertible note facility.

Commentary:

CEO and MD Mr William Lay said: "The funds from the Second Purchase with SBC will, along with those announced from our recent capital raising, significantly bolster the Company's cash position.

Creso remains well positioned to deliver shareholder value via ongoing penetration into the various, high growth, plant-based verticals that it currently resides in and we look forward to providing additional updates to our shareholders as these opportunities crystallise."

Additional Information

Issue of SBC Tranche 2 Convertible Notes (Second Purchase)

Under the terms of the convertible securities agreement announced on 6 March 2023, the Company will shortly issue 800,000 SBC T2 Convertible Notes to SBC to complete the Second Purchase, pursuant to shareholder approval obtained at the General Meeting held on 15 May 2023 ("General Meeting"). The Second Purchase will be satisfied by SBC providing the Company \$400,000 in cash. The remaining balance will be offset against balances owing by the Company in relation to not issuing commitment options to SBC as part of either the First Purchase or Second Purchase (\$194,580.20), in addition to fees payable for the Company not receiving shareholder approval for the First and Second purchases by the date specified in the convertible securities agreements (\$205,419.80).

As a result of the above, the parties have agreed not to proceed with the proposed issuance of 70 million commitment options to SBC.

Amortisation Payments under SBC Tranche 1 Convertible Notes (First Purchase)

Additionally, the Company has agreed to repay the entire balance owing under the first amortisation payment (including interest) from the First Purchase (\$270,000) in shares, based on the terms of the convertible securities agreement. Furthermore, the Company has agreed to accelerate two additional payments of the same amount under the same mechanism. The Company and SBC have also agreed, on a reasonable efforts basis, to repay the June redemption amount in shares. SBC has also agreed to waive its right to receive a portion of the Company's recently announced capital raise.

Based on the items described above, and under the terms of the convertible securities agreements, the Company has today issued 90 million shares to SBC as summarised in the following table, based on a



Creso share price of \$0.009, being 93% of the lowest 1-day VWAP in the 10 actual trading days preceding a redemption.

	Face Value	Shares	Issue Capacity
First Amortisation Payment	\$250,000	27,777,778	Shareholder approval – 15 May 2023
Accelerated Amortisation (x2)	\$500,000	55,555,556	Shareholder approval – 15 May 2023
Interest Component	\$60,000	6,666,666	Under the Company's LR7.1 capacity
Total	\$810,000	90,000,000	

At its General Meeting, the Company received approval to ratify the issue of the First Purchase which permits the issue of a maximum number of shares of 218,976,674 on conversion (or amortisation) of those convertible notes.

The interest component associated with the amortisation payments has also been settled by the issue of shares under the Company's Listing Rule 7.1 capacity.

As a result of the aforementioned amortisation payments, 675,007 SCB T1 Convertible Notes issued under the First Purchase have been redeemed, with a balance of 1,024,993 SBC T1 Convertible Notes remaining.

Secondary Trading Notice Pursuant to Section 708A(5)(e) of the Corporations Act

The Company gives this notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) ("Corporations Act"). As noted above, and disclosed in the Appendix 2A dated 24 May 2023, the Company has today issued 6,666,666 fully paid ordinary ("Shares").

The Shares were issued without disclosure to investors under Part 6D.2 of the Act.

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 and section 674A of the Corporations Act.

As at the date of this notice there is no information to be disclosed which is excluded information (as defined in section 708A(7) of the Corporations Act) that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

-Ends-



Authority and Contact Details

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

For further information, please contact:

Investor Enquiries

Creso Pharma Limited E: info@cresopharma.com P: +61 (0) 497 571 532

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 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

Creso Pharma offices:

Australia

Suite 5 CPC, 145 Stirling Hwy, Nedlands, WA, 6009

Switzerland

Allmendstrasse 11, 6310 Steinhausen, Schweiz

Canada

59 Payzant Driver, Windsor, Nova Scotia, B0N 2TO and 50 Ivey Ln, Windsor, Nova Scotia, B0N 2TO

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.