



ASX Announcement  
23 May 2019

## **Creso Pharma Harvests First Canadian Cannabis Crop Subsidiary Mernova Medical Progressing To First Revenues**

### **Investment Highlights**

- Creso Pharma's subsidiary Mernova Medical harvests the first crop from its state of the art growing facility in Nova Scotia, Canada
- The facility is now running at full capacity, ahead of schedule and with first revenues expected to be achieved shortly
- Creso is ideally positioned to tap Canada's fully legalised medicinal and recreational cannabis market
- Creso is progressing the process to obtain European GMP (Good Manufacturing Practice) certification

**Creso Pharma Limited (ASX:CPH) ("Creso" or "the Company")** is pleased to announce that its fully owned Canadian subsidiary Mernova Medical Ltd has harvested the first cannabis from its state-of-the art facility in Nova Scotia, having only received a growing licence in mid February 2019.

The achievement is consistent with the timetable Creso announced to the market in April (ASX Announcement: April 15 2019) and puts the Company in a prime position to benefit from the burgeoning Canadian market for legalised medicinal and recreational cannabis. The crop has been harvested from the Mernova-owned Nuken cannabis genetic.

While only a small crop, this harvest is a precursor to scale output from the facility which is now operating at full capacity and ahead of the previously announced June-end schedule. Within weeks, Creso will commence a routine of graduated weekly harvests, allowing for a constant and steady flow of material.

The 24,000 square foot built-for-purpose indoor facility has the capacity to produce up to 4000 kilograms of cannabis annually, with expansion capacity for ten times that amount. The facility also includes a custom-built secure warehouse that can store up to \$100 million Canadian Dollars of product. Output is underpinned by a three-year supply agreement with TerrAscend Canada, a wholly-owned subsidiary of the Ontario-based cannabis and hemp producer TerrAscend Corp.



Under the tie-up TerrAscend has agreed to purchase 100 kilogram of cannabis flower per month, estimated to be worth approximately C\$6 million of revenue annually. The deal also involved TerrAscend providing a shipment of premium cannabis genetics to facilitate Mernova's first crop. This was achieved highly successfully and with zero loss.

Creso is progressing the process to obtain European GMP (Good Manufacturing Practice) certification. This will enable the Company to export the Canadian product for use by European pharmaceutical companies with whom it has existing relationships, specifically in Germany, Italy, Spain and Switzerland. Discussions with these companies are well underway. The demand for medicinal cannabis in Europe is growing and Creso's high quality medicinal cannabis products will enable it to meet this need as soon as EU GMP certification is achieved.

**Dr Miri Halperin Wernli Creso's CEO and Co-Founder says:** "Creso Pharma is thrilled to see that the strain grew to maturity quickly – after only eight weeks of growth – with what we expect to be a very desirable terpene and cannabinoid profile. With the first sale expected shortly, the harvest is an important milestone in Creso's ongoing development and we are delighted at how quickly Mernova Medical is progressing to first revenues."

## Ends

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### About Creso Pharma

Creso Pharma brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health. Creso uses GMP 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)

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### **About Mernova Medical Ltd**

Acquired by Creso Pharma in July 2017, Mernova Medical is a leading participant in the burgeoning Canadian cannabis market. Mernova's operations are based at a state-of-the-art growing facility at Windsor, Nova Scotia, capable of producing up to 4000 kilograms of cannabis annually. Mernova was only the fifth producer to win a government licence to operate in Nova Scotia. To learn more, please visit: [www.cresopharma.com](http://www.cresopharma.com)

### **Forward Looking statements**

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

Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation. The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.