



28 April 2022

Dear Shareholder,

Annual General Meeting – Notice and Proxy Form

Notice is hereby given that the 2022 Annual General Meeting ('Meeting') of Shareholders of Creso Pharma Limited ('Company') will be held by virtual meeting facility at 10:00am (AEST) on Tuesday, 31 May 2022.

Pursuant to the Treasury Laws Amendment (2021 Measures No. 1) Act 2021, the Company has made the decision to not dispatch physical copies of the Notice of Meeting ('Notice'). Instead, a copy of the Notice is available on the ASX Company's Announcement Platform at www2.asx.com.au (ASX:CPH).

If you have elected to receive notices by email, a copy of your personalised proxy form will be emailed to you. If you have not elected to receive notices by email, a copy of your personalised proxy form will be posted to you, together with this letter for your convenience.

All shareholders will be able to participate in the Meeting by:

- (a) attending and voting their Shares at the Meeting to be held virtually at 10:00am (AEST) on 31 May 2022;
- (b) voting prior to the Meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 10:00am (AEST) on 29 May 2022) either by **voting online at <https://investor.automic.com.au/#/loginsah>**, or lodging a proxy form, as follows:
 - **by post to:** Automic, GPO Box 5193, Sydney, NSW, 2001; or
 - **in person to:** Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000; or
 - **by email to:** meetings@automicgroup.com.au

Your proxy voting instruction must be received not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting;

- (c) lodging questions in advance of the Meeting by emailing the questions to Winton Willesee, Joint Company Secretary at winton@azc.com.au, by no later than 24 May 2022.

If you are a shareholder, please follow the below step-by-step process to be able to access, vote and ask questions at the meeting:

1. Open your internet browser and go to investor.automic.com.au.
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.**
3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appear.
4. Click on "**Register**" and follow the steps.
5. Click on the URL to join the virtual meeting facility where you can join and listen to the meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen.



7. Select your voting direction and click “**confirm**” to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice, or for any other relevant information please contact the Company Secretary on +61 8 9389 3180 or winton@azc.com.au.

Authorised for release by the Board of Creso Pharma Limited.

Sincerely,

A handwritten signature in black ink, appearing to read 'Winton Willesee', is placed above the printed name.

Winton Willesee
Joint Company Secretary
Creso Pharma Limited

CRESO PHARMA LIMITED
ACN 609 406 911
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am (AEST)
DATE: 31 May 2022
PLACE: By Virtual Meeting Facility

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm on 29 May 2022.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2021.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADAM BLUMENTHAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.4 and for all other purposes, Adam Blumenthal, a Director, retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – ELECTION OF DIRECTOR – WILLIAM LAY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.4 of the Constitution, Listing Rule 14.4 and for all other purposes, William Lay, a Director who was appointed casually on 17 January 2022, retires, and being eligible, is elected as a Director.”

5. RESOLUTION 4 – ELECTION OF DIRECTOR – MICHELINE MACKAY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Micheline MacKay, a Director who was appointed casually on 17 January 2022, retires, and being eligible, is elected as a Director.”

6. RESOLUTION 5 – ELECTION OF DIRECTOR – BRUCE LINTON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 14.4 of the Constitution, Listing Rule 14.4 and for all other purposes, Bruce Linton, a Director who was appointed casually on 17 January 2022, retires, and being eligible, is elected as a Director.”

7. RESOLUTION 6 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

8. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its Constitution as set out in the Explanatory Statement.”

Dated: 26 April 2022

By order of the Board



**Winton Willesee
Joint Company Secretary**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

In light of the status of the evolving COVID-19 situation, the Directors have made a decision that Shareholders will not be able to physically attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting or attend and vote online at the Virtual Meeting.

Voting online via Virtual Meeting

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where shareholders will be able to watch, listen, and vote online.

To access the virtual meeting:

1. Open your internet browser and go to **investor.automic.com.au**
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**

3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears
3. Click on "**Register**" and follow the steps
4. Click on the URL to join the webcast where you can view and listen to the virtual meeting
5. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
6. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted**

You may still attend the meeting and vote at the Virtual Meeting even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance at the Virtual Meeting will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment will be deemed to be revoked with respect to voting on that resolution.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 3180.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.cresopharma.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADAM BLUMENTHAL

3.1 General

Listing Rule 14.4 and clause 14.2 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Adam Blumenthal, who has served as a Director since 20 November 2015 and was last re-elected on 29 April 2019, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Adam Blumenthal has over 11 years' experience in Investment Banking and Corporate Finance. He has deep exposure to Australian and International markets, having provided capital raising and financing solutions to an extensive number of unlisted and listed companies. Mr Blumenthal has played a lead role in advising and supporting multiple organisations across a broad spectrum of industries, using his experience and extensive network of international contacts to provide corporate advisory and capital markets input. He has successfully brought to market several Medical Marijuana companies spanning Israel, Canada, Switzerland and Australia. He has also been actively involved in the Mining, Cyber Security, Health Care and IT sectors.

Mr Blumenthal is a director of EverBlu Capital Pty Ltd (**EverBlu**), the Company's appointed corporate advisor and lead manager to the various capital raisings undertaken by the Company in CY2021.

Outside of his formal business activities, Mr Blumenthal has lectured at a leading Sydney University covering corporate governance, corporate social responsibility and ASX listings - both at an undergraduate and postgraduate level.

Mr Blumenthal holds a Bachelor of Commerce, Master of International Relations (MIR) and Master of Business Administration (MBA) degrees.

Mr Blumenthal is a strong supporter of Israeli innovation and has previously lived in Israel. He is a member of the Israel Business Club Sydney (IBCS).

3.3 Independence

If elected, the Board does not consider Mr Blumenthal will be an independent director due to his interest in EverBlu, which is a material service provider and adviser to the Company.

The Company notes that ASX has, in recent times, formed the view that it, in most cases, is not appropriate for a principal of a corporate adviser to serve as a director of a client of the corporate adviser due to the existence of potential conflicts of interest. EverBlu is the corporate adviser to Creso and Adam

Blumenthal is a shareholder and director of EverBlu. As a result, there are circumstances where potential conflicts of interests arise between Mr Blumenthal's role as a director of the Company and his position as a shareholder and director of EverBlu. The Company manages this potential conflict through compliance with the Corporations Act, the ASX Listing Rules and the Company's Corporate Governance Policy which, in general terms, excludes Mr Blumenthal from participating in the discussion, and voting on, any matter at a Board meeting where a conflict of interest arises.

3.4 Board recommendation

The Board has reviewed Mr Blumenthal's performance since his appointment to the Board and considers that Mr Blumenthal's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Blumenthal and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 TO 5 – ELECTION OF DIRECTORS

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

4.2 Resolution 3 – Election of William Lay

Mr William Lay, having been appointed by other Directors on 17 January 2022 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

(a) Qualifications and other material directorships

Mr William Lay is an experienced cannabis executive and previously served as Executive Vice President – Strategy, Origination & Operations at Creso. Mr Lay began his career with leading Canadian full service financial investment bank, BMO Capital Markets through roles across Canada and London. During his time with BMO Capital Markets, Mr Lay participated in M&A, equity financing and debt financing transactions totaling >CAD\$3 bn in cumulative value.

Shortly after his time with BMO Capital Markets, Mr Lay joined Canopy Growth Corporation (TSE: WEED, NASDAQ: CGC) as an M&A Associate, before being promoted to Associate Director, M&A, in 2019. In this role, he assessed and effected multiple transactions locally and internationally, while concurrently progressing corporate strategy initiatives across the group. During his time at Canopy Growth, Mr Lay built a strong working relationship with Mr Linton, working on many high-profile initiatives together. Over the last four years, Mr Lay has managed and supported over CAD\$5 billion in cannabis M&A transactions, including leading the largest acquisition in the history of the cannabis sector.

(b) **Independence**

If elected the Board does not consider William Lay will be an independent Director due to his position as Managing Director and Chief Executive Officer of the Company.

4.3 Resolution 4 – Election of Micheline MacKay

Mrs Micheline MacKay, having been appointed by other Directors on 17 January 2022 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

(a) **Qualifications and other material directorships**

Mrs MacKay has 22 years of experience in regulatory environments, including pharmaceuticals, medical devices, and government regulated industries. She has held leadership positions for many years in different areas with a strong focus on business improvements and product development from laboratory scale to commercial operations.

Mrs MacKay is currently the Managing Director of Creso's wholly owned Canadian subsidiary, Mernova Medicinal Inc. (**Mernova**). She was previously in the position of Corporate Manager at Mernova for nearly three years prior to her appointment as Managing Director in March 2022 and is responsible for multiple functions including management, HR, quality assurance, and regulatory affairs. Mrs MacKay is also the Health Canada designated Responsible Person in Charge at Mernova. Leveraging past experience, she has played a significant role in successfully growing Mernova and has implemented best industry standards. She has practical experience in managing a business through specified key performance indicators, managing budgets, conducting regular audits and performance management.

(b) **Independence**

If elected the Board does not consider Micheline MacKay will be an independent Director due to her positions as Executive Director of the Company and Managing Director of subsidiary, Mernova Medicinal Inc.

4.4 Resolution 5 – Election of Bruce Linton

Mr Bruce Linton, having been appointed by other Directors on 17 January 2022 in accordance with the Constitution, will retire in accordance with the Constitution and Listing Rule 14.4 and being eligible, seeks election from Shareholders.

(a) **Qualifications and other material directorships**

Mr Linton has a passion for entrepreneurship and making a positive difference in the world. He brings a wealth of experience in building strong technology-driven companies, developing world-class teams, and positioning his companies in sectors driven by waves of public policy change. Mr Linton is Founder and served as the Chairman and Chief Executive Officer of Canopy Growth Corporation (Nasdaq: CGC/TMX: WEED). As Chairman and Chief Executive Officer of Canopy Growth Corporation, Mr Linton led the Company through 31 acquisitions, and over 16 rounds of financing for a total of more than \$6 billion of capital

raises, including a \$5 billion investment by Constellation Brands, the largest beer import company in the United States.

Mr Linton serves as the founding Executive Chairman of Gage Growth Corp. (CSE: GAGE); which recently announced its acquisition by leading North American MSO TerrAscend Corp (CSE: TER),(OTCQX: TRSSF) pending customary closing conditions. Mr Linton is the Chairman of the Advisory Board for Red Light Holland Corp., (CSE: TRIP), the psychedelics company whose focus is on premium brand 'magic' truffles and Advisor with Creso (ASX: CPH), and Above Foods. Co-Founder and Non-Executive Chairman of Óskare Capital, and an active investor with Slang Worldwide Inc. (CSE: SLNG) and with OG DNA Genetics Inc. Mr Linton is a Co-Chairman and former Chief Executive Officer of Martello Technologies Group Inc. (TSXV: MTLO). Mr Linton also sits on the Board of Directors of the Canadian Olympic Foundation and is an active member of The Ottawa Hospital Foundation, Campaign Executive Committee. In Sept 2021, Mr Linton stepped down from the board of Mind Medicine Inc. (NEO: MMED), where he was a founding Board of Director member and Chairman of the Governance and Compensation Committee. Mr Linton was also Chairman and Chief Executive Officer of Collective Growth Corporation; a special purpose acquisition company (SPAC) that went public on NASDAQ in May 2020 and completed its business combination transaction with Innoviz Technologies Ltd. (NASDAQ: INVZ) in March 2021.

(b) **Independence**

Whilst Mr Linton held a position as a strategic adviser to the Company prior to his appointment as a director of the Company and does still hold that position the Board does not consider that holding that position compromises Mr Linton independence. Outside of this appointment. Mr Bruce Linton has no interests, position or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company as a whole rather than in the interests of an individual security holder or other party.

If elected the Board considers Mr Bruce Linton will be an independent Director.

4.5 Other material information

The Company conducts appropriate checks on the background and experience of candidates before their appointment to the Board. These include checks as to a person's experience, educational qualifications, character, criminal record and bankruptcy history. The Company undertook such checks prior to the appointment of each of Mr William Lay, Mrs Micheline MacKay and Mr Bruce Linton.

Each of Mr William Lay, Mrs Micheline MacKay and Mr Bruce Linton has confirmed that they will have sufficient time to fulfil their responsibilities as a Director of the Company and does not consider that any other commitment will interfere with their availability to perform their duties.

4.6 Board recommendation

The Board has reviewed the performance of Mr William Lay, Mrs Micheline MacKay and Mr Bruce Linton since their respective appointment to the Board and considers that the skills and experience of these Directors will continue to enhance

the Board's ability to perform its role. Accordingly, the Board supports the election of these Directors and recommends that Shareholders vote in favour of Resolutions 3, 4 and/or 5.

5. RESOLUTION 6 – APPROVAL OF 7.1A MANDATE

5.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$102,407,107 (based on the number of Shares on issue and the closing price of Shares on the ASX on 5 April 2022).

Resolution 6 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 6 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

5.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 6:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 5.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for:

- (i) advancing the Company's existing operations and potential future operations, including the development, marketing and distribution of human, animal health products, CBD, recreational cannabis and plant-based products and investment in the cannabis cultivation facilities and operations of the Company's existing and future subsidiaries in Canada, US and Colombia and the development, marketing and distribution of psychedelics alternative medicines;
- (ii) business development, promotion and marketing services;
- (iii) costs associated with corporate actions, including the costs associated with dual listing on another recognised exchange;
- (iv) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition);
- (v) repayment of debt; and
- (vi) general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 5 April 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.04	\$0.079	\$0.12
			50% decrease	Issue Price	50% increase
Funds Raised					
Current	1,296,292,502 Shares	129,629,250 Shares	\$5,185,170	\$10,240,710	\$15,555,510
50% increase	1,944,438,753 Shares	194,443,875 Shares	\$7,777,755	\$15,361,066	\$23,333,265
100% increase	2,592,585,004 Shares	259,258,500 Shares	\$10,370,340	\$20,481,421	\$31,111,020

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 1,296,292,502 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 5 April 2022 (being \$0.079).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 24 June 2021 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 31 May 2021, the Company issued 67,851,467 pursuant to its placement capacity under Listing Rule 7.1A, being the matter of Resolution 6, which represent approximately 5.06% of the total diluted number of Equity Securities on issue in the Company on 31 May 2021, which was 1,340,085,956.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 2A	Date of Issue: 2 March 2022 Date of Appendix 2A: 2 March 2022
Recipients	Unrelated participants that participated in the placement announced on 25 February 2022. The participants are professional and sophisticated investors who are clients of EverBlu and were

	identified through a bookbuild process, which involved EverBlu seeking expressions of interest to participate in the capital raising from non-related parties of the Company.
Number and Class of Equity Securities Issued	67,851,467 Shares ²
Issue Price and discount to Market Price¹ (if any)	\$0.069 per Share (at a premium of 13.1% to Market Price).
Total Cash Consideration and Use of Funds as at 31 March 2022	<p>Amount raised: \$4,681,750</p> <p>Amount spent: \$0</p> <p>Use of funds: The funds are intended to be deployed towards US expansion, general working capital, product development initiatives and other opportunities.</p> <p>Amount remaining: \$4,681,750</p> <p>Proposed use of remaining funds³: The funds are intended to be deployed towards US expansion, general working capital, product development initiatives and other opportunities.</p>

Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: CPH (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

5.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

6. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to amend its existing Constitution (**Amended Constitution**) by including an additional clause (the new clause 14), which permits the use of technology at Shareholder meetings, including wholly virtual meetings, to the extent permitted under the Corporations Act, Listing Rules and applicable law.

A copy of the Amended Constitution is available for review by Shareholders at the office of the Company. A copy of the Amended Constitution can also be sent to

Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 5.1.

Amended Constitution has the meaning given in Section 6.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities & Investments Commission.

Associated Body Corporate means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

CAD\$ means Canadian dollars currency.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Creso Pharma Limited (ACN 609 406 911).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Managing Director means the managing director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2021.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

WST means Western Standard Time as observed in Perth, Western Australia.



Creso Pharma Limited | ACN 609 406 911

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (AEST) on Sunday, 29 May 2022**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

