



ASX Announcement

1 December 2017

Attn: Manager of ASX Announcements
Australian Securities Exchange
Level 40 Central Park
152-158 St George's Terrace
Perth WA 6000

Listing Rule 3.10.5A Disclosure

Creso Pharma Limited (ASX: CPH or "the Company") confirms that further to the ASX Announcement released 28th November 2017, in relation to the Placement, the Company has issued 17,233,683 fully paid ordinary shares at \$1.10 per share (**Placement Shares**). The Company issued 8,398,548 Placement Shares under its placement capacity under Listing Rule 7.1, and 8,835,135 Placement Shares under its placement capacity under Listing Rule 7.1A.

The Company provides the following information as required under ASX Listing Rule 3.10.5A in respect of the shares issued under the Company's 10% Placement Capacity under Listing Rule 7.1A:

- a) The dilutive effect of the Placement under LR 7.1A on existing shareholders is as follows:

Number of shares on issue prior to the Placement of Shares under LR 7.1A: 91,945,503

Dilution as a result of issue under LR 7.1A of 8,835,135 shares	8.09%
Dilution as a result of issue under LR 7.1 of 8,398,548 shares	7.69%
Total Dilution	15.78%

Details of the Company's issued capital following completion of the share issue under Listing Rule 7.1A held by pre-issue shareholders and new shareholders are as follows:

	Shares	Percentage
Pre-issue shareholders who did not participate in the new issue	91,945,503	91.23%
Pre-issue shareholders who participated in the new issue	0	0.00%
New shareholders who participated in the new issue	8,835,135	8.77%
Total (post LR 7.1A issue)	100,780,638	100.00%

- a) The 8,835,135 shares issued under Listing Rule 7.1A were issued to sophisticated and professional investors as it was considered to be the most efficient mechanism for raising funds at the time;
- b) There were no underwriting arrangements entered into; and
- c) Commission for the Placement was 6% (plus GST) of total funds raised.

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NOTICE UNDER SECTION 708A(5)(e) OF THE CORPORATIONS ACT

Further to the attached Appendix 3B, the Directors of Creso Pharma Limited (ASX: CPH) (Company) provide a notice for the purposes of section 708A(5)(e) of the Corporations Act 2001.

The above Placement Shares are part of a class of securities quoted on ASX and may be subject to a subsequent offer for sale. The Company issued the Shares above without a disclosure document to investors under Part 6D.2 of the *Corporations Act 2001* (Cth) (the Act).

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

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

As at the date of this notice, there is no excluded information for the purposes of sections 708A(7) and (8) of the Corporations Act.

For and on behalf of the Board

Sarah Smith
(Company Secretary)

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Creso Pharma Limited

ABN

89 609 406 911

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|----------------------------|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 17,233,683 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary shares |

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>
<p>5 Issue price or consideration</p>	<p>\$1.10 per share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Placement to professional and sophisticated investors as announced to ASX on 28 November 2017. Funds raised will be used to fast track the construction of its medicinal cannabis growing facility in Nova Scotia - Canada, for capital raising costs and working capital, and to pursue merger and acquisition opportunities to expand the global distribution of its products and to develop additional products.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>12 April 2017</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>8,398,548</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A					
6f	Number of +securities issued under an exception in rule 7.2	N/A					
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	8,835,135 ordinary shares Yes Issue Price = \$1.10 per share 75% of 15 Day VWAP = \$0.775 Source - Commsec					
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A - complete Annexure 1 and release to ASX Market Announcements	7.1 - Nil 7.1A - Nil					
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	1 December 2017					
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="774 1512 1005 1545">Number</th> <th data-bbox="1013 1512 1362 1545">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="774 1545 1005 1686">85,979,185</td> <td data-bbox="1013 1545 1362 1686">Ordinary fully paid shares (CPH)</td> </tr> </tbody> </table>	Number	+Class	85,979,185	Ordinary fully paid shares (CPH)	
Number	+Class						
85,979,185	Ordinary fully paid shares (CPH)						

Appendix 3B
New issue announcement

Number	+Class
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+ See chapter 19 for defined terms.

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	8,000,001	Ordinary fully paid shares subject to 24mths escrow (CPHESC1)
		15,200,000	Ordinary fully paid shares subject to escrow to 20 October 2018
		250,000	Unlisted Options (\$0.40; expiry 14/10/2018) subject to 24mths escrow (CPHOPT1)
		600,000	Unlisted Options (\$0.40; expiry 27/06/2020) subject to 12mths escrow (CPHOPT2)
		2,886,250	Unlisted Options (\$0.20; expiry 13/10/2020) subject to escrow to 13/10/2017) (CPHOPT3)
		2,500,000	Unlisted Options (\$0.20; expiry 13/10/2019) subject to 24mths escrow (CPHOPT4)
		300,000	Unlisted Options (\$0.50; expiry 23/01/2021) subject to vesting conditions
		5,000,000	Tranche 4 (Issue 1) Performance Rights (Subject to 24mths escrow) (<i>Refer to Section 12.5 of Replacement Prospectus dated 08.08.16 for full terms</i>)
		1,000,000	Performance Shares (subject to escrow to 13/10/2017)
		800,000	Tranche 1 Performance Rights (subject to vesting conditions).
		800,000	Tranche 2 Performance Rights (subject to vesting conditions)
		1,250,000	Tranche 3 Performance Rights (subject to vesting conditions).
		1,250,000	Tranche 4 Performance Rights (subject to vesting conditions).
		750,000	Tranche 5 Performance Rights (subject to vesting conditions).
		750,000	Tranche 6 Performance Rights (subject to vesting conditions).
300,000	Tranche 7 Performance Rights (subject to vesting conditions).		
100,000	Tranche 8 Performance Rights (subject to vesting conditions).		
150,000	Tranche 9 Performance Rights (subject to vesting conditions).		

Appendix 3B
New issue announcement

Number and class of all securities not quoted on ASX (including the securities in section 2 if applicable)	2,000,000	Tranche 10 Performance Rights (subject to vesting conditions).
	2,000,000	Tranche 11 Performance Rights (subject to vesting conditions).
	2,000,000	Tranche 12 Performance Rights (subject to vesting conditions).
	125,000	Tranche 13 Performance Rights (subject to vesting conditions).
	125,000	Tranche 14 Performance Rights (subject to vesting conditions).
	125,000	Tranche 15 Performance Rights (subject to vesting conditions).
	100,000	Tranche 16 Performance Rights (subject to vesting conditions).
	100,000	Tranche 17 Performance Rights (subject to vesting conditions).
	100,000	Unlisted Options (\$0.60; expiry 27/07/2020).
	250,000	Unlisted Options (\$0.30 expiry 27/07/2021). Subject to vesting conditions.
	100,000	Unlisted Options (\$1.20; expiry 27/07/2019). Subject to vesting conditions.
	100,000	Unlisted Options (\$1.60; expiry 27/07/2020). Subject to vesting conditions.
	100,000	Unlisted Options (\$2.00; expiry 27/07/2021). Subject to vesting conditions.
	210,000	Unlisted Options (\$0.40; expiry 27/07/2021). Subject to vesting conditions.
	250,000	Unlisted Options (\$0.30; expiry 27/07/2019). Subject to vesting conditions.
250,000	Unlisted Options (\$0.80; expiry 13/04/2019).	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Pro rata issue

+ See chapter 19 for defined terms.

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A

Appendix 3B New issue announcement

26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

+ See chapter 19 for defined terms.

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

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Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A					
39	+Class of +securities for which quotation is sought	N/A					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	N/A					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="710 1431 1013 1464">Number</th> <th data-bbox="1013 1431 1300 1464">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="710 1464 1013 1691">N/A</td> <td data-bbox="1013 1464 1300 1691"></td> </tr> </tbody> </table>	Number	+Class	N/A		
Number	+Class						
N/A							

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Sarah Smith
(Company Secretary)

Date: 01/12/2017

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	Fully paid ordinary shares on issue upon listing on ASX on 20 October 2016 57,725,001
Add the following: <ul style="list-style-type: none"> Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> Include only ordinary securities here – other classes of equity securities cannot be added Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	15,200,000 issued on 31 March 2017 1,449,160 issued 18 April 2017 8,158,750 issued on 31 March 2017 and ratified on 27 July 2017 1,250,000 issued on 31 March 2017 and ratified on 27 July 2017 4,568,438 issued on 31 March 2017 ratified on 27 July 2017
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	88,351,349

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	13,252,702

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used
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+ See chapter 19 for defined terms.

<p>Insert number of [†]equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> This applies to equity securities, unless specifically excluded – not just ordinary securities Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed It may be useful to set out issues of securities on different dates as separate line items 	<p>1,010,000 unlisted options issued on 27 July 2017 2,094,154 ordinary shares issued on 27 July 2017 1,000,000 ordinary shares issued 13 October 2017 250,000 unlisted options issued 13 October 2017 250,000 ordinary shares issued 1 November 2017 250,000 unlisted options issued 1 November 2017 – exercised on 27 November 2017. 8,398,548 shares issued 1 December 2017</p>
“C”	13,252,702

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1

<p>“A” x 0.15 <i>Note: number must be same as shown in Step 2</i></p>	13,252,702
<p>Subtract “C” <i>Note: number must be same as shown in Step 3</i></p>	13,252,702
<p>Total [“A” x 0.15] – “C”</p>	0 : this is the remaining placement capacity under rule 7.1

Part 2

Rule 7.1A – Additional placement capacity for eligible entities

Step 1: Calculate “A”, the base figure from which the placement capacity is calculated

<p>“A” <i>Note: number must be same as shown in Step 1 of Part 1</i></p>	88,351,349
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Step 2: Calculate 10% of “A”

<p>“D”</p>	<p>0.10 <i>Note: this value cannot be changed</i></p>
<p>Multiply “A” by 0.10</p>	8,835,135

Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used

<p>Insert number of [†]equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p><i>Notes:</i></p> <ul style="list-style-type: none"> This applies to equity securities – not just ordinary securities Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed 	8,835,135 shares issued 1 December 2017
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<ul style="list-style-type: none"> Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained It may be useful to set out issues of securities on different dates as separate line items 	
"E"	8,835,135

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	8,835,135
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	8,835,135
Total ["A" x 0.10] – "E" <i>Note: this is the remaining placement capacity under rule 7.1A</i>	0

+ See chapter 19 for defined terms.