



ASX Announcement

18 January, 2017

Creso Pharma obtains first ever EU registration for two CBD-based animal feed nutraceutical products for commercialisation in the global companion animal market

Highlights:

- **Creso Pharma and Greveling Holding BV are the first companies globally to be awarded European Union (EU) registration for two cannabidiol (CBD)-based proprietary formulation animal feed nutraceutical products**
- **The registration paves the way for Creso to commercialise the products globally**
- **The first-mover advantage will help Creso capture a leading share of the global companion animal market with its CBD nutraceuticals and a leading market share of the hemp-derived animal health market worldwide**
- **Creso is targeting Switzerland, Europe, the Middle East, the Gulf Region and Latin America with its commercialisation partners**
- **The veterinary health market represents an attractive opportunity for Creso: it is estimated that the market will be worth \$US39.7 billion by 2021**
- **The number of treatment options available to veterinarians are limited and available treatments are often human therapeutics that are poorly adapted to animals**
- **Creso's CBD Animal Health nutraceuticals are specifically formulated for various companion animal segments and contain very low THC (the psychoactive component of cannabis) at levels below legal thresholds**
- **Creso's products provide a strong alternative to existing therapies for behavioural disorders, pain, arthritis and inflammation**
- **Products will be launched in April 2017**

Creso Pharma Limited (ASX:CPH, the "Company") and Greveling Holding BV (Greveling) have obtained the first ever and unique EU registration for two proprietary formulation animal feed CBD-based nutraceutical products for commercialisation in the global companion animal market.

The registration paves the way for Creso to sell the two products globally, following the Company's application for a free sales certificate (for sales in Europe) and the impending application for a global import and export licence, with Creso expecting to receive both these items by March.

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Greveling Holding BV is the manufacturer and wholesaler of the two Creso products and will export the products in partnership with Creso in Europe, the Middle East, Gulf region and Latin America. Creso is in the process of finalising additional commercialisation agreements for Switzerland, Europe and Latin America.

Several observational field studies with dogs and horses are being conducted in Switzerland and The Netherlands to support product commercialisation.

Market Opportunity

Creso aims to capture a leading share of the global companion animal market with its CBD nutraceuticals as well as a leading market share of the hemp-derived animal health market worldwide.

The veterinary healthcare market represents an attractive opportunity for Creso. The market is estimated to be worth \$US25 billion in 2015 with a CAGR of 8.06% between 2016 to 2021. In 2021, it is estimated to be worth \$US39.7 billion¹. Europe accounted for \$US8.37 billion in 2016 and is forecast to grow to \$US11.41 billion by 2021².

About Creso's Products

These CBD nutraceutical products are unique and the first in the world to obtain registration with health authorities compared to unregistered competitor products sold via the internet.

The products will target a range of conditions including behavioural-based disorders (such as anxiety linked to separation, loud noise, travel, crowds), chronic pain, inflammation, arthritis, and metabolic conditions such as diabetes. These are very common ailments afflicting companion animals.

Currently, the number of treatment options available to veterinarians is limited and those that are available are often just inadequately adapted human therapeutics. As a result, many chronic conditions in companion animals remain poorly treated. This presents an excellent opportunity for CBD-based nutraceutical therapeutics.

Creso's products will allow pet owners to manage the health and in particular, chronic conditions of their pets in an efficacious, safe and cost-effective way. The products will contain compounds from the hemp plant which are similar to the endocannabinoids produced by the animal's body.

The endocannabinoids are active substances which play a key role in many physiological functions and regulate how the animal feels pain, eats, experiences emotions and its memory. The products will contain only very small trace of THC (the psychoactive compound in the cannabis and hemp plants), below the legal thresholds.

The Endocannabinoid System

The endocannabinoid system is a unique control regulatory system in all vertebrates and is involved in the regulation of numerous physiological processes that affect many important functions as illustrated

¹ Source: Mordor Intelligence, https://www.mordorintelligence.com/industry-reports/global-veterinary-animal-healthcare-market-industry?gclid=Cj0KEQjwhbzABRDHw_i4q6fXoLIBEiQANZKGW4D-M9PWyi7pnUEiajZ9YB0ZbK-f90LaU9pfumyA18caArjj8P8HAQ.

² Source: Mordor Intelligence, https://www.mordorintelligence.com/industry-reports/global-veterinary-animal-healthcare-market-industry?gclid=Cj0KEQjwhbzABRDHw_i4q6fXoLIBEiQANZKGW4D-M9PWyi7pnUEiajZ9YB0ZbK-f90LaU9pfumyA18caArjj8P8HAQ.

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above. The primary function of the endocannabinoid system is to maintain a stable internal environment despite changes in the external environment.

Diseases and ailments often emerge when there is a deficiency or dysfunction of the endocannabinoid system and the endocannabinoids produced in the body. The aim of Creso Pharma's CBD veterinary nutraceutical products is to supplement deficient and unbalanced endocannabinoids in the body with the phyto-cannabinoids from the hemp plant to help the animal's body restore homeostasis and synergise naturally with its endocannabinoid system, creating better overall health.

"This is a key milestone for our CBD-based animal feed nutraceutical products and we look forward to working with Greveling and our other partners in commercialising these products globally," said Creso Pharma CEO and Co-Founder, Dr. Miri Halperin Wernli.

"These unique CBD-based products provide a very strong alternative to existing therapies for a number of common medical conditions among companion animals which often remain poorly treated. We believe that nutrition is the first line of defence against illness and we seek to help strengthen and support the animals' health and wellbeing with our products."

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About Creso Pharma

Creso Pharma brings pharmaceutical expertise and methodological rigour to the world of medical cannabis and strives for the highest quality in its products. It is the leader in cannabidiol (CBD) innovation and develops cannabis- and hemp-derived therapeutic-grade CBD nutraceuticals and medical cannabis products with wide patient 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. The Company is already generating revenues via its subsidiary, Hemp-Industries.

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About Greveling Holding BV

Greveling Holding BV, owner of the prestigious equine Prequine® line, is a manufacturer of complementary feed for sport horses and racing camels, and wholesaler of veterinary products. Greveling exclusively supplies high quality veterinary products to veterinary hospitals, veterinary surgeons, veterinary practitioners, veterinary faculties, governmental institutes, research institutes and specialised licensed pharmacists, as well as a providing professional and reliable service. Its main activities are manufacturing complementary feed and distribution of exclusive veterinary treatments and medicines. Greveling warehouses all Prequine® products and medical devices, feed ingredients, pharmaceutical substances and veterinary medicines which are in accordance with the Dutch and European requirements and regulations. (HACCP registration no: 500562)

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