



FSD Pharma Inc. Announces \$7.5 Million Dollar at \$1 Per Share Investment as Part of Existing Strategic Alliance with Auxly Cannabis Group Inc.

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CSE: HUGE

TORONTO, Sept. 20, 2018 /CNW/ - FSD Pharma Inc. ("FSD" or the "Company") (CSE:HUGE) is pleased to announce that pursuant to the approved construction and development budget announced on July 3, 2018 ([Link](#)), Auxly Cannabis Group Inc. (TSX.V – XLY) ("Auxly") has made an equity investment into the Company at \$1.00 per Class B Subordinate Voting Share for total proceeds of \$7.5 million. No fees were paid to brokers in connection with the transaction.

All of the securities issued in connection with the Offering are subject to a hold period expiring on January 20, 2019.

Proceeds of the financing will be deployed toward construction of the 220,000 square foot cultivation footprint that FSD and Auxly are jointly developing pursuant to their strategic alliance and streaming agreement previously announced on March 5, 2018 (the "Joint Cultivation Footprint") ([Link](#)). The buildout of the Joint Cultivation Footprint is currently underway in Cobourg, Ontario and will include dedicated space for large scale extraction capabilities.

In addition to the Joint Cultivation Footprint, FSD is also implementing several technological advancements at the Cobourg facility aimed at increasing energy efficiency and post-harvest process automation. These advancements are anticipated to benefit the environment and the community of Cobourg through less demand on the local electricity grid and will reduce operating expenses to the Company.

Anthony Durkacz, Director of FSD Pharma commented, "We are honored by the investment from our partner Auxly and the faith they have placed in us considering this investment is being made at a premium to the current market price. We are moving ahead with plans to building out the world's largest cannabis indoor hydroponic grow operation and working toward a Nasdaq listing."

"Our investment in FSD demonstrates our belief and commitment to FSD as a flagship partner and their ability to cultivate the highest quality indoor hydroponic cannabis at scale while effectively managing operating costs in a competitive marketplace" stated Hugo Alves, President and Director of Auxly. "We are happy with the construction progress at our joint project in Cobourg, Ontario and are very much looking forward to continuing to work with the FSD team and helping them achieve their goal of being a global player in the premium cannabis market."

About FSD Pharma Inc. (CSE:HUGE)

FSD Pharma owns, through its wholly-owned subsidiary FV Pharma Inc., a license to produce marijuana under the Access to Cannabis for Medical Purposes Regulations (ACMPR) which was

originally granted on October 13, 2017. Headquartered at the former Kraft plant in Cobourg, Ontario, approximately an hour's drive from Toronto, FSD Pharma's management's mission is to transform the facility into the largest hydroponic indoor cannabis facility in the world. FSD Pharma intends to target all legal aspects of the cannabis industry, including cultivation, processing, manufacturing, extracts and research and development. Please visit www.fsdpharma.com for more information.

About FV Pharma

FV Pharma is a licensed producer under the Access to Cannabis for Medical Purposes Regulations (ACMPR), having received its cultivation license on October 13, 2017. Headquartered at the former Kraft plant in Cobourg, Ontario, approximately an hour's drive from Toronto, FV Pharma management's mission is to transform the facility into the largest hydroponic indoor cannabis facility in the world. FV Pharma intends to target all legal aspects of the cannabis industry, including cultivation, processing, manufacturing, extracts and research and development.

About Auxly Cannabis Group Inc. (TSX.V: XLY)

Auxly Cannabis Group is a collective of entrepreneurs with a passion for the cannabis industry past, present and future. Our mandate is to facilitate growth for our partners by providing them with financial support and sharing our collective industry experience. Our partners all have different visions, voices and brand values, and all share a common goal—to build a world-class industry based on ethics, diversity, quality and innovation. Please visit www.auxly.com for more information.

Forward-Looking Information

This press release may contain forward looking statements. Often, but not always, forward-looking statements can be identified by the use of the words "intend", "expect", "believe", "will", "projected", "anticipated", "estimated" or similar expressions and statements or state that certain actions, events or results "may", "could", "would" "might" or "will" be taken, occur or be achieved.

All forward-looking statements reflect the Company's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. All of the Company's forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions listed below. Although the Company believes that these assumptions are reasonable, this list is not exhaustive of factors that may affect any of the forward-looking statements.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. In particular, this release contains forward-looking information relating to the build-out and development of Joint Cultivation Footprint and the Company's business goals and objectives, and there are no assurances that the Nasdaq listing mentioned in this release will be completed. The forward-looking information contained in this press release is made as of the date hereof, and the Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The foregoing statements expressly qualify any forward-looking information contained herein.

Additional Information

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CO: FSD Pharma Inc.

CNW 08:42e 20-SEP-18