

September 25, 2019



## **FSD Pharma Signs LOI to Establish Joint Venture with World-Class Extractions to Deploy Full Extraction Processing Center**

*- Joint Venture to develop, manage and operate cannabis extraction and processing center at FSD Pharma Facility in Cobourg, Ontario -*

TORONTO--(BUSINESS WIRE)-- FSD Pharma Inc. (CSE: HUGE) (OTC: FSDDF) (FRA: 0K9) (“FSD Pharma”, “FSD” or “the Company”) today announced the signing of a letter of intent (“LOI”) to establish a joint venture (the “Joint Venture”) with the Company’s wholly-owned subsidiary, FV Pharma Inc. (“FV Pharma”), and World-Class Extractions Inc. (“World-Class”) (CSE: PUMP) (FRA: WCF) to develop, manage and operate a cannabis extraction and processing facility in Cobourg, Ontario (the “Facility”) to extract various cannabidiol and other valuable elements from cannabis and hemp plants.

The “LOI” amends, supersedes and replaces, in its entirety, the Collaboration and License Agreement entered into as of November 23, 2018 by and between World-Class and FV Pharma.

Following execution of the LOI, FSD Pharma and World-Class will each hold a fifty (50%) interest in the Joint Venture. The Joint Venture is expected to enter into a 5-year lease agreement with an additional 5-year option (the “Lease Agreement”) with FV Pharma to install the Boss Extraction and Processing unit(s) designed by World-Class’ subsidiary Soma Labs Scientific, occupying up to 5,000 sq. ft. of licensed indoor space at the Facility. The lease will commence December 1, 2019 and contain provisions for the expansion of the Facility during the first six (6) months of operation. Under the terms of the LOI, FSD Pharma has agreed to allocate additional finished space as required to expand the extraction and processing Facility to accommodate the installation of World-Class’ Small Beast (a large capacity ethanol extraction system) along with all the required peripheral equipment for the processing of crude into refined products.

The patent-pending Boss Extraction system provides proprietary systems and methods for producing cannabis extracts. Its technology can perform sub-critical CO2 extraction; combining proprietary max flow technology with advanced thermodynamics, automated features, and an exclusive plug and play design. The Boss features a maximum processing capability of up to 200 lbs per day, scalability add-on features, and continuous flow to produce extracts that have substantially greater concentrations of target cannabinoids and possess minimal contaminants. The Boss Extraction system is intended to provide third-party Licensed Producers with access to the technology needed to extract oil for value-added product production.

Once established, both parties to the Joint Venture will contribute the following resources to develop, manage and operate the cannabis extraction and processing center at the Facility:

- Extraction operations will commence with the installation by World-Class' subsidiary Soma Labs Scientific of (3) Boss Extraction systems in an existing licensed area for extraction and processing at the Facility.
- World-Class Extractions, through Soma Labs Scientific, will provide the Joint Venture with all of the extraction and processing equipment required, assuming all direct costs.
- All expenses and costs incurred by the Joint Venture will be evenly split with 50% born by each party.
- Once operational, the extraction machinery will be managed and operated by FSD Pharma.

Additional provisions under the Joint Venture once established:

- World-Class is entitled to nominate 2 of the 5 directors of the Joint Venture.
- FSD Pharma is entitled to nominate 2 of the 5 directors of the Joint Venture.
- One independent director will be assigned to the Joint Venture.
- FSD Pharma has agreed to allocate additional completed space for future expansion installation of a Small Beast Ethanol Hemp Extraction system.
- Both parties will fund operating costs and expenditures associated with the Joint Venture.

The Joint Venture is expected to provide additional revenue and partnership opportunities for both parties as the processing center is capable of performing toll processing extraction for third-party Licensed Producers using FV Pharma's processing license. The FV Pharma Facility, formerly Kraft Canada's production facility, is located approximately one hour's drive from Toronto and is equipped with numerous on-site resources, making it a favorable location for third-party toll processing contracts.

Raza Bokhari, MD, Executive Co-Chairman and CEO of FSD Pharma stated, "This is an important development for FSD Pharma, allowing the Company and World-Class to establish a processing center for on-site extraction of oil-based products and extracts at our Facility in Cobourg in 2019. Using FV Pharma's processing license, the Joint Venture can begin processing once the Boss Extraction Systems are installed and our agreement is finalized. This Joint Venture provides us with additional revenue opportunities as we process our pharmaceutical-grade cannabis flower into high-quality oil-based products to meet the increasing demand for such products in the medicinal space."

Rosy Mondin CEO of World-Class stated, "World-Class is thrilled to be the official extractor of FV Pharma, while opening up our processing operations to other Canadian producers. The toll processing model is economical as license holders can create valued added cannabis oil derivative products under their corporate brand(s) without major expenditures on in-house extraction machinery or requiring a processing license. This milestone is incredibly significant as World Class is now ready to accept new tolling contracts and officially begin to generate revenue in the near term."

### **About FSD Pharma**

FSD Pharma is focused on the research and development of novel cannabinoid-based

treatments for several central nervous system disorders including chronic pain, fibromyalgia and irritable bowel syndrome, and on the development of the highest quality indoor grown, pharmaceutical-grade cannabis. The Company is licensed to cultivate cannabis in approximately 25,000 square feet.

FSD's wholly-owned subsidiary, FV Pharma, is a licensed producer under the Cannabis Act and Regulations, having received its cultivation license on October 13, 2017 and its full Sale for Medical Purposes license on June 21, 2019. FV Pharma intends to cover all aspects of the cannabis industry, including cultivation, legal, processing, manufacturing, extracts and research and development.

## **About World-Class**

World Class Extractions provides scalable extraction and processing solutions for the cannabis and hemp industries through two wholly-owned subsidiaries – Soma Labs Scientific and Greenmantle Products. World-Class develops advanced technology and processes for streamlined cannabis extraction, formulation and product development. World-Class is set to become an international leader and developer of industrial scale extraction and processing systems to produce high margin, quality cannabis products and premium consumer brands – from Green to Gold.

## **Forward-Looking Information**

*Neither the Canadian Securities Exchange nor its regulation services provider accept responsibility for the adequacy or accuracy of this release.*

*Certain statements contained in this press release, including statements relating to the Private Placement and the expected size and closing thereof, constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on FSD Pharma's current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. Actual results and developments may differ materially from those contemplated by these. The forward-looking information contained in this press release is made as of the date hereof, and FSD Pharma is not obligated 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. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward looking-information. The foregoing statements expressly qualify any forward-looking information contained herein.*

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