

October 1, 2019



## FSD Pharma Closes First Tranche of Private Placement at \$4.58 Million, Extends Offering

TORONTO--(BUSINESS WIRE)-- FSD Pharma Inc. (CSE: HUGE) (OTCQB: FSDDF) (FRA: 0K9) ("**FSD**" or the "**Company**") is pleased to provide an update on its previously announced private placement of its class B subordinate voting shares ("**Shares**") at a price of CAD\$0.10 per Share (the "**Private Placement**"). On September 30, 2019, the Company closed an initial tranche of the Private Placement, raising gross proceeds of CAD \$4,583,085 from investors, including members of senior management and board of directors, and issuing an aggregate of 45,830,850 Shares. The Shares issued to purchasers in Canada will be subject to a four-month hold period, in accordance with applicable Canadian securities laws. The Company initially expected to close the Private Placement by September 30, 2019; however, it has elected to extend the Private Placement to accommodate potential additional interest from institutional grade investors. The Company now expects to close a second and final tranche of the Private Placement by October 31, 2019.

The net proceeds from the Private Placement will be used for the expansion of the Company's biosciences division, including the research and development of PP-101 (micro-palmitoylethanolamide (micro-PEA) plus pregabalin) – the Company's pre-clinical drug candidate for the treatment of symptoms related to fibromyalgia – and for general corporate purposes, including working capital, potential investments and acquisitions.

Given that members of senior management and board of directors participated in the Private Placement, that portion of the Private Placement constituted a "related party transaction" within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). In its consideration and approval of the Private Placement, the board of directors of the Company determined that the Private Placement was exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis that the fair market value of the Private Placement to related parties did not exceed 25% of the market capitalization of the Company, in accordance with Sections 5.5 and 5.7 of MI 61-101. The Company did not file a material change report more than 21 days before the expected closing of the Private Placement as the details of the participation therein by related parties of the Company were not settled until shortly prior to closing and the Company wished to close on an expedited basis for sound business reasons.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares in the United States. The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold within the United States unless registered

under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

## **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.

## **Forward-Looking Information**

*Neither the Canadian Securities Exchange nor its Market Regulator (as defined in the policies of the Canadian Securities Exchange) accept responsibility for the adequacy or accuracy of this release.*

*This release includes forward-looking statements regarding the Company and anticipated transactions involving the Company. Forward-looking events and circumstances discussed in this release include statements regarding the completion of additional tranches of the Private Placement and the timing thereof, the expected size of the Private Placement, and the use of proceeds from the Private Placement. The subject or results of any forward-looking statement may not occur by any specified or expected dates or at all, and could differ materially as a result of known and unknown risk factors and uncertainties affecting the parties, including but not limited to failure to obtain investor participation in the Private Placement, market sentiment toward the Company's securities, and lack of regulatory approval for the Private Placement. The outcome of the subject of any forward-looking statement cannot be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

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