14 May 2021

Halucenex Life Sciences Inc. secures additional pharmaceutical grade psilocybin supply, becoming one of the largest holders of single batch GMP grade synthetic psilocybin in Canada

Highlights:

- **Halucenex has almost doubled its synthetic psilocybin supply, with an additional 10g secured – taking total inventory to 22.3g**
- **Halucenex is now one of the largest holders of single batch GMP grade synthetic psilocybin in Canada**
- **Legal, GMP grade supply of synthetic psilocybin in Canada is scarce and highly competitive.**
- **Significant increase in synthetic psilocybin inventory considerably increases the attractiveness of Halucenex as an acquisition target.**
- **Extra supply provides generous runway for Halucenex to progress and expedite clinical trial and R&D initiatives, and provides a significant barrier to entry to competitors.**
- **Halucenex to explore new delivery methods for faster onset and integration processes to create tailor made compounds for new drug development**
- **Creso Pharma to leverage existing product suite to explore the potential to combine psilocybin with CBD and hemp extracts used in current offerings**
- **Company is confident that the new delivery methods and drug compounds may considerably broaden Halucenex's total addressable market**
- **Provides another major derisking event for Halucenex ahead of proposed acquisition**
- **US OTC listing imminent – DTC eligibility to allow real time electronic settlement expected to be granted near term**

Creso Pharma Limited (ASX: CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that target acquisition company Halucenex Life Sciences Inc. ("Halucenex") has secured an additional 10 grams of synthetic psilocybin from its manufacturing partner and Canada's only pharmaceutical grade synthetic psilocybin producer for use in R&D initiatives and future clinical trials.

The additional 10 grams adds to Halucenex's existing inventory of 12.3 grams (refer ASX announcement: 23 March 2021) and takes total pharmaceutical grade psilocybin to 22.3 grams. Halucenex is now one of the largest holders of single batch GMP grade synthetic psilocybin in Canada.

This is an important development for Halucenex and Creso Pharma as the additional supply allows the Company considerable optionality in its proposed clinical trial and R&D initiatives,

which are scheduled to commence in Q3, 2021, subject to licencing and regulatory approval from Health Canada. Halucenex now has the capacity to increase the total number of clinical trial participants in its pending phase II clinical trial, ensuring all participants in future phase II and phase III trials are treated with the same consistent GMP batch for tracking and traceability purposes.

Further, the additional supply will allow Halucenex to conduct GMP formulations in future delivery methods for faster onset, as well as integrate other beneficial compounds including those in Creso Pharma's current product range to create tailor made solutions for new drug development. This will be undertaken with its suite of leading clinical partners following receipt of a Controlled Drugs and Substances Dealer's License from Health Canada (refer ASX announcement: 15 March 2021).

Creso Pharma anticipates that any new delivery methods and drug compounds have the potential to considerably broaden the total addressable market for Halucenex and the Company. Creso Pharma will also explore the potential to combine existing CBD and hemp extracts, used in its current product range, with synthetic psilocybin for new product creation.

There is a continued and growing interest in psychedelic inspired medicines and a bottleneck in supply of synthetic psilocybin. Halucenex remains one of 11 companies to secure supply in Canada and is now one of the largest holders of single batch GMP grade synthetic psilocybin in the country. Its bolstered inventory provides Halucenex with a significant competitive advantage in psilocybin research and development and considerably de-risks clinical trial timelines, thereby increasing the attractiveness of Halucenex as an acquisition target for Creso.

Commentary:

Halucenex Founder and CEO Mr Bill Fleming said: *"There is strong competition and a bottleneck in the current psilocybin supply chain, so to nearly double our inventory is a significant value accretive event, which significantly derisks clinical trial timelines. Securing additional inventory also highlights the strength of our relationship with Canada's only synthetic psilocybin manufacturer."*

"The additional supply will unlock a number of benefits. Importantly, it comes from the same batch as our previous inventory, which provides essential latitude. We have a number of research and development initiatives planned over the coming months including new delivery integrations for faster onset and potentially enhanced efficacy, as well and the integration of our compounds in collaboration with clinical partners and we look forward to updating shareholders progressively".

Non-executive Chairman Adam Blumenthal said: *"Halucenex is now one of the largest holders of single batch GMP grade synthetic psilocybin in Canada. This is a major development and opens a number of doors for Halucenex in medium and long term."*

"Once it secures its licence from Health Canada, Halucenex will have the capacity to progress a number of R&D initiatives, which have the potential to unlock new drug delivery methods and combinations, potentially leading to a higher level of care through alternative treatment methods. We look forward to working with Halucenex and its existing partners to progress these research initiatives."

"Halucenex and the Creso group more broadly continues to make steps forward. We have achieved a number of regulatory hurdles in regards to the proposed US OTC listing and anticipate DTC eligibility shortly. This will unlock considerable benefit for shareholders. We are very excited to share some of the developments the Company has been working on in the coming months."

-Ends-

Authority and Contact Details

This announcement has been authorised for release by the Board of Creso Pharma Limited.

For further information, please contact:

Investor Enquiries
EverBlu Capital
E: info@everblucapital.com
P: +61 2 8249 0000

Released through:
Ben Jarvis, Six Degrees Investor Relations: Ph: +61 (0) 413 150 448

About Creso Pharma

Creso Pharma Limited (ASX:CPH) brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and life style products with wide patient and consumer reach for human and animal health.

Creso Pharma uses GMP (Good Manufacturing Practice) 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. To learn more please visit: www.cresopharma.com

About Halucenex Life Science:

Halucenex is a life sciences development company with a focus on researching novel psychedelic compounds, developing and licensing psychedelic compounds for the pharmaceutical and nutraceutical markets, and conducting clinical trials on the medical benefits of psychedelic medicine. Halucenex operates a 6000 sq. ft. medical facility in Windsor, Nova Scotia with 6 treatment rooms and a secure laboratory dedicated to performing psychedelic-assisted psychotherapy and clinical research. Halucenex intends to maintain control over all aspects of the product development process – mycological research, extraction technology, and synthetic formulation as well as drug delivery technologies, psychedelic-assisted psychotherapy and regulatory affairs. www.halucenex.com

Forward Looking statements

This announcement contains forward-looking statements with respect to Creso and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of Creso could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation.

The cautionary statements qualify all forward-looking statements attributable to Creso and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso has no obligation to up-date such statements, except to the extent required by applicable laws.