



2 July 2021

Halucenex Update

Creso Pharma to finalise Halucenex Life Sciences Inc. acquisition following shareholder approval and strengthening of management team

Highlights:

- Acquisition approved by shareholders at the 2021 Annual General Meeting
- Creso Pharma in final stages of completion with settlement anticipated within the next week – deal provides company with access to another lucrative and emerging market segment
- COVID-19 has accelerated the target market for Halucenex – during the pandemic, 4 out of 10 US adults have reported symptoms of anxiety or depressionⁱ
- Large market opportunity - PTSD therapeutics market expected to grow to US\$10.5Bn by 2025ⁱⁱ
- Mental illness in Canada is estimated to have an economic burden of C\$51Bn annuallyⁱⁱⁱ
- Controlled Drugs and Dealer's License from Health Canada expected to be granted shortly
- Additional synergies between Halucenex and Red Light Holland being explored

Halucenex strengthens management team

- Leading psychedelic-assisted psychotherapy expert, Brenda Perks appointed as Lead Clinical Psychotherapist
- Ms Perks has 30 years of diversified nursing experience and a background in indigenous heritage, Shaman practicing and spiritual training
- She is also an ex-national athlete, Olympian, a Canadian Armed Forces Veteran and holds multiple qualifications in psychedelic-assisted psychotherapy
- Ms Perks will assist in future phase II clinical trial initiatives, as well as R&D and doctor patient education

Update on Californian regulatory changes:

- Bill SB 519 to decriminalise psychedelics in California passes State Assembly committee on Public Safety - another major step forward for alternative treatment routes in the US^{iv}
- California is the largest US by population with over 39.5m citizens making the potential target market extremely lucrative
- California is on track to become the second US state to legalise the use of psychedelics – highlighting a favourable regulatory shift and operating landscape for the Company
- Passing of Bill SB519 would legalise the use and possession of psilocybin and other psychedelic compounds – highlights growing acceptance for health focused usage
- Provides another opportunity for Creso Pharma and Red Light Holland following completion of potential merger and regulatory approval processes



Creso Pharma Limited (ASX:CPH, FRA:1X8) ('Creso Pharma' or 'the Company') is pleased to advise that it is in the final stages of the proposed acquisition of Halucenex Life Sciences ("Halucenex"), following approval granted by shareholders at the Company's 2021 Annual General Meeting ("EGM") (refer ASX announcement: 24 June 2021) and expects to complete the transaction within the next week. Halucenex has also strengthened its clinical trial team ahead of its planned phase II clinical trial, following the appointment of psychedelic-assisted psychotherapy expert, Brenda Perks as Lead Clinical Psychotherapist.

The market for PTSD therapeutics is expected to grow to US\$10.5Bn in value by 2025, and completion of this acquisition will provide Creso Pharma with direct access and a first mover advantage in the lucrative psychedelic therapy sector.

Completion of the acquisition is also another important milestone prior to the proposed reverse takeover of Red Light Holland (refer ASX announcement: 17 June 2021). Upon completion of the Halucenex transaction and proposed takeover, the merged entity will become one of the only company's in the world with a focus on both pharmaceutical and recreational psychedelic offerings.

Appointment of Brenda Perks as Lead Clinical Psychotherapist:

To assist with Halucenex's ongoing clinical trial and R&D initiatives, it has appointed Brenda Perks as Lead Clinical Psychotherapist. Ms Perks is a leading psychedelic-assisted psychotherapy guide, researcher and consultant. She brings over 30 years of diversified nursing experience, which includes roles with multiple multicultural communities and the energy sector. Her background includes indigenous heritage, Shaman practicing and spiritual training. Ms Perks is also an ex-national athlete, Olympian and a Canadian Armed Forces Veteran. She has a number of certifications in psychedelic-assisted psychotherapy.

Ms Perks will assist Halucenex in the development of its psychotherapy treatment program to support clinics, as well as the Company's phase II clinical trial. Halucenex will leverage her extensive experience and established network to significantly enhance its educational initiatives and increase practitioner and patient awareness of psychedelic compounds as an alternative therapy route.

Senate Bill 519 to decriminalise psychedelics passes Californian State Assembly Committee on Public Safety:

Creso Pharma and Halucenex are pleased to advise that on Tuesday, 29 June, Senate Bill 519 passed through the Californian State Assembly Committee on Public Safety, which is a pivotal step towards the legislation being enacted into law. SB519 proposes that a wide range of psychedelic substances, including psilocybin, should be legal to use and possess for adults over the age of 21, as well as expunge prior criminal offences for use and possession^{iv}.

The bill was introduced to progress a more health-focused approach to the use of psychedelic compounds and to address the current mental health crisis in the US. It is also reflective of the ongoing push towards acceptance of psychedelic compounds as an alternative treatment route. The development highlights a major market opportunity for Creso Pharma, Halucenex and The HighBrid Lab pending a successful merger with Red Light Holland (refer ASX announcement: 17 June 2021).

Both parties continue to monitor the regulatory landscape in California and the US more broadly and are delineating market entry plans with high yield opportunities. The HighBrid Lab will be very well placed to capture opportunities as they arise.

**Commentary:**

Halucenex Founder & CEO Bill Fleming said: *“While some conditions remain, we are very excited to have taken a step closer to becoming part of the Creso Pharma group. Creso Pharma will provide a number of distinct advantages for Halucenex, including access to a management team that has achieved regulatory approvals, brought drugs to market and successfully commercialised a number of offerings. We are confident that with the support of the Company’s infrastructure, we can unlock considerable value for its shareholders.*

“We are also very excited to welcome Brenda to our team. Brenda has an excellent network and extensive experience in the psychedelic space and we look forward to leveraging her skillset to progress the educational materials needed to assist in patient and doctor outreach. We are also confident that these materials will assist with the informal stages of potential licencing agreements with large pharmaceutical companies and targeting potential industry partners.”

Non-executive Chairman Adam Blumenthal said: *“Halucenex’s recent achievements highlight how valuable this acquisition will be for the Company and its shareholders. Not only does the transaction provide access to another high growth and lucrative vertical, but will unlock additional business synergies between Creso Pharma and Red Light Holland.*

“We look forward to working closely with both Halucenex and Red Light Holland to progress a number of initiatives across the emerging psychedelic space. This will include the Californian market, pending SB519 being made into law and shareholder approval of the Red Light Holland transaction. Discussions around future product development and offerings are underway and the completion of this acquisition is a first step in the Company’s push to becoming a leader in another emerging sector.”

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Authority and Contact Details

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

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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.

ⁱ <https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/>

ⁱⁱ Credence Research Post-Traumatic Stress Disorder Therapeutics Market - Growth, Future Prospects and Competitive Analysis, 2018-2026

ⁱⁱⁱ Smetanin et al. (2011). The life and economic impact of major mental illnesses in Canada: 2011-2041. Prepared for the Mental Health Commission of Canada. Toronto: RiskAnalytica

^{iv} <https://www.nbcbayarea.com/news/california/california-advances-decriminalizing-psychedelic-substances/2582465/>