



31 March 2021

Halucenex Life Sciences Inc. secures agreement with leading extraction specialists to expedite product development and study initiatives

Highlights

- **Agreement with Advanced Extraction Systems Inc. (“AESI”) to design and fabricate a custom, Supercritical Extraction System to produce high quality psychedelic extracts upon receipt of a Dealers License and License Amendment from Health Canada**
- **AESI specialises in compound extraction in the cannabis and hemp industries – all their systems exceed the safety design requirements in the US, Canada and Europe**
- **Concentrated psychedelic extracts will provide Halucenex with a strong competitive advantage, limiting Halucenex’s reliance on third parties for in-demand supply of psilocybin, and allowing Halucenex the ability to research and develop unique delivery methods, unlocking a number of new opportunities and treatment pathways for Halucenex**
- **Halucenex to use the Supercritical Extraction System to breakdown psychedelic compounds in botanical psilocybin and explore efficacy and potential faster onset, effective dosing and treatment outcomes**
- **Halucenex will also seek to produce a GMP certified naturally extracted product for use in future clinical trials, subject to approval by Health Canada to provide safe, evidence-based psilocybin-assisted psychotherapies and optimise psilocybe mushrooms to standardise extracts increasing efficacy**
- **Provides significant first mover advantage for Creso and Halucenex as many of its peers do not have the ability to extract Psychedelic compounds to develop IP.**
- **Creso / Halucenex continue to work through due diligence and are on track to complete the acquisition in the agreed timeframe**
- **Creso and Halucenex team are working well together on synergistic value add opportunities that will be announced in due course**

Creso Pharma Limited (ASX:CPH, FRA:1X8) (‘Creso Pharma’ or ‘the Company’) is pleased to advise that target acquisition company Halucenex Life Sciences (“Halucenex”) has entered into an agreement with medical and recreational extraction specialists, Advanced Extraction Systems Inc. (“AESI”) (aesi.biz) for the purchase of a custom-made CO₂ Supercritical Extraction System (“Agreement”).for the purpose of producing consistent, high quality psychedelic extracts from psilocybin mushrooms. The CO₂ Supercritical Extraction System will take approximately 6-8 weeks to design and install at Halucenex’s onsite laboratory, and cost approximately \$70,000 to build. Upon receipt of a Dealer’s License from Health Canada, Halucenex will apply for a License Amendment to allow the production of botanical psychedelic extracts from psilocybin mushrooms for use future research and development of a range of different delivery methods including tinctures, lozenges, nasal sprays and capsules amongst others. Halucenex anticipates the receipt of the Dealers License imminently, with the License Amendment expected to be received within 45 days after the grant of the Dealers License.



The design and fabrication of the system is a major development for Halucenex and provides a pivotal building block for future product development initiatives. It also provides Halucenex with increased security over the future supply of psilocybin, reducing Halucenex's reliance on third parties for in-demand supply, and allowing Halucenex better control over the timelines for research and product development.

AESI is based in Charlottetown, Canada and specialises in the design, engineering and fabrication of supercritical fluid CO₂ extraction systems with a specific focus on the medical and recreational cannabis and hemp industries. The group is made up of a skilled management team and world-class scientific advisory body with over 75 years' experience in design and process. All systems are unique in design, efficiency and ease of operation, and exceed the safety and design requirements for pressure and electrical codes in Canada, the USA and Europe.

Subject to the receipt of its Dealers License, and subsequent License Amendment, Halucenex will use the Supercritical Extraction System to breakdown the various psychedelic compounds of botanical psilocybin for future product development. It will also explore the efficacy of extracted distillates or concentrates in various delivery mechanisms to explore faster compound onset, more effective dosing which can lead to a better patient experience and more positive treatment outcomes. The accumulation of intellectual property and understanding of various psychedelic compounds in this under researched, but growing space is critical for de-risking the path to commercialisation. Understanding the various psychedelic compounds which can be extracted from psychedelic psilocybin mushrooms also paves the way for patenting both the compound, and the way in which it is used to deliver desired patient outcomes.

Halucenex does not intend to use the new extraction machine to produce its own naturally derived psilocybin in its upcoming clinical trials, as currently Health Canada prefers the use of synthetic active pharmaceutical ingredient (API) due to the fact that natural psilocybin has yet to be fully certified in a GMP environment. However, through the use of the extraction system, Halucenex is looking to create a GMP certified extract, which it then intends to use in future clinical trials to provide a naturally extracted product for safe, evidence-based psilocybin-assisted psychotherapies and optimise psilocybe mushrooms in order to standardise extracts, thereby increasing efficacy.

Commentary:

Halucenex Founder & CEO Bill Fleming said: *"This agreement with AESI is a major development for a number of reasons. Firstly, the ability to extract psychedelic compound concentrates will allow us to progress the development of a number of delivery methods with broad applicability, including capsules, sprays, tinctures and lozenges amongst others, which may result in a higher standard of treatment."*

"Additionally, the extracted product will allow us to analyse, characterise and compare the major components in various psilocybe mushroom strains through our established laboratory setting, leading to initial research and the potential entourage effects of psychedelic compounds."

"Further, we anticipate that considerable future research will be undertaken between synthetic and botanical psilocybin to fully understand the benefits it can offer. Having the extraction system in place and the ability to produce solvent-free distillate in-house will be key for future comparative bioactivity studies."



Non-executive Chairman Adam Blumenthal said: *"It is very pleasing to see Halucenex make such significant progress in a short period of time.*

"The agreement with AESI and subsequent fabrication of a leading extraction system will provide Creso and Halucenex with a first mover advantage in terms of psychedelic product and delivery methods, which could in turn lead to a number of revenue generating and treatment outcome opportunities.

"The Company has a number of growth initiatives planned in the near term across North America and Europe and we look forward to providing ongoing updates to shareholders."

-Ends-

Authority and Contact Details

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

For further information, please contact:

Released through:

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

Investor Enquiries

EverBlu Capital

E: info@everblucapital.com

P: +61 2 8249 0000

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



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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.