

FSD Pharma

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FSD Pharma strikes deal with Solarvest BioEnergy to develop pharmaceutical-grade cannabinoids from algae

FSD Pharma Inc (CSE:HUGE) announced Tuesday it has entered into an agreement with Solarvest BioEnergy Inc (TSV:SVS) to develop pharmaceutical-grade cannabinoids from algae.

Solarvest, based in Vancouver, British Columbia, employs a production platform capable of producing health products from algae.

Under the agreement, Solarvest will carry out a CBD research project to determine if its algal expression system can create pharmaceutical-grade cannabinoids, according to a statement.

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FSD and Solarvest have allocated an initial budget of \$1 million for the research project for over a two-year period. Both companies also have created a joint scientific review committee to assess progress of the project, the statement said.

"At FSD Pharma, we continue to explore new areas of science and are committed to identifying novel cannabis cultivation methods for medical purposes," said CEO Raza Bokhari.

Solarvest CEO Gerri Greenham said getting cannabinoids from algae, if successful, could cut down on product times. "A full growth cycle of algae is around a hundred hours whereas the growth of cannabis plants is measured in months," she said in the statement.

If the project is successful, Solarvest and FSD Pharma intend to enter into a license agreement under which Solarvest will grant FSD Pharma an exclusive, worldwide license over any use of prescription drugs that can treat diseases affecting the central nervous system.

In consideration for the license, FSD Pharma, based in Cobourg, Ontario, said it will be required to pay Solarvest a royalty equal to 5% of the net profits from the sale of such products as well as reimburse Solarvest for the cost of production.

In addition to the licensing arrangement, Solarvest will pay a royalty fee to FSD Pharma on the sale or licensing of any products that result from the project equal to 5% of the net sales or net license fees. Once Solarvest has paid \$3 million in royalty fees, the royalty percentage will be reduced to 3%, the statement said.

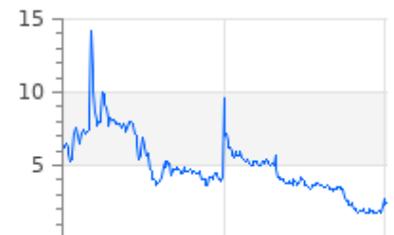
READ: FSD Pharma to exchange shares with Aura Health

Both companies also have made investments into each other, according to the statement:

Price: 2.4

Market Cap: \$45.99 m

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: HUGE

Listing: CSE

52 week	High	Low
	15.1	1.7

Sector: Pharma & Biotech

Website: fsdpharma.com

Company Synopsis:

FSD Pharma Inc. is a publicly-traded holding company, since May 2018. FSD Pharma BioSciences, Inc., a wholly-owned subsidiary, is a specialty biotech pharmaceutical R&D company focused on developing over time multiple applications of its lead compound, ultramicrosized-palmitoylethanolamide ("FSD201"), by down-regulating the cytokines to effectuate an anti-inflammatory response.

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FSD Pharma has issued 10 million class B subordinate voting shares to Solarvest at a price of \$0.30 per share, while Solarvest has issued 3 million units to FSD Pharma for \$0.20 a unit. Each unit is comprised of one common share in the capital of Solarvest and one warrant, with each Solarvest warrant exercisable into one additional Solarvest share at an exercise price of \$0.25 for a period of two years following the issuance.

In addition, Solarvest has issued a convertible debenture to FSD Pharma in the principal amount of \$2,400,000. The debenture has a term of five years, bears interest of 3%, and is convertible into shares at a conversion price of \$1.00 a share, provided that FSD Pharma will be required to convert the debenture should Solarvest shares close at a price of at least \$1.20 for a period of 20 consecutive trading days.

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