

FSD Pharma

06:32 09 Feb 2019

FSD Pharma terminates pact with Auxly Cannabis Group to build Ontario grow facility

FSD Pharma Inc (CSE:HUGE) (OTCQB: FSDDF) (FRA:0K9) said Friday that it has terminated an agreement with project partner Auxly Cannabis Group (CVE:XLY).

The company said Auxly reneged on its obligations to meet construction deadlines on building the world's largest hydroponic indoor cannabis production facility.

FSD Pharma is headquartered at the former Kraft plant in Cobourg, Ontario, about an hour's drive from Toronto, in a mammoth facility that sits on 72 acres of land, with 40 primed for development. The company is capitalizing on the need for indoor-grown, pharmaceutical-grade cannabis.

READ: FSD Pharma aims to have the world's largest hydroponic indoor cannabis production and processing facility
FSD Pharma said in a statement that Auxly reneged on "clear obligations" to develop all aspects of the company's cannabis cultivation facility in "mutually agreed upon staged phases."

"Auxly issued a press release on July 3, 2018 in which they anticipated that the first phase of construction would be completed and ready for Health Canada approval by the end of December 2018," said FSD CEO Dr Raza Bokhari. "We simply couldn't wait any longer for our vendor to perform its obligations and therefore we terminated the agreement."

Under the terms and conditions of a streaming agreement, FSD said that both companies are subject "to a number of non-disclosure obligations that survive the termination."

"FSD Pharma intends to continue to live up to its surviving obligations, we are hopeful that Auxly will do the same," said Dr Bokhari.

FSD Pharma strongly denied that it caused "any breaches" of the streaming agreement related to its "management and staffing obligations."

READ: FSD Pharma and Therapix Biosciences in \$48M deal to form medical cannabis company

The company rejects the claim that there are material issues with the infrastructure of its cultivation facility in Cobourg, Ontario.

FSD Pharma, through its wholly-owned subsidiary FV Pharma Inc, holds an ACMPR license to cultivate cannabis under the Access to Cannabis for Medical Purposes Regulations (ACMPR).

It is transforming its large facility in Cobourg into the world's largest hydroponic indoor cannabis production and processing facility, with multiple business units co-supporting each other, operating under a single roof to exploit

Price: 7.135

Market Cap: \$57.6 m

1 Year Share Price Graph



February 2019 August 2019 February 2020

Share Information

Code: HUGE

Listing: CSE

52 week High Low
63.315 4.4

Sector: Cannabis

Website: fsdpharma.com

Company Synopsis:

FSD Pharma is a publicly traded company on the Canadian Securities Exchange under the symbol HUGE. The Company, through its wholly-owned subsidiary FV Pharma Inc., holds an ACMPR license to cultivate cannabis under the Access to Cannabis for Medical Purposes Regulations (ACMPR).

action@proactiveinvestors.com.au

economies of scale and operational efficiencies.

Auxly was tasked with financing and constructing the buildout of the facility with C\$55 million approved in its Phase 1 development budget.

Bokhari earlier told Proactive Investors that FV Pharma will operate the facility and recover all costs, plus 10% and receive 50.1% of all production.

Contact Uttara Choudhury at uttara@proactiveinvestors.com

Follow her on Twitter: [@UttaraProactive](https://twitter.com/UttaraProactive)

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of FSD Pharma named herein, including the promotion by the Company of FSD Pharma in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).