

PharmAla Biotech to form Australian Psychedelics Joint Venture with Vitura Health

CORTEXA TO BE THE LEADING SUPPLIER OF MDMA AND PSILOCYBIN IN AUSTRALIA



VANCOUVER, British Columbia, May 01, 2023 -- PharmAla Biotech Holdings Inc. ("**PharmAla**") (CSE: MDMA) is pleased to announce the establishment of a 50:50 joint venture, "Cortexa", with Australian-based Vitura Health Limited (ASX: VIT) ("**Vitura**"). Following the execution of a letter of intent between Vitura and PharmAla in late February, the parties have executed definitive agreements (the "**Agreements**"), including for the establishment of an incorporated joint venture vehicle, Cortexa Pty Ltd ("**Cortexa**"), which is owned equally by Vitura and PharmAla, pursuant to the terms of a joint venture agreement (the "**JV Agreement**") entered into among Cortexa, Vitura and PharmAla.

Cortexa is an Australian company, jointly owned by Vitura and PharmAla and with equal board representation. Supported by exceptional domestic distribution provided by the Vitura group, Cortexa will be able to provide MDMA and Psilocybin products (the "**Products**") for clinical use to be prescribed by Authorised Prescribers ¹ and for use in clinical trials undertaken by academic and commercial researchers.

PharmAla's MDMA and Psilocybin Products are already being supplied to numerous Australian clinical trials. Under the terms of the Agreements, the benefit of any sale orders for the Products received by PharmAla from the date of signing the letter of intent in February have been transferred to Cortexa, ensuring that the joint venture will generate revenues from the outset.

As PharmAla has already completed manufacturing a batch of the Products, Products are now available to Cortexa for import into Australia for supply to medical practitioners under the TGA's Authorised Prescriber ² scheme once the changes come into effect on 1 July 2023. Furthermore, it is anticipated that Cortexa will receive a licence to PharmAla's manufacturing technology and intellectual property, allowing for the efficient manufacturing of MDMA and Psilocybin in Australia under GMP conditions.

Initially, all Products will be imported from Canada, however, the anticipated licence to PharmAla's manufacturing technology and certain pharmaceutical intellectual property assets provides Cortexa with valuable optionality to partner with a local contract manufacturer to produce GMP MDMA and Psilocybin in Australia. Pursuant to the terms of the licence to PharmAla's manufacturing technology and IP, Cortexa will pay PharmAla a licence fee of \$250,000 per annum for three years on and from the date the joint venture is unconditional. Cortexa will also pay PharmAla a royalty equal to 5% of the net profit generated by Cortexa.

The joint venture is conditional on (among other things):

- Vitura being satisfied that PharmAla has, either directly or under license, all necessary intellectual property (IP) to allow Cortexa to utilise, sub-licence and commercialise such IP for the manufacture, marketing, sale and distribution of GMP MDMA and Psilocybin products in Australia; and
- The parties receiving any requisite regulatory approvals and permits from the relevant governmental agencies and third parties.

A break fee of \$500,000 will be payable by PharmAla or Vitura, whichever is the breaching party, in the event of certain incurable breaches of the Agreements that result in the termination of the JV Agreement.

In order to provide Cortexa with sufficient working capital in its initial stage of development, Vitura has agreed to advance loan funds to Cortexa of up to \$2,200,000 at an interest rate equal to the official cash rate +5% per annum, should they be required. Vitura will advance any such loan funds to Cortexa from its cash reserves.

In announcing the Joint Venture, Nick Kadysh, CEO of PharmAla Biotech, said:

"In seeking a partner to be the market leading supplier of GMP manufactured MDMA and Psilocybin in Australia, we looked far and wide. We spoke to half a dozen entities in Australia, seeking not only an organization with excellent relationships with regulators and good capitalization, but a real reputation for operational excellence. On every metric, Rodney Cocks, Guy Headley and Vitura have exceeded our expectations. We consider ourselves very lucky to have them as a partner and look forward to great success in the Australian market over the coming years – both for Cortexa, and more importantly, for patients

accessing Psychedelics in Australia.”

Vitura CEO, Rodney Cocks, said:

“We are very pleased to be forming this JV with Nick Kadysh and his highly experienced PharmAla team. Vitura is proud that one of the world’s leading players in the Psychedelic space has joined forces with us to establish Cortexa as the leading MDMA and Psilocybin supplier in the Australian market. We are looking forward to working with the PharmAla team to bring a number of new, GMP manufactured treatment options to market at a time when major changes have been made to patient access to Psychedelics in Australia.”

For more information, please visit www.PharmaAla.ca, where you can sign up to receive regular new updates.

About PharmAla

PharmAla Biotech Holdings Inc. (CSE: MDMA) is a biotechnology company focused on the research, development, and manufacturing of MDXX class molecules, including MDMA. PharmAla was founded with a dual focus: alleviating the global backlog of generic, clinical-grade MDMA to enable clinical trials, and to develop novel drugs in the same class. PharmAla is the first publicly-traded company to manufacture clinical-grade MDMA. PharmAla’s research and development unit has completed proof-of-concept research into ALA-002, PharmAla’s lead drug candidate. PharmAla is a “regulatory first” organization, formed under the principle that true success in the psychedelics industry will only be achieved through excellent relationships with regulators.

About About Vitura Health Limited

Vitura Health Limited (formerly Cronos Australia Limited) is listed on the ASX.

- The Company’s wholly owned subsidiary, CDA Health Pty Ltd, operates the following businesses:
 - Burleigh Heads Cannabis - operates the market leading prescriber, patient, pharmacy and supplier online platform, CanView, which sells and distributes 230+ product SKUs within Australia from over 30 international and domestic medicinal cannabis producers
 - CDA Clinics - undertakes nationwide telehealth consultations with patients seeking access to medicinal cannabis
- The Company owns 75.5% of Cannadoc Health Pty Ltd, a medicinal cannabis clinic business that undertakes nationwide telehealth consultations with patients seeking access to medicinal cannabis.
- See: www.vitura.com.au

For more information, please contact:

Nicholas Kadysh
Chief Executive Officer
PharmAla Biotech Holdings Inc.
Email: press@PharmaAla.ca
Phone: 1-855-444-6362
Website: www.PharmaAla.ca

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This press release contains ‘forward-looking information’ within the meaning of applicable Canadian securities legislation. These statements relate to future events or future performance. The use of any of the words “could”, “intend”, “expect”, “believe”, “will”, “projected”, “estimated” and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on PharmAla’s current belief or assumptions as to the outcome and timing of such future events. Forward-looking information is based on reasonable assumptions that have been made by PharmAla at the date of the information and is subject to known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking information. The forward-looking information contained in this press release is made as of the date hereof, and PharmAla is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption “Risk Factors” in PharmAla’s management’s discussion and analysis which is available on PharmAla’s profile at www.sedar.com.

This news release does not constitute an offer to sell or the solicitation of an offer to buy, and shall not constitute an offer, solicitation or sale in any state, province, territory or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state, province, territory or jurisdiction.

¹ Refer to TGA's Authorised Prescriber scheme available at: www.tga.gov.au/resources/resource/guidance/authorised-prescriber-scheme for further information

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