

NOTICE OF THE CERTIFICATION AND PROPOSED SETTLEMENT OF THE FSD PHARMA INC. SECURITIES CLASS ACTION

READ THIS NOTICE CAREFULLY AS IT MAY AFFECT YOUR RIGHTS.

This Notice is directed to all persons and entities, excluding certain persons associated with the Defendant, wherever they may reside or be domiciled, who purchased or otherwise acquired FSD Pharma, Inc. (“FSD”) class B common shares in the secondary market, on or after September 20, 2018, and held some or all of those securities until on or after the close of trading on February 7, 2019 (“Class Members” and the “Class”).

PURPOSE OF THIS NOTICE:

A class action brought on behalf of Class Members has been settled and certified for settlement purposes, subject to approval from the Court. This Notice provides Class Members with information about the certification and Settlement and their rights to participate in the Court proceedings considering whether to approve the Settlement (including each putative Class Member’s right to object to the Settlement, to opt-out of the Settlement, and to attend the hearing to approve the Settlement (the “Approval Hearing”).

THE ACTION:

On February 22, 2019, a proposed class action was commenced on behalf of investors who purchased FSD class B common shares in the secondary market during the Class Period, against FSD in the Ontario Superior Court: *Anne Miller v. FSD Pharma, Inc.* CV-19-614981-00CP (the " Action"). The Plaintiff in the Action alleges that the Defendant made misrepresentations during the Class Period related to FSD’s business, operations and finances by omitting from core documents, non-core documents and statements, material facts regarding the status of its project with Auxly Cannabis Corp. to build-out 220,000 square feet of cannabis cultivation space in Cobourg, Ontario.

The parties have reached a proposed settlement of the Action, without an admission of liability on the part of the Defendant, subject to approval by the Court. The terms of the proposed settlement are set out below.

THE TERMS OF THE PROPOSED SETTLEMENT:

FSD will pay CAD \$5.5 million (the “Settlement Amount”), in full and final settlement of all claims against it in the Action. The Settlement Amount, less the lawyers’ fees and disbursements, administrator’s expenses, and taxes (the “Net Settlement Amount”), if approved by the Court, will be distributed to the Class on a *pro rata* basis. The Settlement Agreement may be viewed at <https://morgantico.com/fsd-pharma-inc>, www.fsdsecuritiesclassaction.com, or in the investor relations section of <https://www.fsdpharma.com>.

If the Settlement is approved, a further notice will be published which will include instructions on how Class Members can file Claim Forms to participate in the *pro rata* distribution of the Net Settlement Amount and the deadline for doing so.

The Settlement provides that if it is approved by the Court, the claims of all Class Members which were asserted or which could have been asserted in the Action (except any putative Class Members who opt-out) will be fully and finally released and the Action will be dismissed.

CERTIFICATION:

Certification is a procedural step that defines the form of the litigation and the common issue(s) to be resolved, allowing the litigation to be pursued on behalf of a class of plaintiffs. This Action has been certified for settlement purposes on behalf of Class Members (defined above) who purchased FSD securities during the Class Period (defined above).

THE APPROVAL HEARING:

The Court will be asked to approve the proposed Settlement and the lawyers' fees, disbursements, expenses and taxes at a hearing to be held on **February 4, 2021 at 10:00 a.m.** at the courthouse located at **130 Queen Street West, Toronto, Ontario**. Class Members who do not oppose the proposed Settlement are not required to appear at the hearing or take any other action at this time to indicate their desire to participate in the proposed settlement. Class Members who oppose the proposed Settlement may have their opposition heard by filing an Objection (see "Objections" below). Putative Class Members who do not oppose the proposed Settlement but do not wish to participate in it or release their claims may opt-out of the proposed Settlement (see "Opting-Out" below). Class Members who consider it desirable or necessary to seek the advice and guidance of their own lawyers may do so at their own expense.

Class Members may attend the Approval Hearing whether or not they deliver an objection. The Court may permit Class Members to participate in the Approval Hearing whether or not they deliver an objection. Class Members who wish for a lawyer to speak on their behalf at the Approval Hearing may retain one to do so at their own expense.

OBJECTIONS:

At the Approval Hearing, the Court will consider any objections to the proposed Settlement by the Class Members if the objections are submitted in writing, by prepaid mail, email or fax to: Trilogy Class Action Services, 117 Queen Street, P.O. Box 1000, Niagara-on-the-Lake, Ontario, L0S 1J0, Email: objection@trilogyclassactions.ca, Toll-Free: 1877-400-1211, Fax: 416-342-1761, Attention: FSD Class Action.

A written objection can be submitted in English or French and must include the following information:

- (a) the objector's full name, current mailing address, telephone number, fax number and email address (as may be available);
- (b) the number of shares purchased during, and held at the close of, the Class Period;
- (c) a brief statement of the nature of and reasons for the objection; and
- (d) whether the objector intends to appear at the hearing in person or by counsel, and, if by counsel, the name, address, telephone number, fax number and email address of counsel.

Objection must be received on or before January 22, 2021 at 5:00pm EST.

OPTING-OUT:

Class Members who wish to pursue their own action or who do not want to be bound by the outcome of this Action **MUST OPT-OUT of the Action.**

If you want to opt-out of the Action, you must send an OPT-OUT FORM stating that you elect to opt-out of the Class in the FSD Class Action.

The Opt-Out Form is available at <https://morgantico.com/fsd-pharma-inc> and www.fsdsecuritiesclassaction.com, or by calling Morganti & Co., P.C. at (647) 344-1900. Any Class Member who wishes to opt-out of the Action shall deliver a completed Opt-Out Form by prepaid mail, email or fax to: Trilogy Class Action Services, 117 Queen Street, P.O. Box 1000, Niagara-on-the-Lake, Ontario, L0S 1J0, Email: optout@trilogyclassactions.ca, Toll-Free: 1877-400-1211, Fax: 416-342-1761, Attention: FSD Class Action

The Opt-Out Form must be received on or before January 22, 2020 at 5:00pm EST.

Each Class Member who does not opt-out of the Action will be bound by the terms of the Settlement, if approved by the Court, and will not be allowed to pursue an independent action.

If you wish to pursue other claims against the Defendant relating to the matters at issue in the Action, you should immediately seek independent legal advice. If you do not exclude yourself from participating in this Action, all of your claims relating to the subject matter of this litigation will be determined by the result obtained in the Action, whether by settlement or judgement.

LAWYERS' FEES, DISBURSEMENTS AND TAXES:

The lawyers for the Class Members will ask the Court to approve legal fees in the amount of thirty (30) percent of CAD \$5,500,000.00, plus disbursements, plus taxes. This fee request is consistent with the retainer agreement entered into between Class Counsel and the representative Plaintiff at the beginning of the litigation. As is customary in such cases, Class Counsel conducted the Action on a contingent-fee basis. Class Counsel has not been paid as the matter has proceeded, has paid all of the expenses of conducting the litigation, and has borne all of the risk of adverse cost awards.

The approval of the Settlement is not contingent on the approval of the Class Counsel Fees requested. The Settlement may still be approved even if the requested Class Counsel Fees are not approved.

QUESTIONS:

Questions for the Class Members' lawyers may be directed to:

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Morganti & Co., P.C.
21 St. Clair Ave. East, Suite 1102
Toronto, ON M4T 1L9
Tel: (647) 344-1900, Ext: 9
Fax: (416) 352-7638
Email: iliterovich@morgantico.com

INTERPRETATION:

If there is a conflict between the provisions of this Notice and the Settlement Agreement, the terms of the Settlement Agreement will prevail.

This notice has been approved by the Court. Questions about matters in this notice should NOT be directed to the Court.