

— Street Talk

Psychedelic biotech Psylo raises first funds

Anthony Macdonald, Yolanda Redrup and Kanika Sood

Oct 1, 2021 – 12.05pm

There's a growing pool of funds being invested in psychedelic research.

The latest biotech to get funded is Sydney-based pre-clinical company Psylo, which is aiming to develop a shorter acting version of psilocybin (the active molecule in magic mushrooms) and commercialise it as a treatment for severe mental illness.



Psilocybin is the psychedelic found in “magic mushrooms”.

The company has a long road ahead, with the biotech still in the pre-clinical synthesising and screening phase where the company is creating and assessing molecules that could become therapy candidates, but it’s banked \$1.1 million to fund its early research.

The round was led by Chris Hitchen’s global micro-VC fund Possible Ventures, and had participation from a range of angel investors including [AirTree chairman and philanthropist Daniel Petre](#) and an unnamed strategic investor believed to be one of the big players in the psychedelic space.

The company’s funding round follows Melbourne-based research group The Psycae Institute scoring \$40 million in funding earlier this year, while Creso Pharma moved into the space in March.

The space is also attracting big investment dollars in the US, UK and Europe, with Beckley Psytech raising \$US80 million in August, Atai Life Sciences raising \$225 million for a NASDAQ listing in 2020 and new Chicago-based venture capital group Palo Santo raising \$35 million in July to support biotechs in this field.

Psylo, which was founded by Josh Ismin and counts Samuel Banister as its chief scientific officer, is in the current intake of Startmate companies.

“There’s a lot of research yet to be done, it’s still the very early days,” Ismin said.

“The timeline for this sort of research is long, but in this space things are happening quicker and quicker, and we will see psychedelic treatments on the market [within 10 years].”

Lead investor Hitchen says a new generation of mental health medicine is needed.

“We’re confident that new approaches will yield more effective alternatives, so we’re proud to be backing the Psylo team on their breakthrough mission,” he said.

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