

PSYENCE GROUP ANNOUNCES CLOSING OF FOURTH TRANCHE OF PRIVATE PLACEMENT AND CONVERSION OF CONVERTIBLE DEBT NOTE

Toronto, Canada / March 31, 2023 / Psyence Group inc. (CSE:PSYG | OTCQB:PSYGF) ("Psyence" or the "Company"), a life science biotechnology company pioneering the use of natural psychedelics in mental health and well-being, is pleased to announce that it has issued 9,043,038 common shares at a price of CAD\$0.12 per common share for gross proceeds of CAD\$1,085,164. This brings the total amount the Company has raised pursuant to the previously announced private placement to CAD \$3.04 million ("Aggregate Proceeds"). The Company has received additional interest from prospective investors and has upsized the private placement accordingly. Net proceeds from the non-brokered private placement will be used to advance the Company's recently announced Phase IIb clinical trial in Australia using a natural psilocybin in the palliative care setting, drug development and for general working capital.

The Aggregate Proceeds quantum raised has triggered the conversion of the previously announced convertible debt note. The convertible debt note plus accrued interest at 8% pa converts into 11,096,604 common shares at a price of CAD \$0.12 per common share.

The Company has granted an aggregate of 3,775,000 restricted share units (each an "RSU") to certain executives, officers, directors and consultants of the Company pursuant to the Company's RSU Plan, of which one third vests after 12 months, one third after 24 months and the remaining third after 36 months. All RSUs expire December 31, 2026. Each RSU represents the right to receive, once vested, one common share in the capital of the Company for every RSU held.

Additionally, the Company has granted stock options under its Stock Option Plan to purchase an aggregate of 1,940,000 common shares of the Company at an exercise price of \$0.14 per share for a five-year term. The stock options were granted to certain executives, officers, directors and consultants of the Company pursuant to the Stock Option Plan and the policies of the Canadian Securities Exchange (the "Exchange"). One half of the stock options vests immediately and the remaining half after six months. The granting of options and RSUs are subject to any necessary regulatory approvals and requirements of the Exchange.

The securities in the non-brokered private placement will be subject to a hold period under applicable securities laws of four-months and a day.

ABOUT PSYENCE GROUP: www.psyence.com

Psyence is a life science biotechnology company listed on the Canadian Securities Exchange (CSE:PSYG) and quoted on the OTCQB (OTCQB: PSYGF), with a focus on natural psychedelics. Psyence works with natural psilocybin products for the healing of psychological trauma and its mental health consequences in the context of palliative care. Our name "Psyence" combines the words psychedelic and science to affirm our commitment to producing psychedelic medicines developed through evidence-based research.

Informed by nature and guided by science, we built and operate one of the world's first federally licensed commercial psilocybin mushroom cultivation and production facilities in Southern Africa. Our team brings international experience in both business and science and includes experts in mycology, neurology, palliative care, and drug development. We work to develop advanced natural psilocybin products for clinical research and development.

Our key divisions, Psyence Production, Psyence Therapeutics and Psyence Function, anchor an international collaboration, with operations in Canada, the United Kingdom, Southern Africa, and a presence in the United States and Australia.

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FORWARD LOOKING STATEMENTS:

Certain statements in this news release related to Psyence Group Inc and its subsidiaries (collectively the "Company") are forward-looking statements and are prospective in nature. Forward looking statements are not based on historical facts, but rather on current expectations and projections about future events and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. These statements generally can be identified by the use of forward-looking words such as "may", "should", "could", "intend", "estimate", "plan", "anticipate", "expect", "believe" or "continue", or the negative thereof or similar variations. Forward-looking statements in this news release include statements pertaining to the non-brokered private placement, including with respect to the use of proceeds. These forward-looking statements are based on a number of assumptions, including the assumptions that all regulatory and other approvals for the advancement of the Company's planned Phase IIb clinical trial in Australia will be obtained. There are numerous risks and uncertainties that could cause actual results and the Company's plans and objectives to differ materially from those expressed in the forward-looking information. These risks and uncertainties include demand for the Company's securities being less than anticipated, fluctuations in the price the Company's common shares, and the Company not raising the amount expected, or any funds at all. Actual results and future events could differ materially from those anticipated in such information. These and all subsequent written and oral forward-looking information are based on estimates and opinions of management on the dates they are made and are expressly qualified in their entirety by this notice. Except as required by law, the Company does not intend to update these forward-looking statements.

The Company makes no medical, treatment or health benefit claims about the Company's proposed products. The efficacy of psilocybin, psilocybin analogues, or other psychedelic compounds or nutraceutical products remains the subject of ongoing research. There is no assurance that the use of psilocybin, psilocybin analogues, or other psychedelic compounds or nutraceuticals can diagnose, treat, cure or prevent any disease or condition. Vigorous scientific research and clinical trials are needed. The Company has not conducted clinical trials for the use of its proposed products. Any references to quality, consistency, efficacy, and safety of potential products do not imply that the Company verified such in clinical trials or that the Company will complete such trials. If the Company cannot obtain the approvals or research necessary to commercialize its business, it may have a material adverse effect on the Company's performance and operations.