

Psyence Group Enters into Debt-for-Equity Swap Agreement with its NASDAQ-Listed Associate, Psyence Biomedical

TORONTO, October 14, 2024 -- Psyence Group Inc ("**Psyence Group**" or the "**Company**") (CSE: PSYG) hereby announces that it has entered into a debt-for-equity swap agreement (the "**Debt Swap Agreement**") with its NASDAQ-listed associate, Psyence Biomedical Ltd (NASDAQ: PBM) ("**PBM**" or "**Psyence Biomed**"), pursuant to which Psyence Biomed has agreed to issue to the Company 2,075,920 Psyence Biomed common shares at a deemed price of US\$0.50 per common share, in exchange for the discharging of a portion of the debt repayment obligation due under a promissory note, dated January 25, 2024, issued by Psyence Biomed to the Company in connection with Psyence Biomed's listing of its common shares on the NASDAQ in January 2024 ("**Debt Swap**"). In the event that the average VWAP of Psyence Biomed common shares for the ten trading days prior to January 15, 2025 is lower than US\$0.50, Psyence Biomed will be required to make a "make whole payment" in cash or common shares, as set forth in the Debt Swap Agreement. Psyence Biomed has agreed to register the resale of the common shares within 60 days of the issuing of such common shares.

"The Debt Swap allows the Company to improve its overall portfolio flexibility by acquiring readily tradable securities and enhancing liquidity. The acquisition of the publicly traded shares of PBM provides greater transparency and market valuation, helping to establish a clearer assessment of the investment's worth." said Jody Aufrichtig, Executive Chairman of the Company.

The Debt Swap Agreement contains customary representations, warranties and covenants of the parties. The Debt Swap will be a "related party transaction" pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("**MI 61-101**"). The Company is relying on exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 pursuant to sections 5.5(a) and 5.7(1)(a), respectively, on the basis that at the time the Debt Swap was agreed to, neither the fair market value of the loan amount discharged by the Company, nor the consideration to be received for by the Company for such discharge, exceeds 25% of the Company's market capitalization. The Company's board of directors has, subject to the appropriate recusal of interested directors who are also directors of Psyence Biomed, approved the Debt Swap Agreement and no materially contrary view or abstention was expressed or made by any director in relation to the Debt Swap. The Company will not file a material change report in respect of the Debt Swap at least 21 days before anticipated closing of the Debt Swap, as the Company wishes to close on an expedited basis for sound business reasons.

About Psyence Group and Psyence Biomed:

Psyence Group is a life science biotechnology company listed on the Canadian Securities Exchange (CSE: PSYG), with a focus on natural psychedelics. Psyence Biomed is the world's first life science biotechnology company traded on the Nasdaq (NASDAQ: PBM) that is focused on the development of botanical (nature derived, or non-synthetic) psilocybin-based psychedelic medicines, and 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, Psyence Group works to develop advanced natural psilocybin products for clinical research and development.

Learn more at www.psyence.com and on [Twitter](#), [Instagram](#) and [LinkedIn](#).

Learn more at www.psyencebiomed.com and on [LinkedIn](#).

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Forward Looking Statements

This communication contains "forward-looking statements" within the meaning of applicable securities legislation. Such statements include, but are not limited to, statements about the proposed Debt Swap, future financial and operating results, our plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "believe," "intend," "plan," "projection," "outlook" or words of similar meaning.

Forward-looking statements in this communication include statements regarding the acquisition of Psyence Biomed common shares. These forward-looking statements are based on a number of assumptions, including the assumption that the acquisition of Psyence Biomed common shares will yield the benefits referred to in this news release.

There are numerous risks and uncertainties that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, among others: (i) the inability to realise the benefits referred to in this news release of the acquisition of the Psyence Biomed common shares (ii) changes in applicable laws which may impact drug development, clinical trials and/or the conducting thereof; (iii) Psyence Biomed's ability to obtain regulatory approval for the proposed product candidate, and any related restrictions or limitations of any approved products; (iv) the ability of Psyence Biomed to maintain the listing of its common shares and warrants on Nasdaq; and (v) volatility in the price of the securities of Psyence Biomed due to a variety of factors, including changes in the competitive and highly regulated industries in which Psyence Biomed operates, variations in performance across competitors, changes in laws and regulations affecting Psyence Biomed's business and changes in Psyence Biomed's capital structure. The foregoing list of factors is not exhaustive. You should carefully consider the foregoing factors and the other risks and uncertainties described in the "Risk Factors" section of the of the Company's management discussion and analysis filed on sedarplus.com, and in the Psyence Biomedical final prospectus (File No. 333 276973) filed with the Securities and Exchange Commission on August 30, 2024 and other documents filed by Psyence Biomed from time to time with the SEC. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Actual results and future events could differ materially from those anticipated in such information. Nothing in this communication should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Except as required by law, neither Psyence Group nor Psyence Biomed intends to update these forward-looking statements.

The Company makes no medical, treatment or health benefit claims about the Company's proposed products. The U.S. Food and Drug Administration, Health Canada or other similar regulatory authorities have not evaluated claims regarding psilocybin, psilocybin analogues, or other psychedelic compounds or nutraceutical products. The efficacy of such products has not been confirmed by approved 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.