Psyence Group Inc.

Management Discussion & Analysis (MD&A) for the period ended September 30, 2025

Date of the MD&A:
November 28, 2025

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www.psyence.com

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Management Discussion & Analysis **Dated: November 28, 2025**

The following information should be read in conjunction with the audited condensed consolidated financial statements for the period ended September 30, 2025 of Psyence Group Inc. (the "**Company**" or "**Psyence**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures are expressed in Canadian dollars unless otherwise indicated.

Forward-Looking Information

This Management Discussion & Analysis ("**MD&A**") contains forward-looking statements and forward-looking information as such terms are defined under applicable Canadian securities laws. These forward-looking statements and forward-looking information include, but are not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of the Company, and relate to, without limitation:

- the Company's research and development plans, business model, strategic objectives and growth strategy;
- the Company's future growth plans;
- anticipated trends and challenges in the Company's business and the markets in which it operates;
- the future demand for psilocybin and psilocybin mushroom products from time to time produced, supplied, or distributed by the Company;
- the Company's expectations regarding regulatory requirements and developments in the jurisdictions in which it operates;
- the approval of regulatory bodies of psychedelic substances including psilocybin for the treatment of various health conditions;
- controlled substances laws;
- the Company's ability to obtain the issue and/or renewal of licenses and regulatory authorizations for its business operations;
- the Company's estimate of the size of the potential markets for its products;
- the Company may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues;
- risks relating to an evolving regulatory regime related to psilocybin and psychedelic products;
- risks relating to operations based in its emerging markets;
- the continuation of the Company as a going concern;
- the Company's intellectual property;
- the growth of competition from other companies in the industry;
- the Company's actual financial position and results of operations may differ materially from the expectations of the Company's management;
- the Company's exposure to fluctuations in foreign currencies; and
- the Company's expectations regarding the sufficiency of its cash for funding non-development related expenditures and future cash balances.

These forward-looking statements and forward-looking information may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. Without limitation, the words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "assume", "anticipate", "believe", "estimate", "predict", "likely" or "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Forward-looking statements and forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

With respect to forward-looking statements and forward-looking information contained in this MD&A, assumptions have been made regarding, among other things: future research and development plans for the Company proceeding substantially as currently envisioned, future expenditures to be incurred by the Company, research and development and operating costs, additional sources of funding, the impact of competition on the Company and the Company being able to obtain financing on acceptable terms.

Although management believes the expectations reflected in such forward-looking statements and forward-looking information are reasonable, forward-looking statements and forward-looking information are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements and forward-looking information.

These risks, uncertainties and factors include, but are not limited to: risks, uncertainties and the results of the development of the Company's future products, its ability to establish lawful distribution networks for such products, and the timing thereof; the Company may not have sufficient capital to achieve its growth strategy; risks that its growth strategy may not be successful; regulatory policies concerning psilocybin products; development of laws governing controlled substances; the ability to obtain the issuance of and/or renewal of and/or approvals for licences and authorizations; competition from other companies; clinical trial results; limitations on insurance coverage; the timing and amount of estimated capital expenditure in respect of the business of the Company; operating expenditures; success of marketing activities; estimated budgets; currency fluctuations; requirements for additional capital; the timing and possible outcome of litigation in future periods; goals; strategies; future growth; planned business activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in, or incorporated by reference into, this MD&A. Accordingly, readers are cautioned not to place undue reliance on such statements.

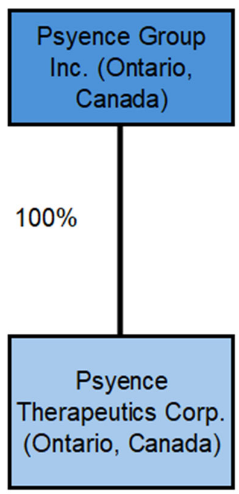
All of the forward-looking statements and forward-looking information in this MD&A are qualified by these cautionary statements. Statements containing forward-looking statements and/or forward-looking information contained herein are made only as of the date hereof. The Company expressly disclaims any obligation to update, revise or alter statements containing any forward-looking statements or forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. New factors emerge from time to time, and it is not possible for the Company to predict which factors may arise. In addition, the Company cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements or forward-looking information.

Overview

Corporate Structure

The Company is a life science biotechnology company listed on the Canadian Securities Exchange (CSE: PSYG), with a focus on natural psychedelics. We commenced the clinical trial process to evaluate the safety and efficacy of our erstwhile drug candidate, the development of which has been taken over by a formerly affiliated company, Psyence Biomedical Ltd ("**PBM**"), 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 which works with natural psilocybin products for the healing of psychological trauma and its mental health consequences in the context of palliative care.

The below diagram shows the corporate structure of Psyence Group Inc. as at September 30, 2025:



Development of the business

Psyence Biomed Corp. ("**PBC**") was a private corporation incorporated under the laws of British Columbia. Effective July 21, 2023 PBC was continued under the laws of the Province of Ontario. It was a wholly owned subsidiary of the Company, and also referred to as the Psyence Therapeutics division.

The Psyence Group was created through a business combination of Psyence Biomed Corp. with Cardinal Capital Partners Inc., a public company, in January 2021, resulting in the Company's public listing in Canada.

The Company and PBC concluded their amalgamation on January 16, 2024, with the Company being the surviving entity (the "**Amalgamation**").

Following the completion of the disposition of PBM and Psyence Labs Ltd. ("**PsyLabs**"), the Company no longer conducts research, clinical, or production operations previously described in prior MD&A filings. Information relating to those activities is provided herein solely for historical context. The Company now is focused on sales and distribution of wellness products developed by third parties, from which it may earn royalties or distribution revenue. The Company has no ongoing control or involvement in the clinical trials, R&D programs, or manufacturing operations of PBM or PsyLabs, however it retains sales and distribution rights for all products and services developed and offered by PsyLabs with the intention of creating a marketplace therefor in the psychedelics industry, as well as an entitlement to a

3.5% royalty on net sales generated through the non-clinical assets with respect to the intellectual property transferred from the Company to PsyLabs for a period ending October 1, 2031.

Listing on CSE and board of directors

The Company listed on the Canadian Securities Exchange ("**CSE**") on January 27, 2021.

The board of directors and officers of the Company are comprised of Jody Aufrichtig (Chairman), Alan Friedman (director), Warwick Corden-Lloyd (director), and Adri Botha (CFO).

Outstanding Share Data

Security	As of September 30, 2025	At date of this MD&A
Common Shares	15,638,267	15,638,267
Options	403,936	403,936
Restricted Share Units ("**RSUs**")	451,422	1,172,870
Common Shares on a fully diluted basis	**16,493,625**	**17,215,073**

Business Overview and Discussion of Operations

The Company is focussed on the sales and distribution of products and services for the psychedelic industry and was invested in two businesses, PBM (directly) up to May 2025 and PsyLabs (indirectly) up to October 2024. The Company will retain sales and distribution rights for all products and services developed and offered by PsyLabs with the intention of creating a marketplace therefor in the psychedelics industry, as well as the royalty entitlements described above. The Company's management team planned to expand its asset-light business model in addition to the marketing and distribution of PsyLabs' products and services, by minimizing asset maintenance costs through the strategic restructuring of its non-clinical business and identifying additional less capital-intensive opportunities in the psychedelics space, however, management has elected to pursue new opportunities in the area of shallow-water mineral exploration off the south coast of Ghana in the Atlantic Ocean (described in more detail below in the section titled *Subsequent Highlights*).

Psyence Biomedical Ltd

PBM world's first life science biotechnology company traded on the Nasdaq (NASDAQ:PBM) focused on the development of botanical (nature derived, or non-synthetic) psilocybin-based psychedelic medicines. It uses an evidence-based approach to innovate as it works to develop safe and effective, nature-derived psychedelic therapeutics to treat a broad range of mental health disorders. PBM is initially focused on mental health disorders in the context of Palliative Care.

PBM has contracted Southern Star Research Pty Ltd ("**Southern Start Research**"), a full-service Australian CRO in Australia that specializes in the study of psychedelics, to conduct a Phase IIb double-blind, randomized, low-dose controlled clinical trial ("**Palliative Care Clinical Trial**") to assess the efficacy and safety of PEX010, a 25mg in-licensed proprietary botanical drug candidate, which will be sourced from Filament Health Corp (a clinical-stage natural psychedelic drug development company) ("**Filament**"), in psilocybin-assisted psychotherapy for the treatment of Adjustment Disorder (AjD) due to incurable cancer. The randomized, double-blind, placebo-controlled Phase IIb study will evaluate two therapeutic doses of nature-derived psilocybin (10mg, 25mg) against an active low-dose comparator (1mg) in 87 patients in conjunction with psychotherapy.

In May 2025, the Company disposed of its entire shareholding in PBM to third party investors. As a result, the Company lost control over PBM.

Psyence Labs Ltd.

PsyLabs has a focus on extraction, production and R&D with strategic partners. It is working towards providing standardized natural pharmaceutical grade psilocybin products to clinicians, research centres and universities undertaking research and clinical trials in the use of natural psilocybin for the treatment of a range of mental health disorders and other medical conditions.

In addition hereto, PsyLabs owns, and will continue to develop, the non-Clinical Assets acquired by it from the Company as part of the Company's strategic restructuring and will continue to operate the business housed in the Company's formerly owned non-clinical subsidiaries including Mind Health (Pty) Ltd (Lesotho) and Psyence South Africa (Pty) Ltd (South Africa), the vehicles housing the psilocybin cultivation, extraction, and production operations in Southern Africa, and Psyence UK Group Ltd (UK), the entity engaged in active pharmaceutical ingredient and IP development, and, Good Psyence (Pty) Ltd, the functional mushroom brand GOODMIND™.

As stated above, the Company has disposed of its entire shareholding in PsyLabs, however it will retain sales and distribution rights for all products and services developed and offered by PsyLabs with the intention of creating a marketplace therefore in the psychedelics industry, as well as the royalty entitlements described above.

Intellectual Property

Trademarks

The Company has filed applications for the registration of the Psyence™ trademark in several jurisdictions including Canada, USA, UK, South Africa and Jamaica. Confirmation of registration of the Psyence™ trademark has been received in respect of Jamaica and the UK.

Licensed Intellectual Property

The Company assigned its rights and obligations under an R&D IP Licensing Agreement concluded with Filament to PBM as part of the disposal of the Palliative Care Clinical Trial to PBM in January 2024, and terminated the Commercial Term Sheet previously with Filament. Please refer to the section titled *Relationships with Third Parties* for more information.

Regulatory Framework and Licensing Regime

A summary of the applicable regulatory framework for the Company's various business segments and interests and proposed business activity is set out in the table below.

Business Interests	Current / Proposed Jurisdiction of Operation	Summary of Applicable Regulatory Frameworks	Third-party CROs, Suppliers, and/or Manufacturers	Related Agreements/ Contracts[5]
Psyence Therapeutics – Research and Development[7] and Clinical Trials[8]	UK, Canada, USA and Australia[6]	UK: • 1971 UN Convention on Psychotropic Substances • Misuse of Drugs Act 1971 and Regulations 2001 • Psychoactive Substances Act 2016 • Human Medicines Regulations 2012[1] Canada: • Controlled Drugs and Substances Act • Food and Drugs Act, R.S.C. 1985, c. F-27, and the Food and Drug Regulations thereunder, C.R.C., c. 870[2] USA: • Federal Food Drug and Cosmetic Act (FDCA)[7] Australia: • The Therapeutic Goods Act 1989 • Therapeutic Goods (Poisons Standard—July 2023) Instrument 2023	• PsyLabs	• Sales and Distribution Agreement

		• Customs (Prohibited Imports) Regulations 1956[3]		
Psyence Sales and Distribution	South Africa, UK, Canada, USA and Australia[5]	South Africa: • Foodstuffs, Cosmetics and Disinfectant Act, No 54 of 1972 • Medicines and Related Substances Control Act 101 of 1965[5] UK, USA Canada, and Australia: Please refer to the domestic and international narcotics laws listed above.	• PsyLabs	• Sales and Distribution Agreement

Notes:

(1) For more information on the regulatory regime in the UK, please refer to "United Kingdom" below.
(2) For more information on the regulatory regime in Canada, please refer to "Canada" below.
(3) For more information on the regulatory regime in Australia, please refer to "Australia" below.
(4) For more information regarding contracts related to the operations of the Company, please refer to "Material Contracts" below.
(5) Now owned and operated by PsyLabs.
(6) Now owned and operated by PBM.
(7) For more information on the regulatory regime in the USA, please refer to "USA" below.
(8) Now owned and operated by PBM.

Canada

The *Canadian Controlled Drugs and Substances Act* ("**CDSA**") generally prohibits all uses of controlled substances and makes it an offence to possess, produce, sell, traffic, import or export a substance including psilocin or psilocybin. However, these prohibitions are subject to exceptions, in particular an exemption for a medical or scientific purpose, such as research or clinical trials, pursuant to subsection 56(1) of the CDSA. An application must be submitted to Health Canada in order to receive such an exemption. Other than the joint venture formed with Pure Extracts Technologies Corp called "Pure Psyence" (now wound-up), the Company has not commenced psilocybin related commercial business activities in Canada. The Company will pursue sponsored research and collaboration agreements with a duly licensed academic institution to conduct research projects. At all times, the Company will enter into partnerships with organisations which have obtained the necessary dealer's licence and/or section 56 exemption required to handle psilocybin in Canada as it currently does not possess any such licenses.

In addition to the CDSA, the import and export of psilocin or psilocybin are regulated under the Food and Drugs Act and the Food and Drug Regulations. A dealer's licence for psilocin or psilocybin may be obtained under Part J of the Food and Drug Regulations. These laws are described in more detail below:

CDSA

The CDSA is the critical piece of legislation applicable to psilocin, psilocybin, and other psychoactive substances in Canada. The criminal law power is the basis for this federal legislation regarding controlled drugs and substances. Both Psilocin (3–[2–(dimethylamino)ethyl]–4–hydroxyindole) and any salt thereof as well as psilocybin are (3–[2–(dimethylamino)ethyl]–4–phosphoryloxyindole) and any salt thereof are substances included in Schedule III of the CDSA.

Food and Drugs

In addition to the CDSA, the federal Food and Drugs Act, R.S.C. 1985, c. F-27, and the Food and Drug Regulations thereunder, C.R.C., c. 870, regulate food and drugs in Canada. Both psilocin (3–[2–(dimethylamino)ethyl]–4–hydroxyindole) and any salt thereof as well as psilocybin (3–[2–(dimethylamino)ethyl]–4–phosphoryloxyindole) and any salt thereof are restricted drugs included in the Schedule to which Part J of the Food and Drug Regulations is applicable.

Research

If the research to be conducted involves a drug for human use that is to be tested in a clinical trial involving human subjects, then Division V of the Food and Drug Regulations would be the applicable federal law. In addition, if the research is to be conducted in British Columbia or another province in Canada, then the provincial laws of that province should also be consulted, such as those laws regarding the protection of personal health information.

Exemptions & Licences – CDSA and Food and Drug Regulations

As stated above, the CDSA generally prohibits all uses of controlled substances and makes it an offence to possess, produce, sell, traffic, import or export a substance included in Schedule III, including psilocin or psilocybin. However, these prohibitions are subject to exceptions, in particular an exemption for a medical or scientific purpose, such as research or clinical trials, pursuant to subsection 56(1) of the CDSA, as follows: in terms of section 56(1) the Minister may, on any terms and conditions that the Minister considers necessary, exempt from the application of all or any of the provisions of this Act or the regulations any person or class of persons or any controlled substance or precursor or any class of either of them if, in the opinion of the Minister, the exemption is necessary for a medical or scientific purpose or is otherwise in the public interest. An application must be submitted to Health Canada in order to receive such an exemption.

A dealer's licence for psilocin or psilocybin may be obtained under Part J of the Food and Drug Regulations. An individual who ordinarily resides in Canada or a corporation with a head office or branch office in Canada is eligible to apply for a dealer's licence for permission to produce, assemble, sell, provide, transport, send, deliver, import or export psilocin or psilocybin as a licensed dealer. An Application for a Controlled Drugs and Substances Dealer's Licence must be submitted to the Office of Controlled Substances at Health Canada. In order to qualify as a licensed dealer, a party must meet all of the requirements mandated by Part J of the Food and Drug Regulations, including having staff that meet the qualifications for a senior person in charge and a qualified person in charge. A dealer's licence must be obtained for each site at which activities are to be conducted. The activities that the licensee may engage in are limited to the strict confines to the licence.

In addition to the dealer's licence, an application must be submitted, and a permit must be obtained from Health Canada before each import or export of a restricted drug such as psilocin or psilocybin by a licensed dealer. This allows the government to track every gram in the country.

Australia

The Therapeutic Goods Administration in Australia ("**TGA**") is Australia's government authority responsible for evaluating, assessing and monitoring products that are defined as therapeutic goods, and the use of therapeutic goods supplied in clinical trials in Australia under the therapeutic goods legislation. Such legislation includes The Therapeutic Goods Act 1989 ("**TG Act**"), Regulations and Orders which set out the requirements for inclusion of therapeutic goods in the Australian Register of Therapeutic Goods (ARTG).

Registration of medicines

For a prescription medicine to be registered in the ARTG, a sponsor of the product (usually a pharmaceutical company) is required to submit a dossier of evidence on the clinical efficacy, safety and manufacturing quality for evaluation by the TGA. Clinical trials of medicines and biologicals regulated under the Clinical Trial Notification (CTN) or Clinical Trial Approval (CTA) schemes are subject to the TGA's Good Clinical Practice (GCP) Inspection Program. The TGA has issued a handbook which provides guidance on the legislative, regulatory and good clinical practice (GCP) requirements when conducting clinical trials in Australia using 'unapproved' therapeutic goods in order to assist trial sponsors, Human Research Ethics Committees (HRECs), investigators and approving authorities (institutions) in understanding their roles and responsibilities under the therapeutic goods legislation.

Scheduling of Psilocybin

Historically, psilocybin was included in Schedule 9 (Prohibited Substances) of the Poisons Standard which, because of interaction with state and territory regulation, largely restricted the lawful supply of goods containing psilocybin to clinical trial settings only. However, effective 1 July 2023, the TGA made the decision to down schedule psilocybin to Schedule 8 in the Poisons Standard when used in respect of certain conditions, namely for the treatment of treatment-resistant depression.

Importation

To import products that contain a controlled substance (such as psilocybin), the importer requires both an exemption, approval or authority under the TG Act and a licence and/or permit to import from the Office of Drug Control under the Customs (Prohibited Imports) Regulations 1956. Licences and permits to import psilocybin are only granted by the Office of Drug Control where the use of the substance is permitted by the relevant state or territory under their respective medicines and poisons legislation and the use of the of psilocybin is to be prescribed by an Authorised Prescriber or for an authorised clinical trial.

USA

In connection with the development and future commercialization (if applicable) of the psilocybin-based prospective products, each contemplated product candidate is subject to the Federal Food Drug and Cosmetic Act (FDCA). The FDCA is intended to assure the consumer, in part, that drugs and devices are safe and effective for their intended uses and that all labeling and packaging is truthful, informative, and not deceptive. The FDCA and FDA regulations define the term "drug," in part, by reference to its intended use, as "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease" and "articles (other than food) intended to affect the structure or any function of the body of man or other animals." Therefore, almost any ingested or topical or injectable product that, through its label or labeling (including internet websites, promotional pamphlets, and other marketing material), that is claimed to be beneficial for such uses will be regulated by FDA as a drug. The definition also includes components of drugs, such as active pharmaceutical ingredients. Drugs must generally either receive premarket approval by FDA through the NDA process or conform to a "monograph" for a particular drug category, as established by FDA's Over-the-Counter (OTC) Drug Review. If the FDA does not award premarket approval for our product candidates through the NDA process, this could have a material adverse effect on our business, financial condition and results of operations.

The FDA will accept data from studies performed in other countries, as long as the study complies with GCP and ICH guidelines.

Corporate Governance and Compliance Program

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and contribute to effective and efficient decision-making. The Company has adopted corporate governance policies and guidelines (the "**Guidelines**") governing key matters and has accordingly enacted: (a) internal guidelines to control transactions involving its securities by all Company directors, officers and insiders (among others) to ensure that such parties are aware of and comply with their legal obligations with respect to "insider trading" and "tipping"; and (b) timely disclosure and confidentiality guidelines to ensure the timely and accurate disclosure of material information relating to the Company and/or its material subsidiaries in accordance with applicable securities laws and stock exchange rules, to prevent the improper use or disclosure of material information or confidential information about the Company and to promote an understanding of and compliance with legal requirements and stock exchange rules.

The Board shall: (a) review the Guidelines on an annual basis; and, (b) at a more appropriate time in the future, (i) implement additional corporate governance policies and guidelines; (ii) implement measures and processes to review critically each director's continuation on the Board every year considering, among other things, a director's service on other boards and the time involved in such other service; and (iii) establish a process for the evaluation of the performance of the Board and each of its committees.

The Company engages professional advisors (legal, financial, and technical) with the relevant expertise to provide assistance in navigating and managing the political, legal and cultural realities of the jurisdictions in which it operates and the impact it may have on the Company's business or operations on an as-needed basis. Additionally, the Company's management team has a long and successful history of doing business in Canada, United Kingdom and Southern Africa. With respect to Southern Africa specifically, the Company's management team has experience engaging with local communities and tribal chiefs as well as a working knowledge of the region's local legal, regulatory and political landscape. The management team's technical division is well acquainted with the region's natural terrain as well as its climactic and infrastructure related challenges.

The Company managers and monitors compliance with applicable laws in each jurisdiction in which it operates through its general legal counsel and Chief Financial Officer, who engage, as needed, local counsel in every jurisdiction, who provide legal opinions or advice in each of these jurisdictions regarding: (a) compliance with applicable laws and regulatory frameworks, (b) applications, maintenance and renewals of licences and permits, and (c) changes in the legal landscape affecting the Company operations.

The Company engages local legal counsel in each jurisdiction in which it conducts business or seeks to conduct business to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Company's operations. The Company's operations are conducted in compliance with local laws where such activities are permissible and either (a) do not require any specific legal or regulatory approvals, or (b) the Company has obtained all necessary legal and/or regulatory approvals.

The Company works with third party facilities, research institutions, and contract manufacturers who require regulatory licensing to handle scheduled drugs. Before commencing any commercial or other ventures with such third parties, the Company conducts a high-level legal, regulatory and quality control due diligence to verify claims made by such third parties. The Company ensures that contracted third parties provide the necessary warranties and undertakings required to ensure compliance with applicable laws in contracts concluded with such parties. Failure of third parties to comply with applicable laws constitutes a material breach of contract, giving rise to a contractual right on the part of the Company to terminate any contract with such offending third party.

The Company held its annual and special general meeting of shareholders on June 7, 2024.

Overall Performance

Financial Information

The Company's most recent financial period end was September 30, 2025. This MD&A presents information relating to the period ended September 30, 2025 with comparative information being shown for the period ended September 30, 2024 ("**comparative period**").

Results and Overview of operations for the second quarter to September 30, 2025

Revenue and results

The Company did not report revenue from operations for the 6-months ended September 30, 2025 (comparative period: $0). The total comprehensive loss for the 6-months ended September 30, 2025, was $12,440,804 (comparative period: gain of $3,853,883).

The total comprehensive loss relates to the strategic sale of business units of the Company.

Operating Expenses

	Three months Ending September 30,		Six months Ending September 30,	
	2025	**2024**	**2025**	**2024**
Sales and marketing	737	374,355	118,450	440,539
Research and development	-	362,875	89,990	362,875
General and administrative	12,136	335,708	148,650	767,697
Professional fees and consulting fees	61,064	552,172	395,050	1,173,972
Depreciation and amortization	635	2,021	1,862	3,707
	74,572	**1,627,131**	**754,002**	**2,748,790**

For the three and six months ended September 30, 2025, operating expenses comprising sales and marketing, research and development, general and administrative, professional fees and consulting and depreciation and amortization were down compared to the same periods last year. This was primarily due to the divestment of PBM and PsyLabs during the current period.

Total assets at quarter end September 30, 2025

Total assets for the period were $894,695 and comprised predominantly of: cash and cash equivalents of $528,107, other receivables of $352,9519, and intangible assets of $13,637.

The Company has bank accounts denominated in Canadian dollars and US dollars. At quarter end the Company had the following currency exposures on these accounts:

- Canadian bank accounts: $509,531 (denominated in CAD)
  $18,576 (US$13,171 – denominated in US dollars)

Liquidity

Since incorporation, the operations have been solely financed from the issuance of equity. The Company's main use for liquidity is to fund scientific research, clinical studies, product development and manufacturing, salaries and professional and consulting fees. The ability to fund operations and to make planned cash flows are subject to prevailing economic conditions, regulatory and financial, business, and other factors, some of which are beyond the Company's control.

As at September 30, 2025 the Company had cash balances of $528,107 and positive working capital of $828,856. Working capital represents the excess of current assets over current liabilities. Accounts payable and accrued liabilities have contractual maturity dates within one year,. All significant contractual obligations and commitments are disclosed under *Discussion of operations* above and there are no other significant obligations maturing in the short term. The Company believes that it will be able to fund operations and significant projects within the next 12 months from the available cash and cash equivalents without raising additional financing.

The Company's current expenditure obligations are primarily for working capital purposes. The Company expects to continue funding projects with available cash and cash equivalents, and therefore, is subject to risks including, but not limited to, an inability to raise additional funds through the issuance of equity, debt instruments or similar means of financing to support the Company's continued development, including capital expenditure requirements, operating requirements and to meet its liabilities and commitments at they become due.

The Company has experienced operating losses and cash outflows from operations since incorporation and by nature of its business, will require ongoing financing for working capital purposes. The Company's ability to access both public and private capital is dependant upon, among other things, general and sectoral market conditions and the capital markets generally, market perceptions about the Company and its business operations, and the trading prices of the Company's securities from time to time.

The Company's primary capital needs are funds for working capital purposes. These activities include staffing, and administrative costs.

Off Balance Sheet Arrangements

The Company has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

Transactions between Related Parties

Compensation to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel, as defined by International Accounting Standards 24 *Related Party Disclosures,* include the Company's executive officers and Board of Directors. For the reporting period, they are as follows: Jody Aufrichtig, Warwick Corden-Lloyd, Alan Friedman, Bayline Capital Partners Inc., and Adri Botha.

Short term benefits consist of consulting fees, payroll and other benefits paid to key management personnel.

Key Management Personnel	**September 30, 2025**	**September 30, 2024**
Short term benefits	44,296	264,744
Share-based compensation	141,426	18,866
Total	185,722	283,610

Balances

As at September 30, 2025, the Company held amounts totalling $Nil (March 31, 2025 - $68,311) in accounts payable and accrued liabilities. These are amounts owing to key management personnel.

Subsequent Highlights

On November 25, 2025, the Company announced that it had entered into a definitive amalgamation agreement dated November 21, 2025 with GoldCoast Resources Corp. ("**GoldCoast**") and Psyence Therapeutics Corp., a wholly owned subsidiary of the Company. GoldCoast's sole material asset consists of its application for a reconnaissance (exploration) licence with the Minerals Commission of Ghana. GoldCoast has applied for such exploration licence to conduct shallow-water mineral exploration off the coast of Ghana in the Atlantic Ocean. The proposed licence area covers a nearshore marine tract prospective for alluvial and marine placer gold and is the pending principal property of GoldCoast. The Company intends to complete a share consolidation prior to closing the proposed amalgamation ("**GoldCoast Amalgamation**") so that the value per share after consolidation corresponds to the issue price of GoldCoast's most recent private placement financing. The proposed GoldCoast Amalgamation will constitute a "Change of Business" of the Company as contemplated under Policy 8 – Fundamental Changes and Changes of Business of the CSE. Trading in the Company's common shares will remain halted pending CSE review and will not resume until all CSE conditions for the Change of Business have been satisfied and the transaction has closed. There can be no assurance that the transaction will be completed as proposed or at all.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, other receivables, prepaids, accounts payable and accrued liabilities and amounts due to related parties. These financial instruments arise in the normal course of business and are classified and measured at amortized cost.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company does not partake in hedging activities.

The fair values of these financial instruments approximate their carrying values. As required by IFRS 9 *Financial Instruments*, the Company applies a forward-looking expected credit loss (ECL) model, at each balance sheet date, to financial assets measured at amortized cost to determine whether the asset is impaired.

In the normal course of business, the Company is exposed to a variety of financial risks: credit risk, liquidity risk, foreign exchange risk and interest rate risk. These financial risks are subject to normal credit standards, financial controls, risk management as well as monitoring. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, other receivables and loan to joint venture. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions. The Company also assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

Cash consists of bank balances and an amount held in trust by a brokerage firm as security for foreign currency exchanges. Other receivables mainly consist of federal sales tax credits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at September 30, 2025, the Company's financial liabilities consist of account payable, accrued liabilities, convertible note liability and a promissory note.

The Company manages liquidity risk through an ongoing review of future commitments and cash balances available. Historically, the Company's main source of funding has been the issuance of shares for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity or debt funding.

The following table illustrates the contractual maturities of financial liabilities as at September 30, 2025:

Financial Instrument Maturity ($)	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 3 years
Accounts payable and accrued liabilities	52,202	52,202	52,202	-
Total	52,202	52,202	52,202	-

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency.

The Company operates internationally and is exposed to foreign exchange risk from the USD. Foreign exchange risk arises from transactions as well as recognized financial assets and liabilities denominated in foreign currencies.

A 10% adverse change in exchange rate would have resulted in a loss of $1,707 as at September 30, 2025.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant interest-bearing assets or liabilities and therefore its income and operating cash flows are substantially independent of changes in market interest rates. Management therefore regards liquidity risk to be low.

Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new common shares, issue debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. The Company considers its shareholders' equity balance as capital.

Risk Factors

An investment in the Company is subject to various risks and should be considered highly speculative.

Prior to making an investment decision, investors should consider the investment risks set forth below which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment.

Initial lack of business diversification

Because the Company will be initially focused on investment in businesses focused on research and development, cultivation and production of psilocybin mushrooms and functional over-the-counter mushroom products, the prospects for the Company's success will be dependent upon the future performance and market acceptance of the facilities, products, processes and services in which the Company takes an interest. Unlike certain entities that have the resources to develop and explore numerous product lines or operate in multiple industries, the Company does not anticipate having the ability to immediately diversify or benefit from the possible spreading of risks or offsetting of losses. The Company holds interests in both the psychedelic and non-psychedelic areas of the mushroom industry. Again, the prospects for the Company's success may become dependent upon the development or market acceptance of a very limited number of facilities, products, processes or services.

There is no assurance that the Company will become profitable or pay dividends

There is no assurance as to whether the Company will become profitable or pay dividends. The Company has incurred and anticipates that it will continue to incur substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

Material uncertainty about the Company's ability to continue as a going concern

The Company's ability to continue as a going concern is dependent upon its ability to raise funding, generate revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company, or at all.

Additional unforeseen costs due to health and medical regulators

Due to the numerous risks and uncertainties associated with the development of drug candidates, Psyence is unable to predict the timing of the generation of any meaningful revenue by PsyLabs or whether any of its products under development will be able to achieve or maintain profitability, if ever. The TGA, FDA, the EMA, MHRA, or other comparable foreign regulatory authorities could require the performance of preclinical studies or clinical trials in addition to those that PsyLabs currently anticipates, which could lead to delays in drug development programmes and timelines. There may also be delays in any of their respective future collaborators' clinical trials or the development of the existing drug candidates and any other drug candidates that Psyence may itself identify. Even if existing drug candidates or any future drug candidates that Psyence may identify are approved for commercial sale, Psyence anticipates incurring significant costs associated with commercializing and distributing any approved product and ongoing compliance efforts.

Commercialization and Marketing of Products

The Company is reliant on employees and third-party consultants and service providers to assist in investigating the process of developing, commercializing and distributing psilocybin mushroom products. No assurance can be given that the results of these investigations will determine that manufacturing and distribution of these products will be feasible or commercially viable. A failure to obtain satisfactory results on these investigations could have a material adverse effect on the Company's business and may adversely affect the Company's ability to begin earning revenue.

Reliance on Third Party IP

We do not currently own any granted patents, so any product development endeavours will require heavy reliance on license agreements with third parties under which we are granted rights to intellectual property that are important to our business. If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected drug candidates or other psilocybin-based products.

Additional Risks related to doing Business Internationally

International markets will be a focus for expansion and revenue growth for the Company. Several factors, including legal and regulatory compliance and weakened economic conditions in any of the international jurisdictions in which the Company expects to do business or have projects, could adversely affect such expansion and growth. Additionally, the Company's entry into new international jurisdictions requires management attention and financial resources that would otherwise be spent on other parts of the business. Some of the countries in which the Company expects to sell products are to some degree subject to political, economic, and/or social instability. International business operations expose the Company to risks and expenses inherent in operating or selling products in foreign jurisdictions, and developing and emerging markets in particular, where these risks may be heightened. In addition to the risks mentioned elsewhere, these risks and expenses could have a material adverse effect on the Company's business, results of operations or financial condition and include without limitation:

- adverse currency rate fluctuations;
- risks associated with complying with laws and regulations in the countries in which the Company expects to sell products, and requirements to apply for and obtain licenses, permits or other approvals and the delays associated with obtaining such licenses, permits or other approvals;
- multiple, changing and often inconsistent enforcement of laws, rules and regulations;
- risks associated with reliance on international agents and representatives, including the possible failure of such agents and representatives to appropriately understand, represent and effectively market the Company's products;
- the imposition of additional foreign governmental controls or regulations, new or enhanced trade restrictions or non-tariff barriers to trade, or restrictions on the activities of foreign agents, representatives and distributors;
- increases in taxes, tariffs, customs and duties, or costs associated with compliance with import and export licensing and other compliance requirements;
- the imposition of restrictions on trade, currency conversion or the transfer of funds or limitations;
- the imposition of Canadian and/or other international sanctions against a country, company, person or entity with whom the Company does business that would restrict or prohibit the Company's ability to hold partnerships with or indirect interests in operations in Lesotho;
- downward pricing pressure on the Company's products in the international markets, due to competitive factors or otherwise;
- laws and business practices favouring local companies;

- political, social or economic unrest or instability, including without limitation military conflicts and acts of terrorism, military repression, war or civil war, social and labour unrest, organized crime, hostage-taking and violent crime;
- expropriation and nationalization and/or renegotiation or nullification of necessary licenses, approvals, permits and contracts;
- greater risk on credit terms, longer payment cycles and difficulties in enforcing agreements and collecting receivables through certain foreign legal systems;
- difficulties in enforcing or defending intellectual property rights; and
- the effect of disruptions caused by severe weather, natural disasters, outbreak of disease or other events that make travel to a particular region less attractive or more difficult.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on doing business, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of concessions, licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Furthermore, some of the Company's operations are conducted in parts of the world that experience illegal sales practices or corruption or are operated under legal systems susceptible to undue influences to some degree. Although the Company has policies and procedures in place that are designed to promote legal and regulatory compliance, the employees, business partners and consultants of the Company could take actions that violate applicable anticorruption laws or regulations. Violations of these laws, or allegations of such violations, could result in loss, reduction or expropriation and/or have a material adverse effect on the Company's business, results of operations or financial condition. The Company's international efforts may not produce desired levels of sales. If and when the Company enters into new markets in the future, it may experience different competitive conditions and/or different customer requirements. As a result, the Company may be less successful than expected in expanding sales in its future targeted international markets. Sales into new international markets may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting the Company's overall growth and profitability. To build brand awareness in these new markets, the Company may need to make greater investments in legal compliance, advertising and promotional activity than originally planned, which could negatively impact the expected profitability of sales in those markets. These or one or more of the other factors listed above may harm the Company's business, results of operations or financial condition.

The Company will continue to monitor developments and policies in the emerging markets in which it will operate and assess the impact thereof to its operations, however such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Negative Results from Clinical Trials

From time to time, studies or clinical trials on medical-grade psilocybin mushroom products may be conducted by academics, research institutions or others, including government agencies. The publication of negative results of studies or clinical trials related to PsyLabs or the Company's proposed products or the therapeutic areas in which these proposed products will compete could have a material adverse effect on the Company's sales and distribution endeavours and the value of its sales and distribution rights and interests in PsyLabs.

Serious adverse events or other safety risks

If any of Psyence's future drug candidates, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, for example, regulatory authorities may interrupt, delay or halt clinical trials, regulatory authorities may deny regulatory approval of future drug candidates or Psyence could be sued and held liable for harm caused to patients. Any of these events could prevent us from achieving or maintaining market acceptance of our drug candidates, if approved, and could significantly harm our business, financial condition, results of operations and prospects.

Competition from Other Companies

An increase in the companies competing in this industry could limit the ability of the Company to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and be able to develop higher quality equipment or products at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition.

Unfavourable Publicity or Consumer Perception

The Company believes the naturally derived medicinal-grade psilocybin mushroom industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of psilocybin mushrooms distributed to such consumers. Consumer perception of PsyLabs or the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of naturally derived, medicinal-grade psilocybin mushroom products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the naturally derived medicinal-grade psilocybin mushroom market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the business, results of operations, financial condition and cash flows of the Company. The Company's dependence upon consumer perceptions means that adverse scientific research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the demand for psychedelic-based products, and the Company's business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of naturally derived medicinal-grade psilocybin mushroom in general, or associating the consumption of naturally derived medicinal-grade psilocybin mushroom's negative effects or events, could have such a material adverse effect. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Development of the Business of the Company

The development of the business of the Company and its ability to execute on its expansion opportunities described herein will depend, in part, upon the amount of additional financing available. Failure to obtain sufficient financing may result in delaying, scaling back, eliminating or indefinitely postponing expansion opportunities and the business of the Company's current or future operations. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company. In addition, there can be no assurance that future financing can be obtained without substantial dilution to existing shareholders.

Inability to Innovate

In the area of innovation, the Company must be able to develop new products that appeal to customers. This depends, in part, on the technological and creative skills of its personnel and on its ability to register and protect its intellectual property rights.

Personnel

The Company has a small management team, and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure additional personnel to facilitate its marketing and product development initiatives. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Inability to close the GoldCoast Amalgamation

There can be no assurance that the GoldCoast Amalgamation will be completed as proposed or at all. Risks associated with the GoldCoast Amalgamation include a failure to obtain shareholder or regulatory approvals, inability to satisfy CSE listing requirements, risks relating to changes in market conditions and political or regulatory developments in Canada or Ghana. Upon completion, GoldCoast shareholders are expected to hold approximately 90 to 95% of the issued and outstanding shares of the Company (as a resulting issuer) on a non-diluted basis and subject to adjustment, leading to significant dilution of the shareholding of the Company's existing shareholder base.

The Continued Development of the Company and its Business will require Additional Financing

The failure to raise additional capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of common shares

The Company's articles permit the issuance of an unlimited number of common shares, and shareholders will have no pre-emptive rights in connection with such further issuance. The directors of the Company have discretion to determine the price and the terms of issue of further issuances. Moreover, additional common shares will be issued by the Company on the exercise of options under the Company option plan and restricted share units under the Company restricted share unit plan, and upon the exercise of the Company's outstanding warrants. In addition, from time to time, the Company may enter into transactions to acquire assets or shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Developing laws and enactment of new regulations governing psilocybin-containing products

The success of any proposed drug candidates and future approved products, if any, is subject to a number of constantly evolving state and federal laws, regulations, and enforcement policies pertaining to psilocybin containing products. Local, state, federal, and international psilocybin laws and regulations remain highly restrictive and subject to evolving interpretations, which could require Psyence to incur substantial costs associated with compliance requirements. Psyence cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on its activities in the psychedelics industry. There can be no assurance that drug candidates containing psilocybin (as the active pharmaceutical ingredient) will be approved for commercialization in Australia, the US or any other target jurisdiction at any time in the near or distant future. Any regulations the FDA issues relating to the sale, marketing, and/or other activities involving administration of psilocybin or psilocybin-assisted psychotherapy could have a material adverse effect on Psyence's business, financial condition and results of operations.

Limited Market for Securities

The common shares are listed on the CSE, however, there can be no assurance that a continued active and liquid market for the common shares will be maintained.

No Operating History

The Company is an early-stage enterprise and subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. The Company has no history in the psilocybin mushroom cultivation industry before May 2020 and no history of operations or earnings, save for the earnings derived from the historical sale of the GOODMIND™ products.

The Company is therefore subject to many of the risks common to entering a new area of investment, including under-capitalization, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on its investment and the likelihood of success must be considered in light of the Company's lack of experience in this industry.

Because the Company has limited operating history in an emerging area of business, readers should consider and evaluate its operating prospects in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets.

These risks may include:

- risks that it may not have sufficient capital to achieve its growth strategy;
- risks that it may not develop its product and service offerings in a manner that enables it to be profitable and meet its customers' requirements;
- risks that its growth strategy may not be successful;
- risks that fluctuations in its operating results will be significant relative to its revenues; and
- risks relating to an evolving regulatory regime.

The Company's growth will depend substantially on its ability to address these, and the other risks described in this section. If it does not successfully address these risks, its business may be significantly harmed.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management

The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's internally projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgement in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company may become subject to litigation

The Company's participation in the medical-grade psilocybin mushroom industry and nutraceuticals market may lead to litigation, formal or informal complaints, enforcement actions and inquiries by third parties, other companies or various governmental authorities against the Company. Litigation, complaints and enforcement actions involving the Company could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Insurance Coverage

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, product liability and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability. Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Ability to establish and maintain bank accounts

While the Company does not anticipate dealing with banking restrictions, there is a risk that banking institutions in countries where the Company operates will not accept payments related to the psychedelic industry. Such risks could increase costs for the Company. The Company's inability to manage such risks may adversely affect the Company's operations and financial performance.

If the Company is unable to attract and retain key personnel, it may not be able to compete effectively

The Company will depend upon its ability to attract and retain key management, including the Company's directors, officers and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company or results of operations of the business and could limit the Company's ability to develop and market its medical-grade psilocybin mushroom products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute the Company's business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of the Company's employees.

Reliance on Limited Jurisdictions

To date, the Company's active partnerships, investments and resources have been primarily focused in Southern Africa and the UK (for research and development) and Australia (for clinical trials). The Company expects to continue the focus on expansion opportunities into other jurisdictions including Canada, the USA and the rest of Europe. Adverse changes or developments within Southern Africa, the UK or Australia could have a material and adverse effect on the Company's ability to continue its business, business interests, financial condition and prospects. Additionally, any material or adverse change in jurisdictions in which the Company will do business may affect the Company's ability to continue sales and distribution efforts linked to medical-grade psilocybin mushroom products, its business, financial condition and prospects.

No guarantee on the use of available funds by the Company

The Company cannot specify with certainty the particular uses of its available funds. Management has broad discretion in the application of its available funds. Accordingly, shareholders will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the available funds in ways that the Company's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could harm the Company's business. Pending use of such funds, the Company might invest available funds in a manner that does not produce income or that loses value.

Management of Growth

The Company may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Inability to protect Intellectual Property

The Company expects to rely upon intangible and intellectual property such as copyrights, trade secrets, unpatented proprietary know-how and continuing innovation to protect the development of its business. There can be no assurances that the steps taken by the Company to protect its intangible property and intellectual property will be adequate. To the extent that this property is infringed on, revenue could be negatively affected, and the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

Material Contracts

The following are the material contracts, other than contracts in the ordinary course of business, and material contracts in the ordinary course of business required to be listed, that were entered into by the Company in the current financial period or prior to this period and are still in effect as of the date of this MD&A:

- Company's new stock option plan, confirmed for adoption at the 2021 AGM;
- Amendments to the Company's existing restricted share unit plan approved at the 2021 AGM, as further amended by the Board on February 16, 2022;
- Lock-Up Agreement with PBM and certain of PBM's shareholders (now expired);
- Filament R&D IP Agreement (now assigned to PBM);
- Filament Commercial Term Sheet (now terminated);
- First Addendum to the R&D IP Agreement and Commercial Term Sheet;

- Call Option Agreement concluded with PsyLabs (now exercised);
- First Addendum to the Call Option Agreement concluded with PsyLabs;
- Promissory Note, dated January 25, 2024, with PBM (now extinguished);
- Debt-for-Equity Swap Agreements dated September 30, 2024 and October 25, 2024 respectively with PBM, as amended by way of a First Addendum dated November 26, 2024;
- PsyLabs Sale Agreement dated September 17, 2024 with PBM, as amended by way of a First and Second Addendum dated September 27, 2024 and November 26, 2024 respectively;
- Letter of Intent concluded with GoldCoast dated August 20, 2025;
- Loan Agreement concluded with GoldCoast dated August 20, 2025 (as amended on November 21, 2025); and
- Amalgamation Agreement concluded with GoldCoast dated November 21, 2025.

Copies of these material contracts are available under the Company's SEDAR profile at www.sedar.com

Additional Information

All additional information relating to the Company is available on SEDAR at www.sedar.com