

**PSYENCE GROUP INC.  
STOCK OPTION PLAN  
ADOPTED BY THE BOARD NOVEMBER 9, 2021 AND CONFIRMED BY  
SHAREHOLDERS DECEMBER 9, 2021**

**SECTION 1  
DEFINITIONS AND INTERPRETATION**

**1.1**            **Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a)        “**Administrator**” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b)        “**Black-Out**” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
- (c)        “**Board**” means the board of directors of the Company.
- (d)        “**Change of Control**” means an occurrence when either:
  - (i)        a Person or Entity, other than the current “control person” of the Company (as that term is defined in the *Securities Act*), becomes a “control person” of the Company; or
  - (ii)       a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
- (e)        “**Committee**” means a committee of the Board appointed in accordance with this Plan or if no such committee is appointed, the Board itself.
- (f)        “**Company**” means Psyence Group Inc.
- (g)        “**Consultant**” means an individual who:
  - (i)        is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the *Securities Act*);
  - (ii)       provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
- (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
  - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (h) “**CSE**” means the Canadian Securities Exchange.
- (i) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- (j) “**Employee**” means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
  - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (iii) a corporation wholly-owned by such individual; and
  - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (k) “**Executive**” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and

- (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (l) **“Exercise Notice”** means the written notice of the exercise of an Option, in the form set out as Schedule “B” hereto, duly executed by the Option Holder.
- (m) **“Exercise Period”** means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that the Option has vested pursuant to the terms and conditions of this Plan and that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (n) **“Exercise Price”** means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (o) **“Expiry Date”** means the date the Option expires as set out in the Option Agreement or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (p) **“Expiry Time”** means the time the Option expires on the Expiry Date, which is 5:00 p.m. local time in Toronto, Ontario on the Expiry Date.
- (q) **“Grant Date”** means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (r) **“Insider”** means an insider as that term is defined in the *Securities Act*;
- (s) **“Investor Relations Activities”** means any activities or oral or written communications, by or on behalf of the Company or shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company:
    - (1) to promote the sale of products or services of the Company; or
    - (2) to raise public awareness of the Company;
 that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
  - (ii) that activities or communications necessary to comply with the requirements of:
    - (1) applicable securities laws, policies, or regulations;
    - (2) the rules, and regulations of the CSE or the by-laws, rules or other regulatory instruments of any other self-regulatory body or Exchange having jurisdiction over the Company; or
  - (iii) activities or communications that may be otherwise specified by the CSE;

- (t) “**Legacy Plan**” means the prior stock option plan of the Company, initially adopted on August 5, 2008, as amended on January 15, 2021.
- (u) “**Option**” means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (v) “**Option Agreement**” means the agreement, in substantially the form set out as Schedule “A” hereto, evidencing the Option.
- (w) “**Option Holder**” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (x) “**Outstanding Issue**” means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (y) “**Person or Entity**” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (z) “**Personal Representative**” means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (aa) “**Plan**” means this stock option plan as from time to time amended.
- (bb) “**Regulatory Approvals**” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (cc) “**Regulatory Authorities**” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (dd) “**Regulatory Rules**” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ee) “**Securities Act**” means the *Securities Act* (Ontario) as amended from time to time.
- (ff) “**Security Based Compensation Arrangements**” means any incentive plan of the Company (other than this Plan), including the Company’s restricted share unit plan, as well

as any other (i) stock option plans for the benefit of Employees, Insiders, service providers or any one of such groups; (ii) individual stock options granted to Employees, service providers or Insiders if not granted pursuant to a plan previously approved by the Company's security holders; (iii) stock purchase plans where the Company provides financial assistance or where the Company matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Company; and (vi) security purchases from treasury by an Employee, Insider or service provider which is financially assisted by the Company by any means whatsoever;

- (gg) **"Share"** or **"Shares"** means, as the case may be, one or more common shares in the capital of the Company.
- (hh) **"Subsidiary"** means a wholly-owned or controlled subsidiary corporation of the Company.
- (ii) **"Triggering Event"** means:
  - (i) the proposed dissolution, liquidation or wind-up of the Company;
  - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
  - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
  - (iv) a proposed Change of Control of the Company;
  - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
  - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (jj) **"vest"** or **"vested"** or **"Vesting"** means that portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

## **1.2 Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws in any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of Ontario.

### **1.3**            **Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## **SECTION 2 GRANT OF OPTIONS**

### **2.1**            **Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

### **2.2**            **Record of Option Grants**

The Administrator shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a)     the name and address of the Option Holder
- (b)     the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c)     the Grant Date and Expiry Date of the Option;
- (d)     the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e)     the vesting and other additional terms, if any, attached to the Option; and
- (f)     the particulars of each and every time the Option is exercised.

### **2.3**            **Effect of Plan**

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Agreements issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Agreements will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Agreement, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Agreement for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

All stock options previously granted pursuant to the Legacy Plan shall continue to be governed by the terms and conditions of the Legacy Plan, and shall not be subject to the terms and conditions of this Plan. For greater certainty, no further stock options may be granted pursuant to the Legacy Plan.

## **SECTION 3 PURPOSE AND PARTICIPATION**

### **3.1 Purpose of Plan**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants, to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

### **3.2 Participation in Plan**

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants, if any, to whom Options are to be granted.

### **3.3 Limits on Option Grants**

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Shares which may be reserved for issuance to any one Option Holder under the Plan which are subject to outstanding Options granted under the Plan must not exceed five percent (5%) of the issued Shares (determined at the date the Option was granted) in a twelve (12) month period, unless the Company first obtains disinterested shareholder approval of this Plan pursuant to the Regulatory Rules (but only if the Regulatory Rules require such approval);
- (b) The number of Shares granted to any one Consultant under the Plan together with all other Security Based Compensation Arrangements in a twelve (12) month period must not exceed two percent (2%) of the issued Shares of the Company, calculated at the date the Option was granted to the Consultant.
- (c) The aggregate number of Options granted to an Option Holder employed to provide Investor Relations Activities under the Plan must not exceed two percent (2%) of the issued Shares of the Company in any twelve (12) month period, calculated at the date the Option was granted.
- (d) Unless the Company has first obtained disinterested shareholder approval of this Plan pursuant to the Regulatory Rules (but only if the Regulatory Rules require such approval), the aggregate number of Shares (i) issued to Insiders under the Plan within a twelve-month period, and (ii) issuable to Insiders of the Company at any time under the Plan, together with all of the Company's other Security Based Compensation Arrangements, shall not exceed ten percent (10%) of the total number of Shares then outstanding (calculated at the date an Option is granted to any Insider).
- (e) Any Shares subject to an Option which for any reason is cancelled or terminated without having been exercised shall again be available for grants under the Plan; and
- (f) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option.

### **3.4**                    **Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Agreement representing the Option so granted. In no case will the Company be required to deliver an Option Agreement to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

### **3.5**                    **Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### **3.6**                    **Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

### **3.7**                    **No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options granted under this Plan.

### **3.8**                    **Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly. Nothing in this section shall be construed as preventing the Company from attaching to any Options granted hereunder terms or conditions that are more stringent than those set out in the Plan, including any terms or conditions that, in the opinion of United States counsel to the Company, are advisable in order to comply with laws applicable to grants to United States Option Holders, or to make grants to such Option Holders more tax efficient.

### **3.9**                    **Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.



### **3.10 Representation to CSE**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the CSE as of the Grant Date that the Option Holder is a bona fide Executive, Employee or Consultant of the Company or any Subsidiary.

## **SECTION 4 NUMBER OF SHARES UNDER PLAN**

### **4.1 Number of Shares**

Subject to adjustment as provided for herein, the aggregate number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan and the Legacy Plan will not exceed 10% of the number of Shares which are issued and outstanding from time to time. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

### **4.2 Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

## **SECTION 5 TERMS AND CONDITIONS OF OPTIONS**

### **5.1 Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Agreement issued in respect of such Option.

### **5.2 Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Agreement issued in respect of the Option.

### **5.3 Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Agreement issued in respect of the Option. The Exercise Price shall not be less than the price determined in accordance with CSE policies while the Company's Shares are listed on the CSE.

### **5.4 Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become

null, void and of no effect as of the Expiry Time. The Expiry Date of an Option shall be the date so fixed by the Committee at the time the Option is granted as set out in the Option Agreement or, if no such date is set out in for the Option Agreement the applicable circumstances, the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

(a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise expressly provided for in the Option Agreement, the 90th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:

- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
- (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order; in

which case the Expiry Date shall be the date the Option Holder ceases to hold such position;  
OR

(b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant, other than an Option Holder who is engaged in Investor Relations Activities, and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise expressly provided for in the Option Agreement, the 90th day following the date the Option Holder ceases to hold such position, or, in the case of an Option Holder that is engaged in Investor Relations Activities, the 30th day after the date such Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:

- (i) termination for cause;
- (ii) resigning or terminating his or her position; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order; in

which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

## **5.5**            **Vesting of Option and Acceleration**

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Agreement issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan, subject to the limitation under subsection 3.3.

## **5.6**            **Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Agreement. The Option Agreements will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Agreement, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Agreement for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

# **SECTION 6**

## **TRANSFERABILITY OF OPTIONS**

### **6.1**            **Non-transferable**

Except as provided otherwise in this section 6 or expressly set out in an Option Agreement, Options are non-assignable and non-transferable.

### **6.2**            **Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

### **6.3**            **Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

### **6.4**            **Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within six months after the termination of such engagement, any vested Options at the time an Option Holder ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary which remains exercisable may be exercised in accordance with its terms by the Personal Representative of such

Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

### **6.5 Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

### **6.6 Deemed Non-Interruption of Engagement**

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

## **SECTION 7 EXERCISE OF OPTION**

### **7.1 Exercise of Option; Black Out Period**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time by delivering to the Administrator the required Exercise Notice, the applicable Option Agreement and a certified cheque or bank draft or wire transfer payable to the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during Black-Out unless the Committee determines otherwise. Notwithstanding any other provision of this Plan, the Exercise Period of Options that would expire during a Black-Out shall be extended to the date that is 10 business days following the expiry of the applicable Black-Out.

### **7.2 Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate (or DRS statement) for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Agreement surrendered, the Administrator shall also provide a new Option Agreement for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Share certificate (or DRS statement).

### **7.3 No Rights as Shareholder**

Until the date of the issuance of the certificate (or DRS statement) for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificate (or DRS statement), the decision of the Committee shall be final, conclusive and binding.

#### **7.4 Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

### **SECTION 8 ADMINISTRATION**

#### **8.1 Board or Committee**

The Plan shall be administered by the Board, by a Committee of the Board appointed in accordance with section 8.2 below, or by an Administrator appointed in accordance with subsection 8.4(b).

#### **8.2 Appointment of Committee**

The Board may at any time appoint a Committee, consisting of not less than two of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

#### **8.3 Quorum and Voting**

A majority of the members of the Committee shall constitute a quorum and, subject to the limitations in this section 8, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of Options pursuant to the Plan, except that no such member shall act upon the granting of an Option to himself or herself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to the granting of Options to that member). The Committee may approve matters by written resolution signed by a majority of the quorum.

#### **8.4 Powers of Committee**

The Committee (or the Board if no Committee is in place) shall have the authority to do the following:

- (a) administer the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
  - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Dates, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
  - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
  - (iv) determine when Options shall be granted; and
  - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted, subject always to the limitation in subsection 3.3; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

## **8.5 Administration by Committee**

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

## **8.6 Interpretation**

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder

shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **SECTION 9 APPROVALS AND AMENDMENT**

### **9.1           Shareholder Approval of Plan**

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Company or by a majority of votes cast by disinterested shareholders at a meeting of shareholders of the Company. Any Options granted under this Plan will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

### **9.2           Amendment of Option or Plan**

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder;

then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the CSE.

## **SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES**

### **10.1           Compliance with Laws**

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Agreements and the certificate (or DRS statement) representing such Shares accordingly.

### **10.2           Obligation to Obtain Regulatory Approvals**

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend

this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

### **10.3 Inability to Obtain Regulatory Approvals**

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

## **SECTION 11 ADJUSTMENTS AND TERMINATION**

### **11.1 Termination of Plan**

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan.

### **11.2 No Grant During Suspension of Plan**

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

### **11.3 Alteration in Capital Structure**

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company.

Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.



#### **11.4**            **Triggering Events**

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Agreement, the Committee may, without the consent of the Option Holder or Option Holders in question:

- (a)     cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b)     cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

#### **11.5**            **Notice of Termination by Triggering Event**

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

#### **11.6**            **Determinations to be Made By Committee**

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

**SCHEDULE "A"**

**[Any applicable securities law resale restrictions to be added hereto.]**

**OPTION AGREEMENT**

Psyence Group Inc. (the "**Company**") hereby grants to the Optionee named below (the "**Optionee**"), the Option to purchase, in accordance with and subject to the terms, conditions and restrictions of this Agreement, together with the provisions of the Company's stock option plan dated \_\_\_\_\_ (the "**Plan**") as it may be amended or replaced from time to time in accordance with the terms of the Plan, the number of Shares in the capital of the Company at the price per share set forth below:

Name of Optionee: \_\_\_\_\_

Type of Eligible Person: Executive (including members of the Board), Employee, Consultant  
(choose one) \_\_\_\_\_

Date of Grant: \_\_\_\_\_

Total Number of Shares Subject to Option: \_\_\_\_\_

Exercise Price: CDN\$ \_\_\_\_\_

Vesting Schedule:\*  
a) 1/3 6 months after listing  
b) 1/3 12 months after listing  
c) 1/3 30 months after listing  
  
d) \* in each case measured from the date of the listing of the shares of the Company, or the shares of any corporation for which the Company's shares are exchanged, on the Canadian Securities Exchange

Expiry Date: \_\_\_\_\_  
\_\_\_\_\_

1. The terms and conditions of the Plan are incorporated by reference as terms and conditions of this Option Agreement and all capitalized terms used in this Agreement, unless expressly defined in a different manner, have the meanings given to them in the Plan.
2. Subject to the Plan and unless otherwise determined by the Board at the time of granting an Option, each Option shall vest as set out in the table above.
3. In no event is the Option exercisable, in whole or in part, after the Expiry Date.
4. No fractional Shares will be issued on the exercise of any part of the Option. If, as a result of any adjustment to the number of Shares issuable on the exercise of the Option pursuant to the Plan, the Optionee would be entitled to receive a fractional Share, the Optionee has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares so disregarded.

5. Nothing in the Plan or in this Option Agreement will affect the Company's right, or that of an affiliate, to terminate the employment of, term of office of, or consulting agreement or arrangement with an Optionee at any time for any reason. Upon such termination, an Optionee's rights to exercise Options will be subject to the restrictions and time limits for the exercise of Options set out in the Plan.
6. In the event the Optionee violates, breaches, fails to fully perform or otherwise contravenes any obligation it owes to the Company set out in any agreement it has with the Company or to which it is subject under applicable law pertaining to (i) non-disclosure of confidential information of the Company, (ii) ownership of intellectual property or inventions, (iii) noncompetition or restraint of trade undertakings or (iv) dealings with employees or customers of the Company, then all unexercised Options, whether vested or unvested, held by such Optionee shall be deemed to have terminated immediately upon the occurrence of such event and thereafter shall be deemed to be null and void and no longer exercisable or enforceable.
7. In the event (i) the Optionee's employment or consulting services with the Company or any of its affiliated companies is/are terminated for cause or (ii) the Optionee ceases to be a director of the Company following a breach of its fiduciary duty to the Company under any applicable law or as contemplated in any agreement with the Company, then all unexercised Options held by the Optionee, whether vested or unvested, shall be deemed to have terminated immediately upon delivery to the Optionee of notice of termination or notice of removal or the Optionee's resignation and thereafter all of such Options shall be deemed to be null and void and no longer exercisable or enforceable.
8. Each notice relating to the Option must be in writing. Any exercise of the Option must be in the exercise form attached to this Agreement as Schedule "A". All notices to the Company must be delivered personally or by prepaid registered mail and must be addressed to the Secretary of the Company. All notices to the Optionee will be addressed to the principal address of the Optionee on file with the Company. Either the Company or the Optionee may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the fifth business day following the date of mailing. Any notice given by the Optionee is not binding on the Company until received.
9. If the issuance of Shares on the exercise of the Option may, in the opinion of the Company, conflict or be inconsistent with any applicable law or regulation of any governmental agency having jurisdiction, the Company reserves the right to refuse to issue such Shares for so long as such conflict or inconsistency remains outstanding.
10. Subject to the Plan, the Option granted pursuant to this Option Agreement may only be exercised during the lifetime of the Optionee by the Optionee personally and, subject to the Plan, no assignment or transfer of the Option, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Option whatsoever in any assignee or transferee, and immediately upon any assignment or transfer or any attempt to make such assignment or transfer, the Option terminates and is of no further force or effect. Complete details of this restriction are set out in the Plan.
11. The Optionee hereby agrees that:

- (a) any rule, regulation or determination, including the interpretation by the Board of the Plan, the Option granted hereunder and the exercise of it, is final and conclusive for all purposes and binding on all persons including the Company and the Optionee; and
  - (b) the grant of the Option does not affect in any way the right of the Company or any affiliate to terminate the employment or service of the Optionee.
12. The Optionee hereby acknowledges and agrees that his/her/its participation in the grant of the Option (the “**trade**”) is entirely voluntary. In that regard, the Optionee acknowledges that under applicable securities laws, participation in the trade is considered voluntary if:
- (a) in the case of an Employee, the Employee is not induced to participate in the trade by expectation of employment or continued employment of the Employee with the Company or an affiliate;
  - (b) in the case of an Executive, the Executive is not induced to participate in the trade by expectation of appointment, employment, continued appointment or continued employment of the Executive with the Company or an affiliate; and
  - (c) in the case of a Consultant, the Consultant is not induced to participate in the trade by expectation of engagement of the Consultant to provide services or continued engagement of the Consultant to provide services to the Company or an affiliate.
13. This Option Agreement shall terminate and be of no further force or effect if not executed and returned by the Optionee within one week of the date of grant of the Option.
14. This Option Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
15. This Option Agreement or any part of it may be executed by the parties in separate counterparts each of which, when executed, shall be considered to be an original and all of which shall constitute the same agreement. Executed counterparts may be delivered by facsimile or other electronic delivery, including Adobe Acrobat PDF.

**PSYENCE GROUP INC.**

By: \_\_\_\_\_  
Authorized Signatory

I have read the foregoing Option Agreement and hereby accept the Option to purchase Shares in accordance with and subject to the terms and conditions of this Option Agreement and the Plan. I understand that I may review the complete text of the Plan by contacting the Secretary of the Company. I agree to be bound by the terms and conditions of the Plan governing the award of Options evidenced by this Option Agreement.

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Date Accepted

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Optionee's Signature

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Optionee's Name  
(Please Print)

**SCHEDULE "A"**

**EXERCISE FORM**

**TO: PSYENCE GROUP INC.**

The undersigned holder of the within Option hereby irrevocably exercises the Option and subscribes for the number of Shares of Psyence Group Inc. at the Exercise Price referred to in such Option and encloses herewith a certified cheque, bank draft or money order payable to the order of Psyence Group Inc. in full payment of the subscription price of the Shares hereby subscribed for.

The undersigned hereby directs that the said Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF SHARES

(Please print. If securities are issued to a person other than the holder, the holder must pay all exigible taxes and the signature of the holder must be guaranteed.)

**DATED** this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Witness	)	Signature
	)	
	)	
	)	Print Name
	)	
	)	
	)	Address in full

If required, the signature of holder must be guaranteed by a Canadian chartered bank or a Canadian trust company or by a member firm of a Canadian stock exchange.