

# Psyence™

**NOTICE OF ANNUAL GENERAL MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
AS OF FEBRUARY 6, 2023**





121 Richmond Street West, Penthouse Suite, 1300  
Toronto, Ontario  
M5H 2K1

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NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MARCH 9, 2023

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<b>Time and Date:</b> 09:00 a.m. (Eastern Time) on Thursday, March 9, 2023
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**NOTICE IS HEREBY GIVEN** that the annual general meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") holding common shares of Psyence Group Inc. (the "**Company**") will be held at the offices of WeirFoulds LLP, located at Suite 4100, 66 Wellington Street West, TD Bank Tower, Toronto, Ontario M5K 1B7 on Thursday, March 9, 2023 at 9:00 a.m. (Eastern Time) for the following purposes:

1. to receive the audited financial statements of the Company for the financial year ended March 31, 2022, together with the auditor's reports thereon;
2. to elect directors to hold office until their successors are elected or appointed;
3. to appoint MNP LLP, Chartered Professional Accountant, as the Company's auditor, and to authorize the directors to fix the remuneration to be paid to the auditor; and
4. to transact such other business as may properly come before the Meeting or any adjournments thereof.

The record date for determining Shareholders entitled to receive this notice of annual general meeting and to vote at the Meeting (or any postponement or adjournment of the Meeting) is the close of business on February 6, 2023.

Particulars of the foregoing matters are set forth in the management information circular of the Company (the "**Circular**") accompanying this notice (the "**Notice of Meeting**"), enclosed form of proxy (the "**Proxy**") and a Financial Statement Request Form. This Notice of Meeting and the accompanying Circular have been sent or been made available to each director of the Company, each shareholder of the Company entitled to notice of the Meeting and the auditors of the Company. The accompanying Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice of Meeting.

Amid ongoing concerns about the coronavirus ("COVID-19") outbreak, the Company remains mindful of the well-being of the Company's shareholders and their families, the Company's industry partners and other stakeholders as well as the communities in which the Company operates. The Company currently intends on holding an in-person shareholder meeting, with the necessary restrictions set forth in the following paragraph. However, as COVID-19 is a rapidly evolving situation, the Company will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. The Company will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Company's website at [www.psyence.com](http://www.psyence.com) and the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com), where copies of such news releases, if any, will be posted.

The Company reserves the right to take any additional precautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) holding the Meeting virtually or by providing a webcast of the Meeting; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting.

This Notice of Meeting is accompanied by the Proxy, the Circular and a Financial Statement Request Form. These materials contain detailed voting instructions and information about the matters to be decided at the Meeting; as a Shareholder, you should read the accompanying materials carefully. If you are a Shareholder and wish to be represented by proxy at the Meeting (or any postponement or adjournment of the Meeting), you should follow the voting instructions provided with your Proxy. To be valid, submitted Proxies must be received on or before 9:00 a.m. (Toronto time) on Tuesday, March 7, 2023, to the Company's transfer agent and registrar, Odyssey Transfer Agent & Trust Company, Attention: Heather Conran, Suite 702 – 67 Yonge Street, Toronto, Ontario, M5E 1J8. If you are a registered Shareholder (please see the accompanying Circular for a definition) and wish to vote in person at the Meeting (or any postponement or adjournment of the Meeting), you will be asked to register for the Meeting by identifying yourself at the registration desk at the Meeting.

**DATED** on the 6<sup>th</sup> day of February, 2023.

**By Order of the Board of Directors**

*(signed) "Jody Aufrichtig"*

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Jody Aufrichtig  
Director and Executive Chairman

**PSYENCE GROUP INC.**

**MANAGEMENT INFORMATION CIRCULAR**

**GENERAL INFORMATION**

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of PSYENCE GROUP INC. (the "Company") for use at the annual general meeting (the "Meeting") of its shareholders to be held on March 9, 2023 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.**

In this Management Information Circular, references to "the Company", "Psyence", "we" and "our" refer to Psyence Group Inc. and its subsidiaries and its directors and officers. References to "you" and "your" refer to holders of common shares of the Company (the "**Shareholders**"). "Common Shares" means common shares without par value in the capital of the Company. "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. References in this Circular to the Meeting include any postponement(s) or adjournment(s) of the Meeting.

The Company is not relying on the "Notice and Access" delivery procedures outlined in National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" to distribute copies of proxy-related materials in connection with the Meeting by posting them on a website.

Information provided in this Circular is current as of February 6, 2023 unless otherwise indicated.

The record date for this Meeting is February 6, 2023 (the "**Record Date**"). If you are a Shareholder at the close of business on the Record Date, you are eligible to vote on matters voted on at the Meeting. Under the Company's by-laws, a quorum for the transaction of business at a meeting of shareholders shall be two persons, who are present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative for a shareholder so entitled.

Other than solicitation of proxies by mail, proxies may also be solicited by telephone or other means by regular employees of the Company. The cost of solicitation will be borne by the Company.

To proactively deal with the unprecedented public health impact of SAR CoV-2, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Company encourages shareholders to not attend the meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. The Company will also take additional precautionary measures in relation to the physical meeting, limiting access to essential personnel, registered shareholders and proxy holders entitled to attend and vote at the Meeting. As always, the Company encourages shareholders to vote their shares prior to the Meeting.

## VOTING

You may be a registered shareholder or a non-registered shareholder. You are a registered shareholder if your name appears on your share certificate; your name will also be included in the list of registered shareholders maintained by our registrar and transfer agent, Odyssey Transfer Agent & Trust Company ("Odyssey").

You are a non-registered shareholder (sometimes called a "**beneficial shareholder**") if your shares are held in the name of an intermediary such as a financial institution, a securities broker, a trustee or a registered savings plan. Your shares may be held in the name of a depository (such as The Canadian Depository for Securities Limited or "CDS"). Your name will not appear on the list of registered shareholders maintained by the Canadian Securities Exchange (the "CSE"). Generally, non-registered shares are held electronically and you will not have a physical share certificate.

You will have received a voting instruction form and/or a form of proxy along with this Circular. Your vote is important. You should follow the voting instructions provided carefully as they may differ from the general information below.

### **Registered Shareholders**

#### *Voting in Person at the Meeting*

If you are a registered shareholder, you may vote at the Meeting. You will be required to register for the Meeting by identifying yourself at the registration desk. If you have previously given a proxy, you can revoke it in the manner described under the "Revocation of Proxies".

#### *Voting by Proxy at the Meeting*

Registered shareholders who wish to vote by proxy shall do so by completing, signing, and delivering the enclosed form of proxy to Odyssey at Suite 702 – 67 Yonge Street, Toronto, Ontario, M5E 1J8, or via the internet at <https://login.odysseytrust.com/pxlogin>. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. Further instructions with respect to the voting by proxy are provided in the form of proxy and in the Circular accompanying this Notice.

**The enclosed form of proxy names directors and/or officers of the Company who are the Company's appointees to act as your proxyholder at the Meeting. You may strike out those names and insert the name of an appointee you choose in the space provided. A proxy appointee does not need to be a Shareholder.** Even if you have given a proxy, you have the right to attend the Meeting or to appoint someone else to attend as your proxy; the proxy submitted earlier can be revoked in the manner described under "Revocation of Proxies".

The appointee(s) named in your completed form of proxy will vote for, vote against or withhold from voting the shares in respect of which they are appointed in accordance with your directions. **In the absence of such direction (if you have left space indicating your voting choice blank), your shares will be voted in favour of the matters identified in the notice of annual meeting.** Your properly executed form of proxy confers discretionary authority upon the appointees to vote

with their best judgment with respect to any amendments or variations to matters identified in the notice of annual meeting, and with respect to any ballot that may be called for or other matters that may properly come before the Meeting. At the time of printing of this Circular, we know of no such amendments, variations or other matters to come before the Meeting.

### **Non-Registered Shareholders – Information and Instructions for Voting**

There are two kinds of non-registered shareholders: those who do not object to the Company's knowing who they are (referred to as non-objecting beneficial owners or "NOBOs"), and those who object to their names being made known to the Company (referred to as objecting beneficial owners or "OBOs"). If you are a non-registered shareholder, whether you are a NOBO or an OBO is determined by your instructions to your intermediary. Your rights are the same whether you are a NOBO or an OBO.

These meeting materials are being sent to both registered and non-registered owners of the securities. If you are a NOBO and the Company (or its agent) has sent the notice of annual meeting, this Circular and the form of proxy or a voting instruction form (collectively, the "**Meeting Materials**") directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (a) delivering these materials to you, and (b) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions delivered to you.

If you are an OBO, the Company does not have any information about you; you will have received the Meeting Materials from an intermediary. The Company will pay the fees and expenses of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with applicable securities regulatory requirements. The intermediaries are required to forward the Meeting Materials to OBOs, unless an OBO has waived the right to receive them. Please follow the specific voting procedures provided by your intermediary.

**Both NOBOs and OBOs have the right to appoint a person or company to represent them at the Meeting who is other than the management appointee(s) whose name appears on the voting instruction form or the form of proxy. If you wish to attend and vote at the Meeting in person (or to appoint another person to attend and vote on your behalf), you may replace the management appointee's name(s) with your own (or with the name of another person who will attend and vote on your behalf). Your appointee does not need to be a Shareholder.** The appointee(s) will vote for, vote against or withhold from voting the shares in respect of which they are appointed in accordance with your directions. **In the absence of such direction (if you have left space indicating your voting choice blank), your shares will be voted in favour of the matters identified in the notice of annual meeting.** The appointee(s) will have discretionary authority to vote with their best judgment with respect to any amendments or variations to matters identified in the notice of annual meeting, and with respect to any ballot that may be called for or other matters that may properly come before the Meeting. At the time of printing of this Circular, the Company knows of no such amendments, variations or other matters to come before the Meeting.

## REVOCATION OF PROXIES

You may revoke a proxy given as a result of this solicitation by instrument in writing (which may be another proxy bearing a later date) as long as it is executed by you or your attorney authorized in writing, or where the shareholder is a company, by a duly authorized officer or attorney of the company, and deposited either at the registered office of the Company at 121 Richmond Street West, Penthouse Suite, 1300 Toronto, Ontario M5H 2K1 at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or with the Chair of the Meeting prior to the time of voting on the day of the Meeting or in any other manner permitted by law.

If you are a non-registered shareholder, please contact your intermediary for instructions about how to revoke your voting instructions.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company's authorized capital includes an unlimited number of common shares (the "**Common Shares**") of which 95,295,299 Common Shares are issued and outstanding, as at February 6, 2023.

The Company's transfer agent will compile a list of all registered shareholders and the number of Common Shares registered in each of their names as at the close of business on the Record Date. Each Common Share held at the Record Date entitles the holder to one vote on any matter to be acted upon at the Meeting. All Shareholders at the Record Date are entitled to attend the Meeting and either vote in person or by proxy as described earlier.

To the knowledge of the directors and executive officers of the Company, as at February 6, 2023, there is no person or company that beneficially owns, directly or indirectly, or exercises control or direction over voting securities of the Company that carry more than 10% of the voting rights attached to any class of voting securities of the Company except as otherwise disclosed in this Circular.

## TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is Odyssey Transfer Agent & Trust Company (the "**Transfer Agent**") and is located at Suite 702 – 67 Yonge Street, Toronto, Ontario, M5E 1J8.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, one of the Company's directors, director nominees (as described below), executive officers or any associates or affiliates of these persons has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than election of directors, the appointment of the auditor, and as may be set out herein.



## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed February 6, 2023 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The authorized capital of the Company consists of an unlimited number of Common Shares. As at February 6, 2023, there were 95,295,299 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, as at February 6, 2023, there is no person or company that beneficially owns, directly or indirectly, or exercises control or direction over voting securities of the Company that carry more than 10% of the voting rights attached to any class of voting securities of the Company, except as otherwise disclosed in this Circular.

## FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the financial year ended March 31, 2022, the report of the auditor thereon and the related management's discussion and analysis were filed on SEDAR at [www.sedar.com](http://www.sedar.com) on July 5, 2022 and will be tabled at the Meeting and will be available at the Meeting.

## COMPENSATION OF EXECUTIVE OFFICERS

The following information is presented in accordance with National Instrument Form 51-102F6V – Statement of Executive Compensation – Venture Issuers ("**Statement**") of Psyence Group Inc. for the financial year ended March 31, 2022, and financial period commencing on May 21, 2020 and ended March 31, 2021. All amounts represented in this form are in Canadian dollars unless stated otherwise.

### Definitions

"**CEO**" means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

"NEO" or "named executive officer" means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer ("CEO"), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer ("CFO"), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer(s) other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of National Instrument Form 51-102F6V, *Statement of Executive Compensation – Venture Issuer*, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

"plan" includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons.

### Named Executive Officer and Director Compensation

The following table summarizes the compensation paid to the directors and NEOs of the Company for the financial year ended March 31, 2022, and financial period commencing on May 21, 2020 and ended March 31, 2021:

Table of compensation excluding compensation securities							
Name and position	Year Ended Mar 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Ryan Roebuck</b> <sup>(1)</sup> Former Chief Executive Officer and Former Director	2021	5,650	-	-	-	-	5,650
	2022	-	-	-	-	-	-
<b>Chris Carmichael</b> <sup>(2)</sup> Former Chief Financial Officer and Former Director	2021	17,800	-	-	-	-	17,800
	2022	-	-	-	-	-	-
<b>Steven Low</b> <sup>(3)</sup> Former Director	2021	14,550	-	-	-	-	14,550
	2022	-	-	-	-	-	-

<b>Jody Aufrichtig</b> <sup>(4)</sup> Director and Executive Chairman	2021	37,500	-	-	-	-	37,500
	2022	150,000	-	-	-	-	150,000
<b>Dr. Neil Maresky</b> <sup>(5)</sup> Chief Executive Officer	2021	-	-	-	-	-	-
	2022	255,000	26,500	-	-	-	281,500
<b>Warwick Corden-Lloyd</b> <sup>(6)</sup> Chief Financial Officer and Company Secretary	2021	96,612	-	-	-	-	96,612
	2022	150,000	-	-	-	-	150,000
<b>Dr. Amza Ali</b> <sup>(7)</sup> Director & Chief Medical Officer	2021	22,500	-	-	-	-	22,500
	2022	150,000	-	-	-	-	150,000
<b>Marvin Singer</b> <sup>(8)</sup> Director	2021	-	-	-	-	-	-
	2022	-	-	-	-	-	-
<b>Gavin Basserbie</b> <sup>(9)</sup> Director	2021	-	-	-	-	-	-
	2022	-	-	-	-	-	-
<b>Alan Friedman</b> <sup>(10)</sup> Director	2021	-	-	-	-	-	-
	2022	-	-	-	-	-	-

Notes:

1. Ryan Roebuck served as Chief Executive Officer and as Director of the Company during the fiscal year ended March 2021. Ryan Roebuck ceased to serve as Chief Executive Officer of the Company on January 19, 2021, and resigned as a Director on March 3, 2021.
2. Chris Carmichael served as Chief Financial Officer and Director of the Company during the fiscal year ended March 2021. Chris Carmichael ceased to serve as Director and Chief Financial Officer of the Company on January 19, 2021.
3. Steven Low served as a Director of the Company during the year ended March 2021. Steven Low ceased to serve as Director of the Company on January 19, 2021.
4. Jody Aufrichtig was appointed as Chief Executive Officer and Director of the Company on January 19, 2021. Jody Aufrichtig was appointed Executive Chairman on June 25, 2021 (with effect from July 1, 2021) and resigned as Chief Executive Officer on June 25, 2021 (with effect from July 1, 2021).
5. Dr. Neil Maresky was appointed as Chief Executive Officer on June 25, 2021 (with effect from July 1, 2021).
6. Warwick Corden-Lloyd was appointed as Chief Financial Officer and Company Secretary of the Company on January 19, 2021.
7. Dr. Amza Ali was appointed as Director of the Company on January 19, 2021 and was appointed as Chief Medical Officer (“CMO”) on March 5, 2021. Dr. Amza Ali resigned as a director and CMO on September 1, 2022.
8. Marvin Singer was appointed as Director of the Company on January 19, 2021..
9. Gavin Basserbie was appointed as Director of the Company on January 19, 2021. Gavin resigned as Director on November 29, 2022.
10. Alan Friedman was appointed as Director of the Company on March 3, 2021. The compensation disclosed above does not include the total service fee of \$78,000 earned by Bayline Capital Partners Inc (a company related to Alan Friedman)

in performing the services of Capital Markets Advisor to the Company for the year ended March 31, 2022 (\$25,000 for year ended March 31, 2021).

Other than as set forth in the foregoing table, the named executive officers and directors have not received, during the most recently completed financial year, compensation pursuant to any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments, any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors, or any arrangement for the compensation of directors for services as consultants or experts.

### **External Management Companies**

Please see section titled "*Employment, Consulting and Management Agreements*".

### **Stock Option Plans and Other Incentive Plans**

#### *Stock Option Plan*

The Company's stock option plan (the "**Stock Option Plan**") was adopted on November 9, 2021 and was confirmed by the shareholders of the Company on December 9, 2021.

The purpose of the Stock Option Plan is to provide the Company with a share-related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long-term goals of the Company, and to enable and encourage such individuals to acquire shares of the Company as long-term investments.

The Stock Option Plan is a "rolling" plan that limits the number of stock options that may be granted pursuant to the plan to a number equal to 10% of the Company's issued and outstanding common shares, calculated at the date of the stock option grant. Share incentives granted under any share incentive plans of the Company will not have a bearing on the number of shares that may be subject to option under the Stock Option Plan.

**Eligible Persons.** Only executives (including directors and officers) employees, and consultants of the Company or its subsidiaries are eligible to receive stock options under the Stock Option Plan.

**Rolling Plan.** The Stock Option Plan is a rolling plan, such that the maximum number of common shares that may be issued pursuant to the Stock Option Plan shall not exceed 10% of the Company's outstanding shares. As of the date hereof, 1,613,705 options (representing 1.69% of the Company's outstanding shares as of the date hereof) remain available for grant and 7,915,825 options are outstanding (representing 8.31% of the Company's outstanding shares as of the date hereof).

**Limitations.** The Stock Option Plan contains the following limitations:

- (a) the maximum number of shares which may be reserved for issuance to any one person under the Stock Option 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 any required disinterested shareholder approval of this plan;

- (b) the number of shares granted to any one Consultant (as defined in the Stock Option Plan) under the Stock Option 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;
- (c) the aggregate number of options granted to an option holder providing services that include investor relations activities under the Stock Option 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; and
- (d) the aggregate number of shares (i) issued to insiders under the Stock Option 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, unless the Company has first obtained disinterested shareholder approval of the plan, pursuant to applicable law or stock exchange rules (but only if the law or stock exchange rules require such approval).

**Term of the Options.** The expiry date of an option must be no later than the tenth anniversary of the grant date. 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 Stock Option Plan.

**Exercise Price.** The exercise price at which an option holder may purchase a share upon exercising their option shall be determined by the price determined by the Committee (as defined below) and shall be set out in the option agreement. 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.

**Additional provisions included in the Stock Option Plan are as follows:**

- A provision permitting the personal representative of an option holder who has become disabled to exercise the option 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;
- A provision permitting the personal representative of an option holder who ceased to be employed by the Company by reason of a disability and who dies within six months after their termination to exercise the option on or before the date which is the earlier of one year following the death of such option holder and the applicable expiry date;
- A broad ability for the Company to cause stock options to terminate on an accelerated basis without the consent of option holders, in order to facilitate certain transactions that might be beneficial to the Company; and
- An ability to grant stock options to investor relations consultants.

**Black-out Period.** The Stock Option Plan provides that any options expiring during a disclosure "black-out period" will benefit from a 10-day extension beyond the end of the black-out period.

**Transferability.** Options are generally non-assignable and non-transferable.

**Powers of the Board.** The Stock Option Plan permits the Board to appoint a committee (the "**Committee**") whose purpose is to administer the plan. The Committee (or the Board if no Committee is in place) may also:

- (a) determine all questions arising in connection with the administration, interpretation and application of the plan;
- (b) 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;
- (c) prescribe, amend, and rescind rules and regulations relating to the administration of the plan;
- (d) 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) determine when options shall be granted;
  - (iv) determine the number of shares subject to each option; and
- (e) accelerate the vesting schedule of any option previously granted, subject to certain limitations.

The above is intended to be a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan.

#### *Restricted Share Unit Plan*

The Company's restricted share unit plan was originally adopted on August 13, 2021 and underwent certain amendments on December 9, 2021. The Board subsequently amended the plan on February 16, 2022, with effect from March 1, 2022 (the "**RSU Plan**"). The RSU Plan is designed to provide certain directors, officers, consultants and other key employees (collectively, an "**Eligible Person**") of the Company and its related entities with the opportunity to acquire restricted share units ("**RSUs**") of the Company. The acquisition of RSUs allows an Eligible Person to participate in the long-term success of the Company thus promoting the alignment of an Eligible Persons. The RSU Plan provides that the aggregate number of shares reserved for issuance pursuant to awards granted, at any time, shall not exceed 7.5% of the issued and outstanding shares in the capital of the Company.

**Eligible Persons.** All employees, officers, directors, management company employees or consultants (as defined in the RSU Plan) of the Company and its related entities are eligible to participate in the RSU Plan (as "**Participants**"), and the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation as Participants in the RSU Plan. Eligibility to participate as a Participant in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board or its appointed Committee (as defined in the RSU Plan) can, from time to time, award RSUs to Eligible Persons. RSUs will be credited to an account maintained for each Participant on the books of the Company as of the award date. The number of RSUs to be credited to each Participant's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

**Rolling Plan.** The aggregate number of shares that may be reserved for issuance under the RSU Plan at any time shall not exceed 7.5% of the Company's outstanding shares. As of the date hereof, 5,015,006 RSUs (representing 5.26% of the Company's outstanding shares as of the date hereof) remain available for grant. This 7.5% limit shall not include the number of shares reserved for issuance under any other incentive plans of the Company.

**Vesting.** The Board or the Committee may, in its sole discretion, determine the time during which RSUs shall vest (except that no RSU, or portion thereof, may vest after the expiry date) and whether there shall be any other conditions or performance criteria to vesting. In the absence of any determination by the Board or the Committee to the contrary, RSUs will vest and be payable as to one third (1/3) of the total number of RSUs granted on each of the first, second and third anniversaries of the date or dates on which an award of RSUs is made to a Participant (computed in each case to the nearest whole RSU), provided that in all cases payment in satisfaction of a RSU shall occur prior to the Outside Payment Date (which, in respect of a RSU, means December 31 of the calendar year in which the expiry date of the RSUs occurs). Notwithstanding the foregoing, the Committee may, in its sole discretion at any time or in the RSU agreement in respect of any RSUs granted, accelerate, or provide for the acceleration of vesting (in whole or in part) of RSUs previously granted. The award value of any RSU shall be determined as of the applicable vesting date.

**Transferability.** RSUs and all other rights, benefits or interests in the plan are non-transferable and may not be pledged or assigned or encumbered in any way and are not subject to attachment or garnishment, except that if a Participant dies the legal representatives of the Participant will be entitled to receive the amount of any payment otherwise payable to the Participant hereunder in accordance with the provisions of the RSU Plan.

**Limitations.** Unless the Company has first obtained disinterested shareholder approval of the plan, the RSU Plan limits the total number of shares issuable at any time to insiders of the Company, when combined with all other shares issuable to insiders under any security based compensation arrangement, to 10% of the total number of issued and outstanding equity securities of the Company. Unless the Company has first obtained disinterested shareholder approval of the plan, it further limits the total number of shares issuable to insiders during any one year period under the plan, when combined with all other shares issuable to insiders under any security based

compensation arrangement, to 10% of the total number of issued and outstanding equity securities of the Company.

No RSU may be issued to anyone engaged to perform investor relations activities for the Company. In no event can the issuance of RSUs, when combined with any grant made pursuant to any other security based compensation arrangement, result in: (i) any one person being granted share-based compensation awards equaling or exceeding 5% of the issued shares, within a 12 month period; and (ii) any one consultant in a 12 month period being granted share-based compensation equaling or exceeding 2% of the issued shares.

**Resignation, Termination, Engagement, Death or Disability.** Upon the voluntary resignation or the termination for cause of a Participant, all of the Participant's RSUs which remain vested, but unexercised or unvested in the Participant's Account shall be forfeited without any entitlement to such Participant.

Generally, if a Participant dies, or their employment or engagement terminates with the Company due to total disability, while employed or retained by the Company, or while an officer or director, the expiry date of any vested or unvested RSUs held by the Participant at the date of death or date of termination due to total disability, which have not yet been subject to an exercise notice and subsequent award payout, shall be amended to the earlier of (i) one (1) year after the date of death or date of termination due to total disability, and (ii) the expiry date of such award, except that in the event the expiration of the award is earlier than one (1) year after the date of death or date of termination due to total disability, the expiry date shall be up to one (1) year after the date of death or date of termination due to total disability as determined by the Board.

**Change of Control.** Subject to any provision to the contrary contained in an RSU agreement or other written agreement (such as an agreement of employment) between the Company and a Participant, if a change of control takes place, all issued and outstanding RSUs shall vest (whether or not then vested) and the vesting date shall be the date which is immediately prior to the time such change of control takes place, or at such earlier time as may be established by the Board or the Committee, in its absolute discretion, prior to the time such change of control takes place.

**Credit For Dividends.** Within ten (10) days following the declaration and payment of dividends on the Shares, the Board may determine to make a cash payment to a Participant in respect of outstanding RSUs credited to the Participant's Account, which shall be calculated in accordance with the RSU Plan.

**Terms of RSUs.** Subject to an earlier expiry date as may be determined by the Board and set out in the RSU agreement, RSUs will expire either at the earlier of December 31<sup>st</sup> of the third calendar year following the year in which the grant date falls for Canadian employee participants or in all other cases, the earlier of the tenth anniversary of the date of the RSU grant.

**Adjustments and Reorganizations.** In the event of any dividend paid in shares, share subdivision, combination or exchange of shares, merger, consolidation, spin-off, or other distribution of Company assets to shareholders, or any other change in the capital of the Company affecting shares, the Board, in its sole and absolute discretion, will make, with respect to the number of



RSUs outstanding under this Plan, any proportionate adjustments as it considers appropriate to reflect that change.

The above information is intended to be a brief description of the RSU Plan and is qualified in its entirety by the full text of the RSU Plan.

### Compensation Securities by Directors and NEOs

The compensation securities granted or issued to a director or NEO by the Company or any subsidiary thereof during the financial year ended March 31, 2022, for services provided, or to be provided directly or indirectly, to the Company or any subsidiary thereof is as follows:

Table of compensation securities							
Name and position	Compensation Security	Number of Underlying Securities of unexercised Compensation Securities and percentage of class	Grant Date	Exercise Price (\$)	Number of Compensation Securities exercised	Closing Price of Underlying Security at Year end	Expiry Date
<b>Ryan Roebuck</b> <sup>(1)</sup> Former Chief Executive Officer and Former Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Chris Carmichael</b> <sup>(2)</sup> Former Chief Financial Officer and Former Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Steven Low</b> <sup>(3)</sup> Former Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Jody Aufrichtig</b> <sup>(4)</sup> Director & Executive Chairman, former CEO	Options	965,000 (12%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2025
	Warrants	985,178 (11%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2023
<b>Dr. Neil Maresky</b> <sup>(5)</sup> Chief Executive Officer and Director	Options	1,800,000 (22%)	July 1, 2021	0.30	Nil	0.10	Dec 31, 2025
	Warrants	212,997 (2%)	Dec 31, 2020	0.30		0.10	Dec 31, 2023
	RSU's	980,516 (100%)	July 1, 2021	0.00		0.10	Dec 31, 2025
<b>Warwick Corden-Lloyd</b> <sup>(6)</sup> Chief Financial Officer and Company Secretary	Options	450,00 (6%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2025
<b>Dr. Amza Ali</b> <sup>(7)</sup> Director & Chief Medical Officer	Options	287,547 (4%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2025
	Warrants	358,906 (4%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2023

<b>Marvin Singer</b> <sup>(8)</sup> Director	Options	400,000 (5%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2025
	Warrants	106,499 (1%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2023
<b>Gavin Basserbie</b> <sup>(9)</sup> Director	Options	300,000 (4%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2025
<b>Alan Friedman</b> <sup>(10)</sup> Director	Options	191,698 (2%)	Dec 31, 2020	0.30	Nil	0.10	Dec 31, 2025

### Exercise of Compensation Securities by Directors and NEOs

There were no stock options or other compensation securities exercised by directors and NEOs by the Company or any subsidiary thereof in the year ended March 31, 2022

### Employment, Consulting and Management Agreements

During the year ended March 31, 2022, the Company had the following Employment, Consulting and Management Agreements in place:

#### *Jody Aufrichtig*

Psyence Biomed Corp., previously known as MindHealth Biomed Corp, a wholly-owned subsidiary of the Company ("**Psyence Biomed**"), and Jody Aufrichtig entered into a consulting agreement dated January 1, 2021 ("**First CEO Agreement**"), pursuant to which he shall perform the services of Chief Executive Officer of the Company in consideration for a base fee of \$12,500 per month (\$150,000 per annum); rendering a significant number of hours a day or days a week to such services. This First CEO Agreement has been assigned to an entity controlled by Mr Aufrichtig.

Either of Mr Aufrichtig or the Company may terminate this First CEO Agreement at any time upon no less than sixty (60) days' written notice to the other party, save that the Company may terminate this First CEO Agreement at any time without prior notice, for cause, provided that if the act, omission, event or breach giving rise to the cause is capable of being remedied, Mr Aufrichtig shall be entitled to remedy same within 10 (ten) business days of written notice requiring such remediation.

The Company may terminate the First CEO Agreement without cause or Mr Aufrichtig may terminate the First CEO Agreement for good reason (as defined in the First CEO Agreement) at any time, in which case the Company shall pay Mr Aufrichtig an amount equal to one month's base fee for every completed month worked, up to a maximum of 12 months ("**Termination Pay**"). If notice of such termination is served within 12 months of effective date of the agreement (i.e. January 1, 2021), 50% of the stock options granted to Mr Aufrichtig (whether vested or not) to Mr Aufrichtig shall immediately vest. If notice of termination is served on or after 12 months of the effective date of the agreement, 100% of the stock options granted (whether vested or not) to Mr Aufrichtig shall immediately vest. In the event of termination by the Company for any reason whatsoever (other than for cause) or by Mr Aufrichtig for any reason whatsoever within sixty (60) days of a change of control event (as defined in the First CEO Agreement), the Company shall pay

Mr Aufrichtig Termination Pay and 100% of his stock options granted (whether vested or not) shall immediately vest. The Company may terminate the First CEO Agreement for cause or Mr Aufrichtig may terminate the First CEO Agreement for convenience, in which case Mr Aufrichtig shall not be entitled to Termination Pay (or any other severance payment) and all unvested stock options granted to him shall be forfeited.

On July 1, 2021 Mr Aufrichtig stepped down as Chief Executive Officer of the Company to take up the role of Executive Chairman of the Board of Directors. Other than an amendment to Mr Aufrichtig's title and scope of service, the terms of the First CEO Agreement remain unchanged.

*Warwick Corden-Lloyd*

The Company (via its wholly-owned subsidiary Psyence Biomed) and Warwick Corden-Lloyd entered into a consulting agreement dated February 1, 2021 ("**CFO Agreement**"), pursuant to which he shall perform the services of Chief Financial Officer and Company Secretary to the Company in consideration for a base fee of \$12,500 per month (\$150,000 per annum). The CFO Agreement has been assigned to an entity controlled by Mr Corden-Lloyd.

The termination provisions, severance payments and entitlements and accelerated stock option vesting terms contained within the CFO Agreement are identical to those contained within the First CEO Agreement as set out in more detail above (*mutatis mutandis*).

*Dr Amza Ali*

The Company (via its wholly-owned subsidiary Psyence Biomed) and Dr Amza Ali entered into a consulting agreement dated March 1, 2021 ("**CMO Agreement**"), pursuant to which he shall perform the services of Chief Medical Officer of the Company in consideration for a base fee of \$12,500 per month (\$150,000 per annum) on the basis of a 75% time allocation to the Company.

The termination provisions, severance payments and entitlements and accelerated stock option vesting terms contained within the CMO Agreement are identical to those contained within the First CEO Agreement as set out in more detail above (*mutatis mutandis*).

The CMO Agreement was terminated with effect from September 1, 2022.

*Marvin Singer*

On September 8, 2020 Psyence Biomed (then MindHealth Biomed Corp) and Marvin Singer entered into a Board of Advisors Agreement ("**BOA Agreement**") whereby Mr Singer (with effect from June 30, 2021) would serve as a member of the Company's board of advisors; making himself available for 4 to 6 meetings per year and allocating 5 additional hours per month to the Company.

Mr Singer's compensation consisted of a combination of warrants granting him the right to subscribe for common shares in the Company and stock options.

The Company may terminate the BOA Agreement for cause without notice, and in all other cases on thirty (30) days' written notice to Mr Singer.

*Bayline Capital Partners Inc*

Psyence Biomed and Bayline Capital Partners Inc (a party related to Alan Friedman) entered into a consulting agreement dated January 1, 2021 ("**CMA Agreement**"), pursuant to which it shall perform the services of Capital Markets Advisor to the Company in consideration for a base fee of \$5,000 per month for the months of January 2021 and February 2021 and \$6,500 per month thereafter.

The termination provisions, severance payments and entitlements and accelerated stock option vesting terms contained within the CMA Agreement are identical to those contained within the First CEO Agreement as set out in more detail above (*mutatis mutandis*).

*Dr Neil Maresky*

Psyence Biomed and Dr Neil Maresky entered into an employment agreement dated July 1, 2021 ("**Second CEO Agreement**"), pursuant to which he shall perform the services of Chief Executive Officer of the Company in consideration for a base fee of \$28,333 per month (\$340,000 per annum). Dr Maresky's compensation package included share-based incentives.

Either Dr Maresky or Psyence Biomed may terminate this Second CEO Agreement at any time upon no less than sixty (60) days' written notice to the other party.

Psyence Biomed may terminate the Second CEO Agreement without cause or Dr Maresky may terminate the Second CEO Agreement for good reason (as defined in the Second CEO Agreement) at any time, in which case Psyence Biomed shall (subject to and inclusive of the minimum requirements of the *Ontario Employment Standards Act, 2000* ("**ESA**")) pay Dr Maresky the following severance:

- (a) if termination occurs prior to the first anniversary of employment, one (1) week of notice, pay in lieu of notice or a combination thereof (with pay in lieu based on base fee) for every completed month worked;
- (b) if termination occurs after the first anniversary of employment but prior to the second anniversary of employment, notice, pay in lieu of notice or a combination thereof (with pay in lieu based on the base fee) equal to twelve (12) weeks plus two (2) additional weeks for each completed month of employment after the first anniversary of employment but prior to the second anniversary of employment, capped at a maximum of twenty-four (24) weeks; or
- (c) if termination occurs after the second anniversary of employment, an immediate lump sum payment of twenty-four (24) months of the base fee. In addition, the Employee shall be entitled to a prorated payment on account of the employee's annual non-discretionary performance-based bonus for all active service rendered up to the date of termination (calculated at target).

In the event that Psyence Biomed terminates the Second CEO Agreement without cause or Dr Maresky terminates the Second CEO Agreement for good reason (as defined in the Second CEO

Agreement) after the Company has secured a successful capital raise of not less than \$6 million, Dr Maresky's severance terms will be more favourable than set out above.

Should Psyence Biomed terminate the Second CEO Agreement for cause, Dr Maresky will shall not be entitled to any pay in lieu of notice or any other payments except as required to comply with the minimum requirements of the ESA in respect of the termination of employment.

#### *Highlands Ventures (Pty) Ltd*

On May 25, 2020, Psyence Biomed entered into a management service agreement ("**MSA**") with Highlands Ventures (Pty) Ltd, a South African-based company, to manage the design, construction, erection, commissioning, operation and maintenance of the Company's psilocybin mushroom cultivation facility as well as the sale of psilocybin mushrooms for a period of 3 years. Such services include post-harvest services including, but not limited to, monitoring packaging and storage of product, advising on the distribution and sales of product, advising on sales and offtake agreements, logistics and supply chain management and customs and import/export facilitation. Highlands Ventures further provides administrative services such as staff management, financial administration and control, compliance management, business development and strategy, and project execution and management.

The Company shall be entitled to terminate this MSA upon 3 months' written notice and Highlands Ventures shall be entitled to terminate this MSA upon 6 months' written notice. Furthermore, either party may terminate the MSA in the event of a breach on the part of the other party which remains unremedied for 10 (ten) days or in the event that the other party experiences an act or event of insolvency.

For the financial period May 21, 2020 to March 31, 2021, Highlands Ventures earned a total management service fee of \$405,573. Such fee included access to no less than eight (8) professionals including a general manager, facilities manager, business developer, strategy director, project engineer, responsible pharmacist, agronomist, financial manager, and general legal counsel.

For the financial period April 01, 2021 to March 31, 2022, Highlands Ventures earned a total management service fee of \$127,050. The fee included access to a general manager, business developer, project engineer, responsible pharmacist, agronomist, and general legal counsel.

#### **Oversight and Description of Director and Named Executive Officer Compensation**

The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long-term success, to encourage executives to further the development of the Company and its operations, and to motivate top quality and experienced executives. The key elements of the executive compensation program are: (i) base salary; (ii) potential annual incentive awards; and (iii) incentive securities-based awards. The directors are of the view that all elements of the total program should be considered, rather than any single element.

The Board of Directors is responsible for determining all forms of compensation, including long-term incentive in the form of stock options and restricted share units, to be granted to the CEO, or such person acting in capacity of CEO of the Company, the directors and management, and for

reviewing the recommendations with respect to compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position.

The Board of Directors tasks the Compensation Committee (as hereinafter defined) to periodically review the compensation paid to directors, officers, and management based on such factors as: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; iv) rewarding performance, both on an individual basis and with respect to operations in general; and v) to provide recommendations with respect to compensation matters to the Board of Directors.

In general, the Company will provide a specific benefit or perquisite only when it provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value, such as ensuring the health of executives. The limited perquisites the Company provides its executives may include a parking allowance or a fee for each board or committee meeting attended, or to assist with their out-of-pocket costs, and such benefits and perquisites as set out, respectively, in the "Table of compensation excluding compensation securities" above.

### **Pension disclosure**

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans in place.

### **NI 51-102 – Item 9 – Securities Authorized for Issuance under Equity Compensation Plans**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding option, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<i>Equity compensation plans approved by security holders</i>	20,762,655	\$0.30	6,628,711
<i>Equity compensation plans not approved by security holders</i>	-	N/A	-

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 *Audit Committees* ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Management Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

## **The Audit Committee's Charter**

The Audit Committee has a charter (the "**Audit Committee Charter**"), which sets out its mandate and responsibilities. A copy of the Audit Committee Charter is attached as Schedule "A" to this Management Information Circular.

## **Composition of the Audit Committee**

The current members of the Audit Committee of the Company are Jody Aufrichtig, Alan Friedman, and Marvin Singer. All members are "financially literate" as such terms are defined in NI 52-110.

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. As the Company is a venture issuer, the Company is exempt from the Audit Committee composition requirements in NI 52-110 which require all Audit Committee members to be independent. NI 52-110 requires that the majority of members of the Audit Committee of a venture issuer not be executive officers, employees or control persons of the Company. Jody Aufrichtig, Executive Chairman, is considered an executive officer of the Company. Alan Friedman and Marvin Singer are not executive officers, employees or control persons of the Company.

The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholder's meeting. Unless a chair is elected by the full Board, the members of the Audit Committee designate a chair by a majority vote of the full Audit Committee membership.

## **Relevant Education and Experience**

Jody Aufrichtig, Alan Friedman, and Marvin Singer have many years of practical financial and business experience, and have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected by the Company's financial statements and are therefore considered "financially literate".

## **Audit Committee Oversight**

At no time since the Company's last financial year end was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company's Board of Directors.

## **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110;
- (b) the exemption in subsection 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer) of NI 52-110;

- (c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member) of NI 52-110;
- (d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

### **External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by the Company's external auditors to ensure auditor independence. The fees billed by the Company's external auditors in each of the last two financial years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

<b>Financial Year Ended March 31</b>	<b>Audit Fees (\$)</b>	<b>Audit-Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
2022	112,132	-	-	-
2021	65,000	-	-	-

#### Notes:

1. "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. "All Other Fees" include all other non-audit services.

### **Exemption**

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in section 6.1 of NI – 52-110, which exempts it from the requirements of Part 3 (Composition of Audit Committees) and Part 5 (Reporting Obligations) of NI 52-110.

## **CORPORATE GOVERNANCE**

### **General**

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 help to 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: (1) 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 (2) 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: (1) review the Guidelines on an annual basis; and, at a more appropriate time in the future, (2) implement additional corporate governance policies and guidelines (3) 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 (4) establish a process for the evaluation of the performance of the Board and each of its committees.

### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The directors of the Company exercise their business judgment to act in a manner they reasonably believe to be in the best interests of the Company and its Shareholders. Directors must be willing to devote sufficient time and effort to learn the business of the Company, and must ensure that other commitments do not materially interfere with service as a director. In discharging their obligations, directors are entitled to rely on management and the advice of the Company's outside advisors and auditors, but must at all times have a reasonable basis for such reliance. Directors are expected to spend the time needed to properly discharge their responsibilities.

The independent directors are given full access to management so that they can develop an independent perspective and express their views and communicate their expectations of management.

Currently, the independent member of the Board is Marvin Singer. Jody Aufrichtig and Dr. Neil Maresky are not considered independent by virtue of their being executives of the Company, or by being an individual who performs functions for a corporation similar to those normally performed by an individual occupying any such office. Alan Friedman is not considered independent by virtue of his position as capital markets advisor.

### **Directorships**

The directors of the Company that are currently serving on boards of the following other reporting companies (or equivalent) is as set out below:

Director	Other Reporting Issuer(s)	Exchange
Jody Aufrichtig	None	N/A
Alan Friedman	Osino Resources Corp. Eco (Atlantic) Oil & Gas Ltd. AIM5 Ventures Inc. AIM6 Ventures Inc. Magen Ventures I Inc. Enthusiast Gaming Holdings	TSX-V TSX-V TSX-V TSX-V TSX-V TSX and NASDAQ
Marvin Singer	Osino Resources Corp. The FLOWR Corporation. (resignation effective February 2, 2023)	TSX-V TSX-V
Dr. Neil Maresky	None	N/A

### Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

### Ethical Business Conduct

The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by applicable governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### Compensation Committee

As of the date of this Circular, the Company has a compensation committee ("**Compensation Committee**") comprised of the following members: Jody Aufrichtig, Marvin Singer and Alan Friedman. Marvin Singer is independent. Jody Aufrichtig is not considered independent due to being an individual who performs functions for a corporation similar to those normally performed by an individual occupying an office of an executive. Alan Friedman is not considered independent by virtue of his position as capital markets advisor. The Compensation Committee charter setting out the duties and responsibilities of the members of the committee was adopted on May 12, 2022. A copy of the Compensation Committee charter is attached as Schedule "B" to this Management Information Circular.

To determine compensation payable, the Compensation Committee considers the compensation paid for directors and CEOs of companies of similar size and stage of development in similar industries and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting or adjusting the compensation, the Compensation Committee reviews the performance of the CEO and other officers in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

### **Nomination of Directors**

The directors will be elected each year by the shareholders at the annual meeting of shareholders. The Board proposes a slate of nominees to the shareholders for election to the Board at such meeting. Between annual meetings of shareholders, the Board may fill casual vacancies on the Board and, subject to the Company's by-laws, increase the size of the Board and elect directors to fill the resulting vacancies until the next annual meeting of shareholders.

Each director should possess the following minimum qualifications: (a) the highest personal and professional ethics, integrity and values; (b) commitment to representing the long-term interests of the shareholders; (c) relevant business or professional experience; and (d) sufficient time to effectively fulfill duties as a Board member. Non-management directors will endeavour to recommend qualified individuals to the Board who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company.

### **Other Board Committees**

The Company does not have any standing committees other than the Audit Committee and the Compensation Committee. For details on the Audit Committee and Compensation Committee, please refer to the "*Audit Committee and Relationship with Auditor*" and "*Compensation Committee*" sections.

### **Assessments**

The Board regularly monitors the adequacy and effectiveness of information given to directors, communications between the Board and management and the strategic direction and processes of the Board and its committees. The Board is currently responsible for assessing its own effectiveness, the effectiveness of individual directors and the effectiveness of the Audit and Compensation Committees.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No current or former director or executive officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any such director, executive officer or proposed nominee, at any time during the most recently completed financial year or as at February 6, 2023, has been indebted to the Company or any of its subsidiaries or had indebtedness to another entity that is, or has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## MANAGEMENT CONTRACTS

Please see section under "*Compensation of Executive Officers - Employment, Consulting and Management Agreements*".

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### Election of Directors

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (Ontario) (the "**OBCA**"), each director elected at the Meeting will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The Shareholders are entitled to elect the directors. The individuals named below have been nominated for election as directors of the Company and have consented to such nomination.

**Unless authority to vote on the election of directors is withheld, it is the intention of management proxyholders to vote proxies, in the accompanying form, FOR the election of the named nominees below as directors of the Company.**

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, the principal occupation, business or employment of each director nominee, the period of time during which each nominee has been a director of the Company, and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at February 6, 2023.

Name, Province, Country of Residence & Position(s)	Principal Occupation Business or Employment for Last Five Years <sup>(1)</sup>	Date Elected or Appointed as Director	Shares Beneficially Owned or Controlled <sup>(1)</sup>
<b>Jody Aufrichtig</b> <sup>(2)</sup> <i>Cape Town, South Africa</i>	See "Director Biographies" below.	January 19, 2021	1,746,934 common shares 985,178 warrants 965,000 options 247,900 Restricted Share Units
<b>Marvin Singer</b> <sup>(2)</sup> <i>Ontario, Canada</i>	See "Director Biographies" below.	January 19, 2021	212,998 common shares 106,499 warrants 400,000 options Nil Restricted Share Units
<b>Alan Friedman</b> <i>Ontario, Canada</i>	See "Director Biographies" below.	March 3, 2021	2,601,460 common shares Nil warrants 191,698 options 120,600 Restricted Share Units
<b>Dr. Neil Maresky</b> <i>Ontario, Canada</i>	See "Director Biographies" below.	December 9, 2021	642,542 common shares 238,002 warrants 1,800,000 options 895,041 Restricted Share Units

Notes:

1. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees and from insider reports available at [www.sedi.ca](http://www.sedi.ca). Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
2. Member of Audit Committee.

*Director Biographies*

**Jody Aufrichtig** – Jody Aufrichtig is a chartered accountant and experienced entrepreneur with extensive experience in emerging markets. Mr. Aufrichtig is the founder of MindHealth Biomed Corp and a multiple award-winning business builder who has created substantial shareholder value in cannabis, commercial and residential property, private equity, tourism, leisure and other industries. Prior to founding MindHealth Biomed Corp, he was the Managing Director of Canopy Growth Africa (a wholly owned subsidiary of Canopy Growth Corporation (NYSE: CGC / TSX: WEED)) from May 2018 until he led a management buyout of the African operations in April 2020. Mr. Aufrichtig founded Daddy Cann Lesotho (Pty) Limited in July 2017 and was granted a license by the Ministry of Health (Lesotho) to cultivate, manufacture, supply, hold, import, export and transport cannabis. Daddy Cann Lesotho (Pty) Limited was subsequently acquired by Canopy Growth Corporation in May 2018. Mr. Aufrichtig co-founded Indigo Properties in 2000 and the business is focussed on commercial and residential property, tourism and leisure. Mr. Aufrichtig holds a Bachelor of Accounting and a Bachelor of Accounting Honours from the University of Cape Town, South Africa and is registered with the South African Institute of Chartered Accountants.

**Alan Friedman** – Alan Friedman is principal of Bayline Capital Partners, Psyence's capital market advisor who has recently led the Corporation through a successful listing onto the CSE. He has been associated with the North American public markets for more than two decades and has a depth of experience in representing, advising and assisting Canadian and global companies in acquiring assets, accessing capital, advising on mergers and acquisitions and navigating going public processes onto Canadian, US and UK stock exchanges with accompanying equity capital raisings. During his Bay Street career, he has been involved with or facilitated financings in excess of hundreds of millions of dollars, creating billions of dollars in shareholder value. Alan Friedman is currently the chairman and a director of Osino Resources Corp.

**Marvin Singer** – Marvin Singer has been a consultant to private and public companies since January 2020, after retiring from practising corporate and securities law for 40 years, most recently as a Senior Partner in the international law firm of Norton Rose Fulbright Canada LLP (2005-2019). Mr. Singer has extensive experience in equity and debt financings, governance, mergers and acquisitions. He has worked on many international business ventures, including throughout Africa and South America. During his career, Mr. Singer has advised boards of directors of public issuers on governance and other corporate matters. Mr. Singer received a Bachelor of Laws degree from Osgoode Hall Law School, Toronto, Canada in 1976.

**Dr. Neil Maresky** – Dr. Maresky brings more than 20 years of enterprise leadership and biopharmaceutical expertise and currently oversees the strategy and operations of Psyence. Dr.

Maresky, having completed more than a decade at AstraZeneca Canada, most recently as Vice President of Scientific Affairs, is a South African trained doctor. He has held various executive leadership positions, including heading up research and development and driving the scientific strategy at Bayer Pharmaceuticals as well as Wyeth Pharmaceuticals, where he was appointed interim President and general manager in 2008. He has emergency room and cardiology training and has practiced as a family physician. In the mid 1990s he immigrated to Canada from South Africa where began his career in the pharmaceutical industry. During the course of his career, he has positively impacted the health of millions of patients across Canada with innovative medical therapies and technologies, including over 50 approvals of new medicinal entities and related indications. Dr. Maresky's most recent achievement was the approval of the AstraZeneca Covid vaccine by Health Canada. With his extensive experience and relationships with academic institutions, health authorities, and decision-making bodies across Canada, Dr. Maresky has been instrumental in the launch, commercialization, and uptake of many ground-breaking innovations.

***Management recommends the approval of each of the nominees listed above for election as a director of Psyence Group Inc. for the ensuing year.***

*Cease Trade Orders & Bankruptcies*

Within the last 10 years before the date of this Circular, other than as set out below, no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Circular is prepared) or acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

On August 8, 2022, Marvin Singer became a director of The Flowr Corporation ("**Flowr**"), which is an Ontario corporation with its common shares listed and posted for trading on the TSX Venture Exchange. On October 20, 2022, Flowr and certain of its subsidiaries were granted protection pursuant to an order issued under the Companies' Creditors Arrangement Act (Canada) ("**CCAA**") by the Ontario Superior Court of Justice (the "**Court**"), and Ernst & Young Inc. was appointed as the monitor of Flowr under the CCAA. On October 28, 2022, the Court issued an order authorizing and directing Flowr to undertake a sale and investment solicitation process. On November 1, 2022, Flowr executed an agreement to sell the shares of its subsidiary (the "**SPA**"), which ensured that the business of Flowr would emerge from its CCAA proceedings as a going concern (the "**Transaction**"). The SPA was amended and restated as of December 1, 2022 and the Court approved the Transaction on December 16, 2022. The Transaction closed on February 2, 2023 and effective on the same date, Mr. Singer resigned as a director of Flowr.

#### *Personal Bankruptcies*

To the best of the Company's knowledge, no proposed director of the Company has, within ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

#### *Securities Related Penalties and Sanctions*

To the best of the Company's knowledge, no proposed director has been subject to, or entered into a settlement agreement resulting from:

- (a) a court order relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **Appointment of Auditor**

At the Meeting, MNP LLP, Chartered Professional Accountant, located at 111 Richmond Street West, Suite 300, Toronto, Ontario, M5H 2G4 will be recommended by management and the board of directors for appointment as auditor of the Company at a remuneration to be fixed by the directors. On March 15, 2021, MNP LLP, Chartered Professional Accountants was appointed as the Company's auditor.

The Company's management recommends that the Shareholders vote in favour of the appointment of MNP LLP, Chartered Professional Accountants as the Company's auditor for the ensuing year

and grant the Board of Directors the authority to determine the remuneration to be paid to the auditor.

**Unless otherwise directed, the management proxyholders intend to vote FOR the appointment of MNP LLP, Chartered Professional Accountants, to act as the Company's auditor until the Company changes its auditor or until the close of its next annual general meeting and authorize the Board of Directors to fix the remuneration to be paid to the auditor.**

### **GENERAL MATTERS**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

### **ADDITIONAL INFORMATION**

Financial information is provided in the audited financial statements of the Company for the year ended March 31, 2022, and for the financial period from May 21, 2020 and ending on March 31, 2021, and the respective reports of the auditor and the related management discussion and analysis which were filed on SEDAR at [www.sedar.com](http://www.sedar.com), of which will be placed before the Meeting.

Additional information relating to the Company is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Company at 121 Richmond Street West, Penthouse Suite, 1300 Toronto, Ontario M5H 2K1, Tel: 416-477-1708. Copies of documents will be provided free of charge to securityholders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

### **OTHER MATTERS**

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Management Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

### **BOARD APPROVAL**

The contents of this Management Information Circular and its distribution to shareholders have been approved by the Board of Directors.

**DATED** at Toronto, Ontario on February 6, 2023.



**By the Order of the Board of Directors**

*(signed) "Jody Aufrechtig"*

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Jody Aufrechtig  
Director and Executive Chairman

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**

**SCHEDULE "A" - AUDIT COMMITTEE CHARTER**

**PSYENCE GROUP INC.  
AUDIT COMMITTEE OF THE BOARD OF  
DIRECTORS CHARTER**

**I. PURPOSE**

The Audit Committee is a committee of the Board of Directors. The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by:

- reviewing the financial reports and other financial information provided by the Corporation to any governmental body or the public and other relevant documents;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation's independent auditor and providing an open avenue of communication among the independent auditor, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter.

**II. COMPOSITION AND MEETINGS**

The Audit Committee shall be comprised of three or more directors as determined by the Board, the majority of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

The Committee shall meet at least four times annually, or more frequently as circumstances require. The Committee shall meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related Management Discussion & Analysis and shall meet within 120 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related Management Discussion & Analysis.

The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and independent auditors of the Corporation.

As part of its job to foster open communication, the Committee should meet at least annually with management and the independent auditor in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee or at least its Chair should meet with the independent auditor and management at least annually to review the Corporation's financial statements.

Quorum for the Sale of business at any meeting of the Audit Committee shall be a majority of the number of members of the Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as the Audit Committee or the Chairman of the Committee shall determine upon 48 hours notice to each of the members. The notice period may be waived by a quorum of the Committee. Each of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

### **III. RESPONSIBILITIES AND DUTIES**

To fulfill its responsibilities and duties the Audit Committee shall:

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, as conditions dictate.
3. Describe briefly in the Corporation's annual report and more fully in the Corporation's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
4. Submit the minutes of all meetings of the audit committee to the Board of Directors.

#### Documents/Reports Review

5. Review the organization's annual financial statements and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.
6. Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Audit Committee.
7. Review with financial management and the independent auditor any filings with regulatory bodies such as securities commissions prior to filing or prior to the release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### Independent Auditor

8. Recommend to the Board of Directors the selection of the independent auditor, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent auditor. Instruct the independent auditor that the Board of Directors, as the shareholders' representative is the independent auditor's client.
9. Monitor the relationship between management and the independent auditor including reviewing any management letters or other reports of the independent auditor and discussing any material differences of opinion between management and the independent auditor.
10. Review and discuss, on an annual basis, with the independent auditor all significant relationships they have with the Corporation to determine their independence.
11. Review and approve requests for any management consulting engagement to be performed by the independent auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
12. Review the performance of the independent auditor and approve any proposed discharge of the independent auditor when circumstances warrant. Consider with management and the independent auditor the rationale for employing accounting/auditing firms other than the principal independent auditor.

13. Periodically consult with the independent auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
14. Arrange for the independent auditor to be available to the Audit Committee and the full Board of Directors as needed.

#### Financial Reporting Processes

15. In consultation with the independent auditor review the integrity of the organization's financial reporting processes, both internal and external.
16. Consider the independent auditor's judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices.
17. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

#### Process Improvement

18. Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
19. Review the scope and plans of the independent auditor's audit and reviews prior to the audit and reviews being conducted. The Committee may authorize the independent auditor to perform supplemental reviews or audits as the Committee may deem desirable.
20. Following completion of the annual audit and quarterly reviews, review separately with each of management and the independent auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the independent auditor received during the course of the audit and reviews.
21. Review any significant disagreements among management and the independent auditor in connection with the preparation of the financial statements.
22. Where there are significant unsettled issues the Committee shall ensure that there is an agreed course of action for the resolution of such matters.
23. Review with the independent auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
24. Review activities, organizational structure, and qualifications of the chief financial officer and the staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration at the full Board of Directors.

Ethical and Legal Compliance

25. Review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this Code. Review through appropriate actions taken to ensure compliance with the Code of Ethical Conduct and to review the results of confirmations and violations of such Code.
26. Review management's monitoring of the Corporation's system in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements.
27. Review, with the organization's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the organization's financial statements.

Risk Management

28. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

General

29. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The committee shall be empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any investigation.
30. Perform any other activities consistent with this Charter, the Corporation's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.
31. Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to plan or conduct internal or external audits or to determine that the Corporation's financial statements are in accordance with generally accepted accounting principles as these are the responsibility of management and the independent auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Corporation's compliance with applicable laws or regulations.

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**SCHEDULE "B" - COMPENSATION COMMITTEE CHARTER**

*[see enclosed]*

# PSYENCE GROUP INC - COMPENSATION COMMITTEE CHARTER

**Charter Draftsman**  
General Counsel

**Contact**  
Group CFO

**Approvers**  
Board of the Company

**Version/Date**  
Version 1/Approved May 12, 2022

## 1 INTRODUCTION

- 1.1 The Compensation Committee (the "**Committee**") is constituted as a sub-committee of the board of directors of Psyence Group Inc. (the "**Company**"). The duties and responsibilities of the members of the Committee are in addition to those as members of the board and shall be carried out in respect of the Company and all its subsidiaries.
- 1.2 The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.
- 1.3 The terms of this Charter are subject to the provisions of the Business Corporations Act (Ontario), the Company's Articles and By-Laws, the Company's Stock Option Plan ("**SOP**")<sup>1</sup> and Restricted Share Unit Plan ("**RSUP**")<sup>2</sup> (the SOP and RSUP collectively referred to as the "**Equity Plans**"), the Company's incentive plan proposal, and any other applicable law, securities exchange or regulatory provision.

## 2 PURPOSE OF THE COMMITTEE AND THIS CHARTER

- 2.1 The Committee shall assist the board, in fulfilling its responsibilities relating to oversight of the Company's compensation policies, plans and programs, compensation of the Company's directors, CEO, CFO and other executive officers and the Company's equity-based and incentive compensation programs.
- 2.2 The purpose of this Charter is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.

## 3 COMPOSITION AND INDEPENDENCE

- 3.1 The Committee comprises at least three members selected from the Company's board of directors, a majority of whom shall be independent, to the extent practicable given the Company's board composition.
- 3.2 For purposes of this Charter, a Committee member shall be "independent" if it:
  - 3.2.1 It is independent in character and judgement with no relationships or circumstances which are likely to affect, or could appear to affect this independence;
  - 3.2.2 is not a representative of a shareholder who has the ability to control or significantly influence management or the board;
  - 3.2.3 does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated group with the Company) which exceeds 5% of the group's total number of shares in issue;
  - 3.2.4 has not been employed by the Company or any group company as the designated auditor or partner in the group's external audit

<sup>1</sup> as adopted by board of directors of the Company on November 9, 2021 and confirmed by shareholders on December 9, 2021.

<sup>2</sup> as adopted by board of directors of the Company on March 1, 2022.



firm.

- 3.3 Members of this Committee and its chairman are nominated by the board.
- 3.4 Each member of the Committee shall serve at the pleasure of the board until the member resigns, is removed or ceases to be a member of the board. The board shall fill vacancies in the Committee by appointment from among the members of the board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office.
- 3.5 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

#### 4 **ROLE**

- 4.1 The Committee has an independent role, operating as an overseer and a maker of recommendations to the board for its consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.
- 4.2 The role of the Committee is to assist the board to ensure that:-
  - 4.2.1 the Company remunerates directors and executives fairly and responsibly; and
  - 4.2.2 the disclosure of director and remuneration is accurate and transparent.

#### 5 **RESPONSIBILITIES**

- 5.1 The Committee must perform all the functions necessary to fulfil its role as stated above and including the following:
  - 5.1.1 Oversee the establishment and implementation of remuneration policies in relation to directors and other executives' remuneration. This includes compiling and recommending an overall compensation strategy and executive compensation philosophy to the board.
  - 5.1.2 Review the outcomes of the implementation of these policies for whether these policies promote the achievement of strategic objectives and encourage individual performance. The Committee will recommend the necessary improvements to the board in this regard. The foregoing shall be based on the principles that compensation should, to a significant extent, be reflective of the financial performance of the Company, and ensure that the administration of the Company's executive compensation plans, policies and practices conform to this principle.
  - 5.1.3 Review the remuneration disclosure to ensure that it is accurate and transparent and provides sufficient forward-looking information for the approvers of compensation policy to assess the proposed compensation policy.
  - 5.1.4 The duties of the "Committee" as set out in the Equity Plans which include but are not limited to the duties contemplated in section 8 of the SOP and sections 1.6 to 1.8 of the RSUP. The Committee shall, among other things, :
    - 5.1.4.1 Make determinations with respect to the equity compensation of executive officers, senior management and all "Eligible Persons", to be comprised solely of awards made pursuant to an Equity Plan.
    - 5.1.4.2 Administer and make grants under the Company's Equity Plans.
    - 5.1.4.3 Oversee the development of new equity plans or the revision of existing Equity Plans.
- 5.2 The Committee shall review and establish appropriate insurance coverage for the Company's directors and executive officers.
- 5.3 The Committee shall perform all such other functions as may be required by applicable law, the securities exchange or regulatory provisions, or as requested by the board or deemed appropriate by the Committee.

#### 6 **AUTHORITY**

- 6.1 The Committee acts in terms of the delegated authority of the board as recorded in this Charter. It has the power to investigate any activity within the scope of this Charter.
- 6.2 The Committee, in the fulfilment of its duties, may call upon the chairmen of the other board committees, any of the executive directors, officers or company secretary to provide it with information, subject to following a board approved process.
- 6.3 The Committee shall have all of the authority and powers stipulated in the Equity Plans, and this Charter shall constitute a delegation of the board's powers in this regard as contemplated in section 8.2 (*Appointment of Committee*) of the SOP and section 1.8 of the RSUP

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*(Delegation to Committee)*. Accordingly, the Committee shall serve as the "Committee" established to administer the Company's Equity Plans and perform the duties of the Committee under those plans and in general, carry out equity and other benefit plan oversight.

- 6.4 The Committee has reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 6.5 The Committee may delegate authority to one or more designated members of the Committee.
- 6.6 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at Company's cost, subject to following a board approved process.
- 6.7 The Committee makes the recommendations to the board that it deems appropriate on any area within the ambit of this Charter where action or improvement is required.

## 7 MEETING PROCEDURES

### 7.1 Frequency

- 7.1.1 The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in this Charter but subject to a minimum of two meetings per year. Meetings may be held in person at a place and time determined by the Committee or via online or electronic communication facilities.
- 7.1.2 Meetings in addition to those scheduled may be held at the request of the CEO, CFO, head of human resources or other members of senior management or at the instance of the board.
- 7.1.3 The chairman of the Committee may meet with the CEO, CFO, head of human resources and/ or the company secretary prior to a Committee meeting to discuss important issues and agree on the agenda.

### 7.2 Attendance

- 7.2.1 The CEO, CFO, head of human resources or other members of senior management as may be required, assurance providers, professional advisors and board members may be in attendance at Committee meetings, but by invitation only and they may not vote.
- 7.2.2 Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.
- 7.2.3 The Committee may nominate the secretary of this Committee.
- 7.2.4 If the nominated chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

### 7.3 Agenda and minutes

- 7.3.1 The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. More critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period. The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.
- 7.3.2 A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees.
- 7.3.3 Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.3.4 The minutes must be completed as soon as possible after the meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

### 7.4 Quorum

- 7.4.1 A representative quorum for meetings is a majority of members present.
- 7.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

7.5 **Actions taken without a meeting**

Action may be taken by the Committee without a meeting if all of the members of the Committee indicate their approval thereof in writing.

8 **EVALUATION**

The board must perform an evaluation of the effectiveness of the Committee every year.

9 **APPROVAL OF THIS CHARTER**

This Charter was approved by the board of the Company on May 12, 2022 and will be due for review on May 11, 2023.

