Psyence Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended December 31, 2023

Expressed in Canadian Dollars

($)

Management's Responsibility for Financial Reporting

Notice of no auditor review of interim condensed consolidated interim financial statements.

The accompanying Unaudited Condensed Consolidated Interim Financial Statements of Psyence Group Inc. and its subsidiaries (together the "Company") have been prepared by and are the responsibility of management.

Under National Instrument 51-102, Part 4, sub-section 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants ("CICPA") for a review of interim financial statements by an entity's auditor.

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Unaudited Condensed Consolidated Interim Financial Statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the Condensed Consolidated Interim Statements of Financial Position date. In the opinion of the management, the Unaudited Condensed Consolidated Interim Financial Statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the Unaudited Condensed Consolidated Interim Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the Unaudited Condensed Consolidated Interim Financial Statements and (ii) the Unaudited Condensed Consolidated Interim Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the Unaudited Condensed Consolidated Interim Financial Statements.

The Board of Directors is responsible for reviewing and approving the Unaudited Condensed Consolidated Interim Financial Statements together with other financial information of the Company and for ensuring that management fulfils its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations and for maintaining proper standards of conduct for its activities.

Neil Maresky (signed)

Chief Executive Officer

Warwick Corden-Lloyd (signed)

Chief Financial Officer

Toronto, Canada

February 28, 2024

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Statements of Financial Position

As at December 31, 2023 and March 31, 2023

	Note	As at December 31, 2023 (Unaudited)	As at March 31, 2023 (Audited)
ASSETS			
Current assets			
Cash and cash equivalents	5	213,451	2,383,352
Restricted cash	5	40,000	40,000
Other receivables	6	156,438	245,243
Prepaids		18,592	107,870
Total current assets		428,481	2,776,465
Non-current assets			
Prepaids	7	-	579,043
Property and equipment	7	1,515,571	626,049
Intangible assets	8	18,048	19,942
Total non-current assets		1,533,619	1,225,034
TOTAL ASSETS		**1,962,100**	**4,001,499**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	1,362,651	2,620,209
Current portion of lease liabilities	13	1,986	2,034
Total current liabilities		1,364,637	2,622,243
Non-current liabilities			
Lease liabilities	13	41,106	45,040
Total non-current liabilities		41,106	45,040
TOTAL LIABILITIES		**1,405,743**	**2,667,283**
SHAREHOLDERS' EQUITY			
Share capital	11	21,822,422	20,400,055
Options reserve	11	1,684,482	1,562,373
Warrants reserve	11	1,572,398	1,406,782
Foreign currency translation reserve		(191,925)	(68,138)
Accumulated Deficit		(24,331,020)	(21,966,856)
TOTAL SHAREHOLDERS' EQUITY		**556,357**	**1,334,216**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,962,100**	**4,001,499**

Nature of operations and going concern (Note 1)
Approved on behalf of the Board of Directors.

"Dr. Neil Maresky" — Chief Executive Officer and Director

"Jody Aufrichtig" — Executive Chairman and Director

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Statements of Net Profit or Loss and Comprehensive Income

For three and nine months ended December 31, 2023 and December 31, 2022

	Note	Three months Ending December 31, 2023	Three months Ending December 31, 2022	Nine months Ending December 31, 2023	Nine months Ending December 31, 2022
Expenses					
Sales and marketing		11,663	46,444	20,529	265,747
Research and development		62,638	263,244	1,234,865	554,502
General and administrative	11,15	202,807	157,643	443,452	582,750
Professional fees and consulting fees	11,15	564,828	589,470	1,769,395	1,735,879
Depreciation and amortization	7,8	22,597	26,858	69,048	66,276
Loss before other items		**(864,533)**	**(1,083,659)**	**(3,537,289)**	**(3,205,154)**
Other items					
Other income	15	1,186,154	-	1,191,916	5,541
Interest income		1,700	2,691	3,196	5,856
Interest expense	14	(24,738)	(35,607)	(62,387)	(46,444)
Accretion expense	13	(274)	(303)	(825)	(935)
Foreign exchange (loss)/gain		56,450	8,542	33,124	(965)
Share of gain/(loss) from joint venture	9	(909)	(19,543)	53,222	(73,088)
Impairment reversal/(loss) on loan to joint venture	9	6,170	-	(45,122)	-
NET PROFIT/(LOSS)		**360,020**	**(1,127,879)**	**(2,364,164)**	**(3,315,189)**
Other comprehensive(loss)/income					
Foreign exchange (loss)/gain on translation		(90,409)	384,515	(191,925)	288,062
TOTAL COMPREHENSIVE INCOME/(LOSS)		**269,611**	**(743,364)**	**(2,556,089)**	**(3,027,127)**
Gain/(loss) per share - basic and diluted	18	**0.00**	**(0.01)**	**(0.02)**	**(0.04)**
Weighted average number of outstanding shares - basic and diluted		**136,084,814**	**87,249,422**	**131,858,367**	**86,104,513**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Statements of Changes in Equity

For nine months ended December 31, 2023 and December 31, 2022

	Note	Number of shares	Share capital ($)	Shares to be issued ($)	Warrants reserve ($)	Options reserve ($)	Foreign currency translation reserve ($)	Deficit ($)	Total shareholders' equity ($)
Opening balance as at April 1, 2023		123,954,188	20,400,055	-	1,406,782	1,562,373	(68,138)	(21,966,856)	1,334,216
Share based compensation	11	-	-	-	-	236,980	-	-	236,980
Shares issued for cash	11	10,188,215	1,029,431	-	165,616	-	-	-	1,195,047
Exercise of RSU's	11	978,570	114,871	-	-	(114,871)	-	-	-
Shares issued on settlement of debt	11	2,317,209	278,065	-	-	-	-	-	278,065
Other comprehensive income		-	-	-	-	-	(123,787)	-	(123,787)
Net loss		-	-	-	-	-	-	(2,364,164)	(2,364,164)
Balance, December 31, 2023		**137,438,182**	**21,822,422**	**-**	**1,572,398**	**1,684,482**	**(191,925)**	**(24,331,020)**	**556,357**

	Note	Number of shares	Share capital ($)	Shares to be issued ($)	Warrants reserve ($)	Options reserve ($)	Foreign currency translation reserve ($)	Deficit ($)	Total shareholders' equity ($)
Opening balance as at April 1, 2022		85,528,931	16,023,565	-	1,329,640	1,215,776	26,798	(15,884,564)	2,711,215
Share based compensation	11	-	-	-	63,950	262,331	-	-	326,281
Shares issued for cash	11	7,751,859	930,223	944,316	-	-	-	-	1,874,539
Exercise of RSU's	11	372,900	37,290	-	-	(37,290)	-	-	-
Shares issued on settlement of debt	11	1,186,134	142,336	-	-	-	-	-	142,336
Other comprehensive income		-	-	-	-	-	288,062	-	288,062
Net loss		-	-	-	-	-	-	(3,315,189)	(3,315,189)
Balance, December 31, 2022		**94,839,824**	**17,133,414**	944,316	**1,393,590**	**1,440,817**	**314,860**	**(19,199,753)**	**2,027,244**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Statements of Cash Flows

For nine months ended December 31, 2023 and December 31, 2022

	Note	December 31, 2023	December 31, 2022
Net loss		(2,364,164)	(3,315,189)
Non-cash adjustments			
Depreciation and amortization	7,8	69,048	66,276
Foreign exchange		(108,048)	385,682
Share based compensation	11	236,980	326,281
Accretion expense	13	825	935
Interest expense	14	62,352	46,444
Share of (gain)/loss from joint venture	9	(53,222)	73,088
Impairment on loan to joint venture	9	45,122	-
Changes in non-cash working capital			
Other receivables		88,805	10,834
Prepaid		668,321	71,330
Accounts payable and accrued liabilities		(1,257,558)	172,226
Cash used in operating activities		**(2,611,539)**	**(2,162,093)**
Additions to property and equipment	7	(992,424)	(1,168,100)
Repayment/(Loan) from/(to) joint venture	9	8,100	(170,054)
Cash used in investing activities		**(984,324)**	**(1,338,154)**
Repayment of lease liabilities	13	(2,266)	(1,669)
Proceeds from share issuance, net of issuance costs	11	1,473,112	930,223
Proceeds from shares to be issued	11	-	944,316
Proceeds from loan	14	954,480	-
Settlement of loan	14	(999,364)	
Cash from financing activities		**1,425,962**	**1,872,870**
Change in cash and cash equivalents		(2,169,901)	(1,627,377)
Cash and cash equivalents, beginning of period		2,383,352	3,494,638
Cash and cash equivalents, end of period		**213,451**	**1,867,261**

The accompanying notes are an integral part of the Unaudited Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

1. Nature of operations and going concern

Psyence Group Inc. (the **"Company"** or **"PGI"**) is a life science biotechnology company focused on the research, cultivation and production of psychedelics and nature-based compounds to treat psychological trauma in the context of palliative care and in support of mental wellness. The safety and efficacy of psychedelics will be evaluated through rigorous clinical trials.

The Company's operations are conducted through Psyence Biomed Corp. (**"PBC"**). PBC is incorporated under the laws of the province of British Columbia, Canada. The Company's registered office is at 121 Richmond Street West, Penthouse Suite, 1300, Toronto, Ontario M5H 2K1. The Company commenced trading on the Canadian Securities Exchange (**"CSE"**) on January 27, 2021 under the symbol "PSYG".

On January 9, 2023, the Company announced that it had entered into a definitive business combination agreement (the **"Business Combination Agreement"**) with Newcourt Acquisition Corp (NASDAQ: NCAC), a special purpose acquisition company (**"SPAC"**) formed for the purpose of acquiring or merging with one or more businesses (**"Newcourt"**). Newcourt has entered into the Business Combination Agreement with Psyence Biomed Corp., a wholly owned subsidiary of the Company, to create a public company leveraging natural psilocybin in the treatment of palliative care.

On August 2, 2023, the Company and Newcourt announced the entry into an amended and restated business combination agreement which supersedes the previously announced Business Combination Agreement. On the same day the Company and Newcourt also announced the filing of a registration statement on Form F-4 which contains a preliminary proxy statement/prospectus, with the U.S. Securities and Exchange Commission in connection with the proposed Business Combination

Going concern

These Unaudited Condensed Consolidated Interim Financial Statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations.

As at December 31, 2023 the Company had not yet achieved profitable operations, has accumulated losses of $24,331,020 (March 31, 2023 - $21,966,856) since its inception and expects to incur further losses in the development of its business, all of which indicate that a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. The Company has historically raised funds from the issuance of shares and convertible debentures. The Company's ability to obtain additional financing is materially uncertain, as there is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. This casts significant doubt on the entity's ability to continue as a going concern.

2. Basis of presentation

Statement of compliance

These Unaudited Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("**IASB**"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the IASB have been condensed or omitted and these Unaudited Condensed Consolidated Interim Financial

Statements should be read in conjunction with the Company's audited Consolidated Financial Statements for the year ended March 31, 2023.

The Unaudited Condensed Consolidated Interim Financial Statements were authorized for issue on February 28, 2024 by the directors of the Company.

Basis of measurement

These Unaudited Condensed Consolidated Interim Financial Statements have been prepared on an accrual basis, are based on historical costs and are presented in Canadian dollars, unless otherwise noted.

Functional and presentation currency

These Unaudited Condensed Consolidated Interim Financial Statements are presented in Canadian Dollars (**"CAD $"),** which is also PGI's functional currency. The functional currency of PGI's subsidiaries, PBC, and Psyence Therapeutics Corp ("**PTC"**) is Canadian Dollars, Mind Health (Pty) Ltd, is the Lesotho Loti (**"LSL"**), Psyence South Africa is South African Rand ("**ZAR"**), Psyence Jamaica is the Jamaican Dollar ("**JMD**"), Psyence UK is the Great British Pound ("**GBP"**) and for Psyence Australia is the United states Dollar ("**USD**").

3. Significant accounting policies

In addition to the significant accounting policies noted below, these Unaudited Condensed Consolidated Interim Financial Statements and the accompanying notes were prepared using the accounting policies described in Note 3 of the Company's audited Consolidated Financial Statements for the year ended March 31, 2023.

Basis of consolidation

These Unaudited Condensed Consolidated Interim Financial Statements incorporate the accounts of PGI and its subsidiaries. A subsidiary is an entity controlled by PGI and its results are consolidated into the financial results of the Company from the effective date of control up to the effective date of loss of control.

Control exists when an investor is exposed, or has rights, to variable returns from the involvement with the investee and has liability to affect those returns through its power over the investee. Where the Company's interest is less than 100%, the Company recognizes non-controlling interests.

The subsidiaries of PGI that have been consolidated as of December 31, 2023 are as follows:

Name of entity	Place of incorporation	% Ownership	Accounting method
Mind Health (Pty) Ltd.	Lesotho	100%	Consolidation
Psyence Biomed Corp.	British Columbia	100%	Consolidation
Psyence Therapeutics Corp.	Ontario	100%	Consolidation
Psyence South Africa	South Africa	100%	Consolidation
Psyence Jamaica	Jamaica	100%	Consolidation
Psyence UK	England & Wales	100%	Consolidation
Psyence Australia	Australia	100%	Consolidation

As at December 31, 2023, the Company holds 50% ownership in Good Psyence (Pty) Ltd. Which is jointly controlled and accounted for under the equity method.

Inter-company balances and transactions are eliminated upon consolidation.

There was no activity recorded for Psyence Jamaica and Psyence UK.

Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist under contractual agreement where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement and represents a company or other entity in which each venturer has an interest, holds joint control and holds rights to the net assets of the entity. Interests in joint ventures are accounted for using the equity method of accounting. The Company does not recognize losses exceeding the carrying value of its interest in joint ventures.

Share-based payments

The Company offers a Restricted Share Unit ("**RSU**") Plan for directors, officers, consultants and employees which will be settled in common shares of the Company. The RSUs are accounted for as equity instruments whereby the RSUs are initially measured at fair value on the grant date and recognized in the options reserve on the condensed consolidated interim statements of financial position.

- Equity-settled share-based payments to directors, officers and employees are measured at the fair value of the equity instruments at the grant date and are recognized as an expense over the relevant vesting periods with a corresponding credit to options reserve or warrants reserve.
- Equity-settled share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments granted, if it is determined that the fair value of the goods or services received cannot be reliably measured. The fair value of equity settled share-based payments to non-employees is recorded as an expense at the date the goods or services are received with a corresponding credit to options reserve or warrants reserve.
- The number of equity instruments expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. After the vesting date, amounts recorded for expired instruments remain in options reserve or warrants reserve.

4. Critical accounting estimates and judgements

When preparing the Unaudited Condensed Consolidated Interim Financial Statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the Unaudited Condensed Consolidated Interim Financial Statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's audited Consolidated Financial Statements for the year ended March 31, 2023.

(Expressed in Canadian Dollars)

5. Cash and cash equivalents

Cash and cash equivalents include the following amounts:

- An amount of $208,224 unrestricted cash held with chartered banks.
- an amount of $5,227 held in trust by a brokerage firm as security for foreign currency exchanges.
- an amount of $40,000 in a guaranteed investment certificate with a bank as collateral for a credit facility agreement with a leading chartered bank in Canada. Amounts are held in restricted cash on the consolidated statement of financial position.

6. Other Receivables

Other receivables include the following amounts:

	December 31, 2023 $	March 31, 2023 $
Other receivables	1,418	36,642
Sales tax receivable	155,020	208,601
Total	**156,438**	**245,243**

The Company estimated the expected credit loss on the other receivables to be nominal as at December 31, 2023 and March 31, 2023.

7. Property, plant and equipment

$	Computer equipment	Buildings	Right-of-use asset	Production equipment	Furniture & fixtures	Bulk infra-structure	Total
Cost							
Opening Balance	9,440	415,740	59,169	15,122	23,091	64,100	586,662
Additions	881	237,814	-	25,399	-	-	264,094
Foreign Exchange	(1,048)	(50,473)	(6,441)	(2,205)	(2,513)	(6,976)	(69,656)
At March 31, 2023	9,273	603,081	52,728	38,316	20,578	57,124	781,100
Additions	1,973	-	-	989,858	593	-	992,424
Foreign exchange	(504)	(32,595)	(2,849)	(4,117)	(1,113)	(3,088)	(44,266)
At December 31, 2023	**10,742**	**570,486**	**49,879**	**1,024,057**	**20,058**	**54,036**	**1,729,258**
Accumulated Depreciation							
Opening Balance	4,388	36,756	5,709	5,254	8,478	14,906	75,491
Charge for the period	2,528	55,618	2,838	10,508	7,425	10,831	89,748
Foreign exchange	(533)	(5,223)	(684)	(802)	(1,086)	(1,860)	(10,188)
At March 31, 2023	6,383	87,151	7,863	14,960	14,817	23,877	155,051
Charge for the period	1,995	42,962	1,973	8,403	4,623	7,197	67,153
Foreign exchange	(349)	(4,798)	(429)	(826)	(810)	(1,305)	(8,517)
At December 31, 2023	**8,029**	**125,315**	**9,407**	**22,537**	**18,630**	**29,769**	**213,687**
Carrying Value							
At March 31, 2023	2,890	515,930	44,865	23,356	5,761	33,247	626,049
At December 31, 2023	**2,713**	**445,171**	**40,472**	**1,001,520**	**1,428**	**24,267**	**1,515,571**

As at December 31, 2023 amounts totalling $0 (March 31, 2023 - $1,906) held in production equipment were not yet available for use.

(Expressed in Canadian Dollars)

As of December 31, 2023 amounts totalling $0 (March 31, 2023 - $579,043) was recognised in prepaids on the consolidated statement of financial position for a deposit on the purchase of equipment.

8. Intangible assets

The Company acquired a domain name and have commissioned additional improvements, which is recognized under intangible assets at cost and it is carried at the amortized value.

Intangible Assets	$
Cost:	
Opening Balance	25,212
Additions	-
At March 31, 2023	25,212
Additions	-
At December 31, 2023	25,212
Accumulated Amortization:	
Opening Balance	(2,749)
Charge for the period	(2,521)
At March 31, 2023	(5,270)
Charge for the period	(1,894)
At December 31, 2023	(7,164)
Carrying amount:	
At March 31, 2023	19,942
At December 31, 2023	18,048

9. Investment in Joint Venture

Good Psyence (Pty) Ltd.

On April 7, 2021, the Company through PBC entered into a subscription and shareholders agreement **(the "Joint Arrangement")** with Goodleaf, whereby the Company and Goodleaf each acquired a 50% share and voting rights in a South African-based SPV called "Good Psyence (Pty) Ltd" incorporated on May 5, 2021. The 50% stake was acquired in exchange for an initial investment of ZAR 50 ($4) from each party.

The investment in Good Psyence was accounted for as of the effective date of incorporation on May 5, 2021 as a joint venture as the subscription and shareholders agreement establishing joint control was effective from that date.

As of December 31, 2023, a total of $249,630 (March 31, 2023: $273,137) has been extended to Good Psyence by the Company. Due to the level of uncertainty associated with the Company's ability to recover its non-interest-bearing loans extended to Good Psyence in the short-term, the total amounts outstanding of $249,630 (March 31, 2023 - $220,053) have been deemed to form part of the Company's net investment in the joint venture, equal to the Company's shares of losses exceeding the initlal equity investment. The loan was fully impaired as at March 31, 2023 due to the uncertainty of the recoverability of the loan and remained fully impaired as at December 31,2023.

(Expressed in Canadian Dollars)

Summarized financial information of Good Psyence is presented below, on a 100% basis:

Selected information as at	December 31, 2023	March 31, 2023
Total assets	172,264	222,795
Total liabilities	482,140	662,901
Net deficit	309,876	440,106

For the nine months ended	December 31, 2023	December 31, 2022
Revenues	42,624	76,869
Cost of Sales	(31,450)	(62,434)
Administrative expenses	95,491	(160,611)
Other Comprehensive (Loss)/Income	(221)	-
Net profit/(loss) and comprehensive profit/(loss)	106,444	(146,176)

During the three and nine months ended December 31, 2023, the Company recognized amounts totaling ($909) and $53,222 (December 31, 2022: ($19,544) and ($73,088)) in the consolidated statements of net loss and comprehensive loss related to the Company's share of gain/(loss) from the joint venture. As at December 31, 2023, the loan receivable balance held in loan to joint venture on the consolidated statements of financial position totaled $nil (March 31, 2023: $nil) after recording an impairment of $45,122 (March 31, 2023: $53,084) in the consolidated statements of loss and comprehensive loss.

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts:

	December 31, 2023	March 31, 2023
Trade payables	901,331	2,051,534
Accrued liabilities	461,320	568,675
Total	1,362,651	2,620,209

11. Share capital

Authorized share capital

Unlimited number of voting common shares without par value.

Issued and outstanding

Common shares	2023		2022	
	Number	Amount ($)	Number	Amount ($)
Opening balance April 1	123,954,188	20,400,055	85,528,931	16,023,565
Issuance of shares in private placement	10,188,215	1,056,970	7,751,859	930,223
Issuance of shares for RSUs exercise	978,570	114,871	372,900	37,290
Issuance of shares for debt settlement	2,317,209	278,065	1,186,134	142,336
Share issuance costs	-	(27,539)	-	-
Balance as at December 31	137,438,182	21,822,422	94,839,824	17,133,414

Common shares

Private placements

On May 25, 2023 the Company issued 7,775,964 units with a subscription price of $0.12 in a private placement. The Company received proceeds of $933,116. Each unit comprises one (1) common share and one-half (0.5) of a common share purchase warrant, with each whole warrant exercisable into an additional common share of the Company at a price of $0.15 per common share for a period of 18 months from the date of grant.

The fair value of the shares was determined by allocating the gross proceeds to common shares and share purchase warrants using the relative fair market value method of each at the time of the issuance. The relative fair value of the shares was determined using the share price on the date of issuance and the relative fair value of the warrants was determined in accordance with the Black-Scholes valuation model. The fair value of the shares was determined to be $767,500. The fair value of the warrants was determined to be $165,616.

On August 21, 2023 the Company issued 1,056,441 shares with a subscription price of $0.12 in a private placement. The Company received proceeds of $126,773.

On October 30, 2023 the Company issued 1,355,810 shares with a subscription price of $0.12 in a private placement. The Company received proceeds of $162,697.

In relation to the private placements aforementioned, the Company incurred share issuance costs of $27,539. The share issuance costs were comprised of $25,416 of cash settled issuance costs and $2,123 in equity settled issuance costs.

In the comparative nine months, the following private placement occurred:

On December 14, 2022 the Company issued 7,751,859 shares with a subscription price of $0.12 in a private placement. The Company received proceeds of $930,223.

RSU exercise

On August 21, 2023 the Company issued 483,570 shares for the exercise of RSU’s by various consultants and an employee of the Company. Upon exercise, amounts totalling $65,371 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RS’’s determined on the date of grant.

On October 30, 2023 the Company issued 495,000 shares for the exercise of RSU’s by various consultants and an employee of the Company. Upon exercise, amounts totalling $49,500 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RS’’s determined on the date of grant.

In the comparative nine months, the following RSU exercise occurred:

On December 14, 2022 the Company issued 372,900 shares for the exercise of RSU’s by various consultants of the Company. Upon exercise, amounts totalling $37,290 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RS’’s determined on the date of grant.

Debt settlement

On August 21, 2023 the Company issued 17,691 shares in settlement of debt to the value of $2,123.

On October 30, 2023 the Company issued 2,299,518 shares in settlement of debt in lieu of an asset purchase to the value of $275,942.

In the comparative nine months, the following debt settlement occurred:

On December 14, 2022 the Company issued 1,186,134 shares in settlement of debt in lieu of consulting fees to the value of $142,336.

(Expressed in Canadian Dollars)

Shares to be issued

In the comparative nine months gross proceeds of $944,316 were received in a private placement. The Company issued the shares with a subscription price of $0.12. The shares were issued upon closing of the private placement subsequent to the comparative quarter end.

Stock Options

The changes in stock options outstanding during the period ended December 31, 2023 and 2022 are as follows:

	Period ended December 31, 2023	
	Number of options	Weighted average exercise price ($)
Outstanding, at beginning of period	9,555,825	0.25
Granted (i)(ii)(iii)(iv)	6,254,043	0.06
Cancelled / forfeited (v)	(5,974,924)	0.30
Options outstanding, ending	9,834,944	0.10
Options exercisable, ending	7,597,066	0.09

	Period ended December 31, 2022	
	Number of options	Weighted average exercise price ($)
Outstanding, at beginning of period	7,958,583	0.30
Granted (vi)	220,000	0.20
Cancelled / forfeited (vii)	(1,483,659)	0.30
Options outstanding, ending	6,694,924	0.30
Options exercisable, ending	3,999,349	0.30

(i) On May 25, 2023, the Company granted 150,000 options to a director of the Company with each option exercisable into one common share of the Company at a price of $0.14 per share until May 25, 2028. Options are to vest 50% at the date of grant and 50% 6 months from the date of grant. The fair value of the options was determined to be $14,504 on the date of grant using the Black-Scholes option pricing model.

(ii) On November 14, 2023, the Company granted 3,887,377 options to consultants and employees of the Company with each option exercisable into one common share of the Company at a price of $0.06 per share until December 31, 2025. Options are to vest at the grant date. The fair value of the options was determined to be $99,653 on the date of grant using the Black-Scholes option pricing model.

(iii) On November 14, 2023, the Company granted 1,800,000 options to an employee of the Company with each option exercisable into one common share of the Company at a price of $0.06 per share until December 31, 2025. Options are to vest 67% at the date of grant and 33% on July 1, 2024. The fair value of the options was determined to be $50,948 on the date of grant using the Black-Scholes option pricing model.

(iv) On November 14, 2023, the Company granted 416,666 options to a consultant of the Company with each option exercisable into one common share of the Company at a price of $0.06 per share until December 31, 2027. Options are to vest one third at the date of grant, one third on February 1, 2024 and one third on February 1, 2025. The fair value of the options was determined to be $13,578 on the date of grant using the Black-Scholes option pricing model.

(Expressed in Canadian Dollars)

(v) During the period ended December 31, 2023, a total of 287,547 options were forfeited due to the termination of services from a consultant of the Company and a total of 5,687,377 options were cancelled by mutual consent with consultants of the Company. In connection with the options forfeited and cancelled, previous share-based payment expenses totaling $402,732 were reversed under professional fees and consulting fees and general and administrative expenses in the condensed consolidated interim statements of net loss and comprehensive loss.

(vi) On May 1, 2022, the Company granted 220,000 options to a consultant of the Company with each option exercisable into one common share of the Company at a price of $0.20 per share until April 30, 2027. Options are to vest 17% 3 months from the date of grant, 17% 12 months from the date of grant, 33% 24 months from the date of grant and 33% 36 months from the date of grant. The fair value of the options was determined to be $11,846 on the date of grant using the Black-Scholes option pricing model.

(vii) During the comparative period ended December 31, 2022, a total of 1,483,659 options were forfeited due to the termination of services from various employees and consultants of the Company. In connection with the options forfeited, previous share-based payment expenses totaling $58,338 were reversed under professional fees and consulting fees in the condensed consolidated interim statements of net loss and comprehensive loss.

The following stock options are outstanding as at December 31, 2023:

Expiry date	Number of options outstanding	Exercise price $	Weight average remaining life (years)	Number of options exercisable
December 31, 2025	200,000	0.30	2.00	200,000
December 31, 2025	3,887,377	0.06	2.00	3,887,377
January 31, 2026	1,220,901	0.17	2.08	-
June 30, 2026	1,800,000	0.06	2.50	1,206,000
April 30, 2027	220,000	0.20	3.33	74,800
December 31, 2027	416,666	0.06	4.00	138,889
March 31, 2028	1,940,000	0.14	4.25	1,940,000
May 25, 2028	150,000	0.14	4.40	150,000
	9,834,944		2.70	7,597,066

(Expressed in Canadian Dollars)

The fair value of the options was determined at the grant date based on the Black Scholes pricing model, using the following weighted average assumptions:

	Options granted on November 14, 2023	Options granted on November 14, 2023	Options granted on November 14, 2023	Options granted on May 25, 2023	Options granted on May 1, 2022
Numbers issued	3,887,377	1,800,000	416,666	150,000	220,000
Share price	0.05	0.05	0.05	0.13	0.085
Expected dividend yield	Nil	Nil	Nil	Nil	Nil
Exercise price	0.06	0.06	0.06	0.14	0.20
Risk-free interest rate	4.20%	4.20%	4.20%	2.60%	2.79%
Expected life	2.13	2.63	4.13	5.00	5.00
Expected volatility	100%	100%	100%	100%	100%
Expiry date	December 31, 2025	June 30, 2026	December 31, 2027	May 25, 2028	April 30, 2027

For the three month and nine-month periods ending December 31, 2023, $163,757 and ($53,723) (reveral) was16ecognizedd as an expense under professional fees and consulting fees and general and administrative in the condensed consolidated interim statements of net loss and comprehensive loss based on the vesting terms and forfeiture/cancellation of the options.

For the three month and nine-month periods ending December 31, 2022, $51,216 and $129,456 was expensed and recorded as share based payments under professional fees and consulting fees in the condensed consolidated interim statements of net loss and comprehensive loss.

Warrants

The changes in warrants outstanding during the period ended December 31, 2023 and 2022 are as follows:

	Period ended December 31, 2023	
	Number of warrants	Weighted average exercise price ($)
Outstanding, at beginning of period	10,714,689	0.30
Granted	3,887,982	0.15
Expired	(8,592,598)	0.30
Warrants outstanding, ending	6,010,073	0.20
Warrants exercisable, ending	6,010,073	0.20

	Period ended December 31, 2022	
	Number of warrants	Weighted average exercise price ($)
Outstanding, at beginning of period	8,710,553	0.30
Granted	2,122,091	0.30
Warrants outstanding, ending	10,832,644	0.30
Warrants exercisable, ending	10,832,644	0.30

On May 25, 2023 the Company issued 3,887,982 warrants in a private placement. The fair value was determined to be $165,616 using a relative fair value method. The assumptions used in the Black-Scholes calculation were as follows: Expected dividend yield – Nil; Exercise Price $0.15; Risk free interest rate – 2.45%; Expected life – 1.5 years and expected volatility of 100%.

(Expressed in Canadian Dollars)

In the comparative period, on September 2, 2022 the Company issued 2,122,091 warrants to holders of the Company's convertible debt.

The following warrants are outstanding as at December 31, 2023:

Expiry date	Number of warrants outstanding	Exercise price ($)	Weight average remaining life (years)
September 2, 2024	2,122,091	0.30	0.67
November 25, 2024	3,887,982	0.15	0.90
	6,010,073		0.82

Escrow Securities

In connection with the Company's listing on the CSE, 18,977,263 common shares and 1,635,431 warrants were placed in escrow with an escrow agent pursuant to an escrow agreement dated January 19, 2021. These shares and warrants shall be released from escrow as follows:

- 1/10 of escrowed securities to be released on January 27, 2021, the date of listing
- 1/6 of remaining escrow securities to be released 6 months after the listing date;
- 1/5 of remaining escrow securities to be released 12 months after the listing date;¼4 of remaining escrow securities to be released 18 months after the listing date;
- 1/3 of remaining escrow securities to be released 24 months after the listing date;½2 of remaining escrow securities to be released 30 months after the listing date; and
- Remaining escrow securities to be released 36 months after the listing date.

As of December 31, 2023, 2,846,586 common shares were still held in escrow.

Restricted stock units (RSUs)

The changes in RSUs outstanding during the period ended December 31, 2023 and 2022 are as follows:

	Period ended December 31, 2023
	Number of RSUs
Outstanding, at beginning of period	5,907,141
Exercised during period	(978,570)
RSUs outstanding, ending	4,928,571
RSUs exercisable, ending	-

	Period ended December 31, 2022
	Number of RSUs
Outstanding, at beginning of period	980,516
Issued during the period (i)(ii)	1,980,000
Exercised during period	(372,900)
RSUs outstanding, ending	2,587,616
RSUs exercisable, ending	455,475

(Expressed in Canadian Dollars)

(i) On September 1, 2022, the Company issued 1,500,000 RSUs to executives, directors, consultants and an employee which are exercisable into common shares of the Company at no additional cost and are to vest as follows:

- 495,000 exercisable on September 1, 2022
- 495,000 exercisable on September 1, 2023;
- 510,000 exercisable on September 1, 2024.

The fair value of the RSUs was determined to be $150,000 based on the fair value of the Company's common shares on the date of the grant. Upon exercise, the Company shall settle RSUs by way of common shares, with one (1) common share issued for every one (1) RSU exercised.

(ii) On May 1, 2022 the Company issued 480,000 RSUs to a consultant which are exercisable into common shares of the Company at no additional cost and are to vest as follows:

- 160,000 exercisable on May 1, 2023;
- 160,000 exercisable on May 1, 2024;
- 160,000 exercisable on May 1, 2025.

The fair value of the RSUs was determined to be $40,800 based on the fair value of the Company's share price on the date of the grant. Upon exercise, the Company shall settle RSUs by way of common shares, with one (1) common share issued for every one (1) RSU exercised.

The RSUs granted are accounted for as an equity instrument whereby share-based payments recognized in the statements of net loss and comprehensive loss are held in options reserve until exercised.

During the three month and nine month periods ended December 31, 2023, $89,234 and $295,704 (December 31, 2022 - $36,633 and $132,874) was expensed and recorded as share-based payments under professional and consulting fees and general and administrative in the consolidated interim statements of net loss and comprehensive loss on the vesting of RSUs.

12. Segmented information

For the period ended December 31, 2023, management determined that the Company operated only in one segment: development of psilocybin medical and nutraceutical products.

The following is an analysis of non-current assets by geographical location:

Asset location ($)	December 31, 2023	March 31, 2023
Canada	18,048	19,942
Southern Africa (Lesotho and South Africa)	1,515,571	1,205,092
Non-current segment assets	1,533,619	1,225,034

13. Leases

The Company has a lease for land for its production facility in Lesotho. The lease is reflected on the interim consolidated statement of financial position as a right-of-use asset and a lease liability. The land has been used to erect manufacturing and processing facilities. The initial term of the lease is nine years beginning June 1, 2020 and ending May 21, 2029. Thereafter, the Company has the option to renew the lease for a further ten-year period for a maximum of five times total. The incremental borrowing rate and term length used in the calculation of the right-of-use asset and discounted lease liability amounts are 2.5% and 19 years, respectively.

(Expressed in Canadian Dollars)

Lease liability

The continuity of lease liability is as follows:

Lease liability ($)	2023	2022
Opening Balance, April 1	47,074	55,051
Accretion expense	825	935
Lease payments	(2,266)	(1,669)
Foreign exchange	(2,541)	(4,514)
Closing Balance, December 31	43,092	49,803
Less: current portion	1,986	2,116
Non-current portion of lease liability	41,106	47,687

The following table presents the future undiscounted payments associated with the sole lease liability as of December 31, 2023 for the next five years and thereafter:

Future undiscounted payments	$
2024	3,041
2025	3,084
2026	3,130
2027	3,179
2028	3,230
Thereafter	37,354
Total	53,018

14. Loan Payable

On August 21, 2023 the Company entered into a loan agreement (the "**Loan Agreement**") via its Australian subsidiary Psyence Australia (Pty) Ltd (the "**Borrower**"), to borrow up to AUD$1,100,000 by way of a secured loan (the "**Loan**") from RH Capital Finance Co., LLC. The Loan is secured by way of a General Security Agreement and parent company guarantee against the assets of the Borrower and the Company. The loan was granted to the Borrower after it successfully registered its research and development activities with the Australian Federal Government. The Borrower benefits from the Australian Federal Government's Research & Development tax incentive program, which provides up to a 43.5% rebate on research and development expenses in Australia. The Loan bears interest at 16% per annum subject to a minimum interest chargeable period of 91days and was repayable the earlier of (a) 21 business days after the notice of assessment (in respect of R&D refunds) is issued by the Australian Taxation Office to the Borrower for the financial year ended June 30, 2023 (b) an event of default and (c) 30 November 2023.

During the three months and nine ended December 31, 2023, $24,737 and $62,352 in interest expense was incurred. The loan and all outstanding interest were repaid in full on October 5, 2023 after the Australian Taxation Office refunded 43.5% of expenditure incurred on research and development in Australia for the period ended June 30, 2023.

(Expressed in Canadian Dollars)

15. Other Income

On October 5, 2023, the Company received a research and development rebate of AUS $1,336,623 ($1,185,945) from the Australian Taxation office. The Company benefits from the Australian Federal Government's Research & Development tax incentive program, which provides up to a 43.5% rebate on research and development expenses in Australia. A portion of the proceeds was utilised to settle the loan payable from RH Capital Finance Co. LLC.

This rebate has been recognised as other income in the consolidated interim statements of net loss and comprehensive loss.

16. Transactions with related parties

All related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. All amounts either due from or due to related parties other than specifically disclosed are non-interest bearing, unsecured and have no fixed terms of repayments. The Company incurred the following transactions with related parties during the period ended December 31, 2023 and 2022:

Compensation to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Directors.

Key Management Personnel	Three months Ending December 31, 2023	Three months Ending December 31, 2022	Nine months Ending December 31, 2023	Nine months Ending December 31, 2022
Short term benefits	164,536	201,696	528,906	684,955
Share-based compensation	(16,635)	37,964	133,537	171,652
Total	147,901	239,660	662,443	856,607

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

Balances

As at December 31, 2023, the Company held amounts totaling $200,209 (December 31, 2022 - $17,792) in accounts payable and accrued liabilities. These are amounts owing to key management personnel.

17. Financial instruments and financial risk management

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

(Expressed in Canadian Dollars)

Credit risk

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

Liquidity risk

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

As at December 31, 2023, the Company's financial liabilities consist of account payable and accrued liabilities which all have contractual maturity dates within one year.

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

The following table illustrates the contractual maturities of financial liabilities as at December 31, 2023:

Financial Instrument Maturity ($)	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Accounts payable and accrued liabilities	1,362,651	-	-	-	1,362,651
Lease liability	3,041	6,214	6,409	37,354	53,018
Total	1,365,692	6,214	6,409	37,354	1,415,669

Foreign exchange risk

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

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

A 10% adverse change in exchange rate would have resulted in a loss of $30,625 as at December 31, 2023 (December 31, 2022 - $155,775).

Interest rate risk

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

18. Loss per share

The calculation of basic and diluted loss per common share for the nine months ended December 31, 2023 was based on the net loss of $3,315,189 (December 31, 2022 - $3,315,189) and a weighted average number of common shares outstanding of 86,104,513 (December 31, 2022 – 86,104,513) and for three months ended December 31, 2022 was based on the net profit/(loss) of $1,127,879 (December 31, 2022 – ($1,127,879)) and a weighted average number of common shares outstanding of 87,249,422 (December 31, 2022 – 87,249,422) calculated as follows:

(Expressed in Canadian Dollars)

Earnings per Share ($)	**Three months ending December 31, 2023**	**Three months ending December 31, 2022**	**Nine months ending December 31, 2023**	**Nine months ending December 31, 2022**
Basic and diluted loss per share:				
Net profit/(loss)	360,020	(1,127,879)	(2,364,164)	(3,315,189)
Average number of common shares outstanding	136,084,814	87,249,422	131,858,367	86,104,513
Loss per share – basic and diluted	0.00	(0.01)	(0.02)	(0.04)

The diluted weighted average number of common shares does not take into account the effects of stock options and warrants for the periods when losses were incurred as they would be anti-dilutive.

19. Capital management

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of natural health business and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk level.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and short-term investments on hand.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. Management reviews 12-month forecasts on a regular basis to manage the Company's capital requirements.

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the period.

20. Subsequent events

On January 25, 2024 (the "Closing Date") the closing of the Business Combination Agreement occurred. The closing of this transaction was completed by PBC acquiring the SPAC through the merger of the SPAC with PBC. Psyence Group relinquished full control of PBC and in return received 5,000,000 shares in Psyence Biomedical Limited, a newly listed NASDAQ entity.

On the Closing Date, Psyence Biomedical Ltd., a corporation organized under the laws of Ontario, Canada ("Psyence Biomedical"), consummated the previously announced business combination pursuant to the Amended and Restated Business Combination Agreement (as amended, the "BCA"), dated as of July 31, 2023, by and among the Company, Newcourt Acquisition Corp., a Cayman Islands exempted company, Newcourt SPAC Sponsor LLC, a Delaware limited liability company ("Sponsor"), Psyence Group Inc., a corporation organized under the laws of Ontario, Canada ("Parent"), Psyence (Cayman) Merger Sub, a Cayman Islands exempted company and a direct and wholly owned subsidiary of Pubco ("Merger Sub"), Psyence Biomed Corp., a corporation organized under the laws of British

Columbia, Canada ("Original Target"), and Psyence Biomed II Corp., a corporation organized under the laws of Ontario, Canada ("Psyence II").

Prior to the execution of the Amended and Restated Business Combination Agreement, Psyence Group formed Psyence II and Psyence Biomedical as wholly owned subsidiaries, and prior to the Closing, Parent and the PBC were amalgamated. Thereafter, Parent transferred the shares of Psyence Australia Pty Ltd. and its related business assets that were previously owned by the Original Target to Psyence II.

The following transactions occurred pursuant to the terms of the BCA (collectively, the "Business Combination") at the effective time of the Merger (the "Effective Time"):

• Psyence Group contributed Psyence II to the Psyence Biomedical in a share for share exchange (the "Company Exchange").

• Following the Company Exchange, Merger Sub merged with and into NCAC, with NCAC being the surviving company in the merger (the "Merger") and each outstanding ordinary share of NCAC was converted into the right to receive one common share of the Psyence Biomedical ("Company Common Share").

• Each outstanding warrant to purchase NCAC Class A ordinary shares was converted at the Effective Time into a warrant to acquire one Company Common Share (the "Company Warrants") on substantially the same terms as were in effect immediately prior to the Effective Time under their terms.

On January 15, 2024 and January 23, 2024, the parties to the Business Combination Agreement entered into letter agreements (the "Closing Letter Agreements") pursuant to which, among other things, Psyence Biomedical, Psyence Group, PBC and Merger Sub (collectively, the "Psyence Parties") agreed, (X) on a conditional basis, to waive the closing conditions contained in the BCA that, at or prior to the closing of the Business Combination (the "Closing"), (i) Newcourt shall have no less than $20,000,000, net of liabilities, as of the Closing (the "Minimum Cash Condition") and (ii) the PIPE Investment in the PIPE Investment Amount shall have occurred or shall be ready to occur substantially concurrently with the Closing (the "PIPE Investment Condition") and (Y) to waive certain deliverables under Section 3.6 of the Business Combination Agreement (the "Closing Deliverables").

Upon the Closing, the Psyence Parties waived in full the Minimum Cash Condition, the PIPE Investment Condition and the Closing Deliverables.

On January 15, 2024, in connection with the Business Combination, Psyence Biomedical entered into a securities purchase agreement (the "Securities Purchase Agreement") by and among (i) Psyence Biomedical, (ii) Psyence II, (iii) Sponsor and (iv) certain investors (the "Investors") relating to up to four senior secured convertible notes (collectively, the "Notes" and the transactions pursuant to the Securities Purchase Agreement, the "Financing"), obligations under which will be guaranteed by certain assets of Psyence Biomedical and Psyence II, issuable to the Investors at or after the Closing, as the case may be, for the aggregate principal amount of up to $12,500,000 in exchange for up to $10,000,000 in subscription amounts.

The Note for the first tranche of the Financing (the "First Tranche Note"), for a total of $3,125,000 of principal in exchange for a total of $2,500,000 in subscription amounts and was issued to the Investors substantially concurrently with, and contingent upon, the Closing. The Financing closed immediately prior to the Business Combination. Upon the closing of the first tranche of the Financing, the Minimum Cash Condition and PIPE Investment Condition were deemed waived by the Psyence Parties