Psyence Group Inc.

Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended June 30, 2025

Expressed in Canadian Dollars

(CAD $)

Management's Responsibility for Financial Reporting

Notice of no auditor review of 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 condensed consolidated interim 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.

“Jody Aufrichtig”

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Executive Chairman

Toronto, Canada

August 29, 2025

(Expressed in Canadian Dollars)

Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2025 and March 31, 2025

CAD $	Note	As at June 30, 2025	As at March 31, 2025
ASSETS			
Current assets			
Cash and cash equivalents	5	803,837	8,888,570
Restricted cash	5	-	51,702
Other receivables	6	11,864	200,733
Prepaids		-	361,982
Total current assets		815,701	9,502,987
Non-current assets			
Investment in Psyence Labs Ltd	9	-	1,071,012
Property and equipment	7	-	15,951
Intangible assets	8	14,273	14,901
Total non-current assets		14,273	1,101,864
TOTAL ASSETS		**829,974**	**10,604,851**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	129,117	776,075
Derivative warrant liabilities	15	-	287,658
Total current liabilities		129,117	1,063,733
TOTAL LIABILITIES		**129,117**	**1,063,733**
SHAREHOLDERS' EQUITY			
Share capital	11	22,463,235	21,826,722
Options reserve	11	1,883,115	1,949,797
Foreign currency translation reserve		-	737,522
Accumulated Deficit		(23,645,493)	(23,226,817)
TOTAL SHAREHOLDERS' EQUITY		**700,857**	**1,287,224**
Non-controlling interest	13	-	8,253,894
TOTAL EQUITY		**700,857**	**9,541,118**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**829,974**	**10,604,851**

Nature of operations and going concern (note 1)
Subsequent events (note 21)

Approved on behalf of the Board of Directors.

"Jody Aufrichtig"	"Warwick Corden-Lloyd"
Executive Chairman and Director	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 Loss and Comprehensive Loss

For three months ended June 30, 2025 and June 30, 2024

CAD $	Note	2025	2024
Expenses			
Sales and marketing		117,714	66,184
Research and development		89,990	-
General and administrative		136,515	431,989
Professional fees and consulting fees		333,985	621,801
Depreciation and amortization	7,8	1,226	1,686
Loss before other items		**(679,430)**	**(1,121,660)**
Other items			
Interest income		-	134
Interest expense		(18,657)	(5)
Foreign exchange gain		848	20,605
Loss on subsidiary disposal	12	(10,716,405)	(540,970)
Fair value loss on investment in Psyence Labs Ltd.	9	(219,441)	-
Fair value loss on NCAC promissory note	14	-	(20,197)
Fair value gain on convertible note	15	-	1,967,367
Fair value gain on warrant liability	16	-	1,017,668
NET (LOSS)/PROFIT		**(11,633,085)**	**1,322,942**
Other comprehensive income/(loss)			
Foreign exchange (loss)/gain on translation		(737,522)	122,852
TOTAL COMPREHENSIVE (LOSS)/PROFIT		**(12,370,607)**	**1,445,794**
NCI share of gains	13	(636,862)	1,223,706
Parent share of (losses)/profits		(10,996,223)	99,236
(Loss)/Profit per share - basic and diluted		**(0.92)**	**0.14**
Weighted average number of outstanding shares - basic and diluted		**12,711,121**	**9,314,408**

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

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(Expressed in Canadian Dollars)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For three months ended June 30, 2025 and June 30, 2024

	Note	Number of shares	Share capital ($)	Warrants reserve ($)	Options reserve ($)	Foreign currency translation reserve ($)	Deficit ($)	Non-controlling interest ($)	Total shareholders' equity/(deficit) ($)
Opening balance as at April 1, 2024		9,273,748	21,662,052	1,574,721	2,013,786	124,365	(49,256,893)	12,048,384	(11,833,585)
Share based compensation	11	-	-	-	30,662	-	-	-	30,662
Exercise of RSUs	11	61,666	120,250	-	(120,250)	-	-	-	-
Non-controlling interests adjustment for change in ownership	13	-	-	-	-	-	-	2,174,491	2,174,491
Other comprehensive loss		-	-	-	-	122,852	-	-	122,852
Net gain		-	-	-	-	-	99,236	1,223,706	1,322,942
Balance, June 30, 2024		**9,335,415**	**21,782,302**	**1,574,721**	**1,924,198**	**247,217**	**(49,157,657)**	**15,446,581**	**(8,182,638)**
Opening balance as at April 1, 2025		9,387,695	21,826,722	-	1,949,797	737,522	(23,226,817)	8,253,894	9,541,118
Share based compensation	11				90,831				90,831
Share Consolidation – rounding		(83)							-
Exercise of RSU's	11	250,655	157,513		(157,513)				
Shares issued for cash, net of issuance costs		4,790,000	479,000	-	-	-	-	-	479,000
Disposal of Subsidiaries	12	-	-	-	-	-	10,577,547	(7,700,652)	2,876,895
Noncontrolling interest adjustment for change in ownership	13	-	-	-	-	-	-	83,621	83,621
Other comprehensive loss		-	-	-	-	(737,522)	-	-	(737.522)
Net (loss)/profit		-	-	-	-		(10,996,223)	(636,862)	(11,633,086)
Balance, June 30, 2025		**14,428,267**	**22,463,235**	**-**	**1,883,115**	**-**	**(23,645,493)**	**-**	**700,857**

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 three months ended June 30, 2025 and June 30, 2024

	Note	June 30, 2025	June 30, 2024
Net (loss)/profit		(11,633,085)	1,322,942
Non-cash adjustments:			
Depreciation and amortization	7,8	1,226	1,686
Foreign exchange		110,307	112,197
Share issuance to third party advisors		83,621	-
Share based compensation	11, 13	90,831	244,777
Loss on disposal of subsidiaries	12	10,716,405	540,970
Fair value loss on NCAC promissory note	14	-	20,197
Fair value gain on convertible note liability	15	-	(1,967,367)
Fair value gain on derivative warrant liabilities	16	-	(1,017,668)
Fair value loss on investment	9	219,441	-
Changes in working capital:			
Other receivables		32,433	65,209
Prepaids		48,180	128,106
Accounts payable and accrued liabilities		(124,264)	(643,335)
Cash used in operating activities		**(454,905)**	**(1,192,286)**
Loss on disposal of subsidiaries	12	(7,763,528)	-
Investment in Psyence Labs Ltd	9	(345,300)	-
Additions to property and equipment	7	-	(6,016)
Decrease in restricted cash	5	-	9,594
Cash used in investing activities		**(8,108,828)**	**3,578**
Proceeds from shares disposal		479,000	-
Proceeds from convertible note liability	16	-	684,500
Cash provided from financing activities		**479,000**	**684,500**
Change in cash and cash equivalents		(8,084,733)	(504,208)
Cash and cash equivalents, beginning of period		8,888,570	1,058,752
Cash and cash equivalents, end of period		**803,837**	**554,544**

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

Notes to the Consolidated 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 Company announced on August 22, 2025 that it had entered into a letter of intent to acquire all of the issued and outstanding securities and securities convertible into securities of GoldCoast Resource Corp., a corporation existing under the laws of Ontario.

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 April 23, 2025, the Company consolidated its common shares and warrants on the basis of 15:1.

All prior share capital information has been presented based on these ratios.

Business Combination Agreement and PBM NASDAQ listing

On January 9, 2023, the Company entered into a definitive business combination agreement, as amended (the "**Business Combination Agreement**" or "**BCA**") with Newcourt Acquisition Corp. (NASDAQ: NCAC), a special purpose acquisition company ("**SPAC**"). The agreement aimed to create a public company leveraging natural psilocybin for palliative care treatment. The Company contributed its clinical trial activities to Psyence Biomedical Ltd. ("**PBM**"), the Company's subsidiary incorporated on June 29, 2023 under the laws of Ontario, Canada, as described below.

The transaction concluded on January 25, 2024, with PBM's listing on NASDAQ. This transaction involved PBM acquiring the SPAC through a merger, thereby making the SPAC a wholly-owned subsidiary of PBM.

Transaction Overview:

On January 25, 2024 (the "**Closing Date**"), PBM completed the previously announced business combination (the "**RTO Transaction**") as per the BCA (Note 12). The parties involved in the BCA included:

- The Company
- Newcourt Acquisition Corp., a Cayman Islands exempted company ("**NCAC**")
- Newcourt SPAC Sponsor LLC, a Delaware limited liability company ("**NCAC Sponsor**").
- Psyence (Cayman) Merger Sub, a Cayman Islands exempted company and a wholly owned subsidiary of the Company.
- Psyence Biomed Corp., a corporation organized under the laws of British Columbia, Canada ("**Original Target**").
- Psyence Biomed II Corp., a corporation organized under the laws of Ontario, Canada ("**Psyence Biomed II**").
- Psyence Australia (Pty) Ltd ("**Psyence Australia**").

*Key Transactions (collectively, the "**Business Combination**"):*

Formation of Subsidiaries: Prior to the Closing Date, the Company formed three wholly owned subsidiaries: Psyence Biomed II, Psyence Australia and PBM.

Amalgamation: Prior to the Closing Date, the Company amalgamated with the Original Target. Consequently, the Company transferred shares of Psyence Australia and related business assets previously owned by the Original Target to Psyence Biomed II.

Share Exchange: the Company contributed Psyence Biomed II to PBM in a share-for-share exchange (the "**Company Exchange**").

Merger: Following the Company Exchange, Psyence (Cayman) Merger Sub merged with Newcourt Acquisition Corp., with Newcourt Acquisition Corp. being the surviving entity. Each outstanding ordinary share of Newcourt Acquisition Corp. was converted into the right to receive one common share of PBM.

Warrant Conversion: Each outstanding warrant to purchase Newcourt Acquisition Corp. Class A ordinary shares was converted into warrants to acquire one common share of PBM on substantially the same terms as the original warrants.

Going concern

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future, realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements.

As of June 30, 2025, the Company has an accumulated deficit of $23,645,493 (June 30, 2024- $49,157,657). In addition, the Company generated negative cash flow from operating activities of $454,905 (June 30, 2024- $1,192,286). Management has considered the significance of such condition in relation to the Company's ability to meet its current obligations and to achieve its business targets and determined that these conditions are indicators of material uncertainties that may cast 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.

2. Basis of presentation

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standard Board ("IFRS") on a going concern basis.

The consolidated financial statements were authorized for issuance on August 29, 2025 by the directors of the Company.

Basis of measurement

These Consolidated Financial Statements have been prepared on a historical cost basis, except for certain financial instruments, which are classified as fair value through profit or loss ("**FVTPL**").

Functional and presentation currency

These consolidated financial statements are presented in Canadian Dollars (**"CAD $"),** which is also PGI's functional currency. The functional currency of PGI's subsidiaries: Psyence Therapeutics Corp ("**PTC"**) is Canadian Dollars; Psyence Australia (Pty) Ltd, is the Australian Dollar (**"AUD $"**); Psyence Biomedical Ltd, Psyence Biomed II Corp. and Newcourt Acquisition Corp., is the United States Dollar (**"USD $"**).

Basis of consolidation

These consolidated financial statements incorporate the accounts of the Company and its subsidiaries. A subsidiary is an entity controlled by the Company 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.

(Expressed in Canadian Dollars)

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 ("**NCI**").

The entities included in PGI consolidated financial statements as of June 30, 2025 are as follows:

Name of entity	Place of incorporation	% Ownership	Accounting method
Psyence Therapeutics Corp.	Ontario	100%	Consolidation

On April 1, 2024, the Company disposed fully of its interests in Mind Health (Pty) Ltd, Psyence South Africa (Pty) Ltd, Psyence UK Group Ltd, and its 50% shareholding in Good Psyence (Pty) Ltd in exchange for 1,000 shares in Psyence Labs Ltd., Note 9.

On April 30, 2025, the Company disposed fully of its interests in Psyence Biomedical Ltd, Psyence Biomed II Corp, Psyence Australia (Pty) Ltd and Newcourt Acquisition Corp. in exchange for fair value consideration of CAD$426,170.

3. Material accounting policies

Financial instruments

Financial assets and financial liabilities, including derivatives, are recognized on the consolidated statements of financial position when the Company becomes a party to the financial instrument or derivative contract.

Summary of the Company's classification and measurements of financial assets and liabilities:

Financial Assets and Liabilities	Classification	Measurement
Cash and cash equivalents	Amortized cost	Amortized cost
Restricted cash	Amortized cost	Amortized cost
Other receivables (excluding sales tax receivable)	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Investment in Psyence Labs Ltd.	FVTPL	Fair value
Derivative warrant liability	FVTPL	Fair value
Convertible note liability	FVTPL	Fair value
NCAC promissory note	FVTPL	Fair value

Classification

The Company classifies its financial assets in the following measurement categories: i) those to be measured subsequently at fair value through profit or loss (**"FVTPL"**); ii) those to be measured subsequently at fair value through other comprehensive income (**"FVOCI"**); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in net loss or other comprehensive income (loss).

The Company reclassifies financial assets only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Amortized cost

This category includes financial assets that are held within a business model with the objective to hold the financial assets to collect contractual cash flows that meet the sole payments of principal and interest ("SPPI") criterion. Financial assets classified in this category are measured at amortized cost using the effective interest method.

Fair value through profit or loss

This category includes derivative instruments as well as equity instruments which the Company has irrevocably elected, at initial recognition or transition, to classify at FVTPL. This category would also include debt instruments of which the cash flow characteristics fail the solely payments of principal and interest ("SPPI") criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Financial assets in this category are recorded at fair value with changes recognized in net loss. The Company records its financial liabilities including derivatives, convertible loans and promissory notes at FVTPL. Derivatives are mandatorily recorded at FVTPL, whereas the Company has elected to record convertible loans and promissory notes at FVTPL.

Financial assets at fair value through other comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through other comprehensive income (loss) instead of through net loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments.

Financial assets at fair value through other comprehensive income/(loss) are initially measured at fair value and changes therein are recognized in other comprehensive income/(loss).

Compound financial instrument and derivative liability

The Company determined that the warrants, including public warrants and the private warrants are derivative instruments and should be classified as a financial liability and are measured at FVTPL. Derivative and financial liabilities designated at FVTPL are carried subsequently at fair value with gains or losses recognized in net loss.

Each embedded derivative is measured and presented separately unless the whole hybrid financial instrument is designated as at FVTPL.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in net loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through net loss or other comprehensive income/(loss) (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value are recorded in profit and loss, except where changes in fair value are attributable to changes in own credit risk which is recorded in other comprehensive income.

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for other receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether there has been a significant increase in credit risk since initial recognition or a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants.

For financial assets with a significant increase in credit risk since initial recognition and financial assets assessed as credit impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses. For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

The Company reverses impairment losses on financial assets carried at amortized cost when the decrease in impairment can be objectively related to an event occurring after the impairment loss was initially recognized.

Foreign currency translation

The consolidated financial statements are presented in CAD $ which is PGI's functional currency. The functional currencies of the operating subsidiaries of the Company are the USD, the AUD $, and CAD $.

In each individual entity, a foreign currency transaction is initially recorded in the functional currency of the entity, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, monetary assets and liabilities of the Company which are denominated in foreign currencies are translated at the period-end exchange rate. Non-monetary assets and liabilities are translated at rates in effect at the date the assets were acquired, and liabilities incurred.

The resulting exchange gains or losses arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition, are included in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the subsidiary are translated into CAD $ at the exchange rates prevailing at the end of the reporting period. Income and expenses are translated at the average rates for the period. Reserves and inter-company balances are translated at their historical exchange rate. Exchange differences arising are recognized in foreign currency translation reserve.

Share capital

Financial instruments issued by PGI are classified as shareholders' equity only to the extent that they do not meet the definition of a financial asset or financial liability. PGI's common shares, warrants, restricted stock units and share options are classified as equity instruments.

Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from shareholders' equity.

Share-based payments

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted. Equity settled share-based payments under share-based payment plans are ultimately recognized as an expense in profit or loss with a corresponding credit to contributed surplus, in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting. Market conditions are considered in the estimate of the fair value of share-based compensation on a grant date.

Property and equipment

Property and equipment are recognized as an asset when:

- it is probable that an associated future economic benefit will flow to the Company; and
- the cost can be measured reliably.

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes costs incurred initially to acquire or construct a capital asset and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognized in the carrying amount of a capital asset, the carrying amount of the replaced part is derecognized.

Property and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value. Their useful lives have been assessed as follows:

Asset	Method	Rate
Computer equipment	Straight-line	3 years
Buildings	Straight-line	10 years
Equipment	Straight-line	3 years
Furniture & fixtures	Straight-line	3 years
Bulk infrastructure	Straight-line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The gains or losses arising from the derecognition of a capital asset is included in the consolidated statement of net loss and comprehensive loss when the item is derecognized. The gain or loss arising from the derecognition of a capital asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Intangible assets

Intangible assets are recognized when:

- it is probable that an associated future economic benefit will flow to the Company; and
- the cost can be measured reliably.

Intangible assets are initially recorded at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and/or impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives using the following rates:

Asset	Method	Rate
Website	Straight-line	5 years

The amortization period and the amortization method for intangible assets are reviewed every period end. During the period ended June 30, 2025 and June 30, 2024, the Company did not recognize any impairment losses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and, when applicable, short-term, highly liquid deposits which are either cashable or with original maturities of less than three months at the date of their acquisition.

Restricted cash

Restricted cash comprises a collateral agreement with a major chartered bank in Canada with regards to a credit card facility against which the Company deposited in a guaranteed investment certificate with the bank.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related party transaction when there is transfer of resources or obligations between related parties.

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets (which include property and equipment and intangible assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of net loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed to profit or loss if there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive as a result of a previous event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation. The amount recognized is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the expected future cash flows.

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

Research and development

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in the statements of net loss and comprehensive loss as incurred.

Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to complete development and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are expensed as incurred. Research and development expenses include all direct and indirect operating expenses supporting the products in development. The costs incurred in establishing and maintaining patents are expensed as incurred.

Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to purchase common shares at the average market price during the period. The impact of convertible securities issued during the period ended June 30, 2025 and June 30, 2024 are anti-dilutive.

Non- controlling interest

The Company recognizes non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets, determined on an acquisition-by- acquisition basis. In subsequent periods, the portion of the Company's net profit (loss) is allocated to non-controlling interest based on the ownership percentage of the non-controlling interest in the Company's subsidiaries. Changes in the Company's ownership interest after control is obtained, that do not result in a change in control of the subsidiary, are accounted for as equity transactions.

If the Company maintains control, it will recognize no gain or loss in the income statement on selling a subsidiary's shares. Similarly, the Company will not record any additional goodwill to reflect its subsequent purchases of additional shares in a subsidiary if there is no change in control. Instead, the carrying amount of the non-controlling interest will be adjusted to reflect the change in the ownership interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized in equity and attributed to the Company's equity holders.

Accounting Standards Effective January 1, 2024 and issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued *IFRS 18 – Presentation and Disclosure in Financial Statements* which will replace *IAS 1, Presentation of Financial Statements*. The key new concepts introduced in IFRS 18 relate to the structure of the statement of earnings (loss), required disclosures in the financial statements for certain earnings or loss performance measures that are reported outside an entity's financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027, and also applies to comparative information. The Company is still in the process of assessing the impact of this standard on its consolidated financial statements.

Classification of liabilities as current or non-current (amendments to IAS 1, presentation of financial statements)

On January 23, 2020, an amendment was issued to IAS 1 to address inconsistencies with how entities apply the standards over classification of current and non-current liabilities. The amendment serves to address whether, in the statement of financial position, debt and other liabilities with an uncertain settlement should be classified as current or non-current. This amendment is effective on January 1, 2024. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's consolidated financial statements.

Non-current liabilities with covenants (amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that noncurrent liabilities with covenants could become repayable within twelve months. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are to be applied retrospectively. The Company adopted the amendment on the effective date and the adoption did not have a material impact on the Company's consolidated financial statements.

4. Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. Actual results may differ from these estimates. The Company's management reviews these estimates, judgments, and assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted prospectively in the period in which the estimates are revised. The following are considered to be critical accounting estimates and judgements by management for the period ended June 30, 2025 and June 30, 2024 as these require a high level of subjectivity and judgement and could have a material impact on the Company's consolidated financial statements.

Going concern

These Consolidated 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.

Management routinely plans future activities including forecasting future cash flows and forming judgements collectively with directors of the Company.

Judgement is required in determining if the Company's has sufficient cash reserves, together with all other available information, to continue as a going concern for a period of at least twelve months.

As at June 30, 2025 the Company has concluded that a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern.

Reverse takeover transaction

The determination of fair values of consideration paid and net assets acquired is subject to significant estimation. The Company treated the RTO Transaction as a capital transaction equivalent to the issue of shares of PBM in exchange for the net monetary assets of NCAC. PBM determined that the original shareholders of the Company became the single largest shareholder of PBM after the RTO Transaction, therefore PBM was the accounting acquiror and NCAC was the accounting acquiree.

The Company has determined the RTO Transaction did not constitute a business combination as defined under IFRS 3, Business Combinations, as NCAC was a non-operating entity that did not meet the definition of a business under IFRS 3. The excess of the consideration paid over the net liability acquired together with any transaction costs incurred for the Transaction was expensed as a listing expense in accordance with IFRS 2 Share-Based Payments. The fair value of the consideration paid was estimated by the closing trading price ($2,863.22/share) of the NCAC's common shares listed on the NASDAQ on January 25, 2024.

Loss of Control over PBM

During the period, the Company disposed of its entire shareholding in PBM in exchange for fair value consideration of CAD $426,170. As a result of this transaction, the Company lost control over PBM, and the subsidiary has been deconsolidated from the consolidated financial statements effective April 30, 2025, the date of disposal.

Convertible instruments

The valuation of convertible debt instruments is subject to significant management estimation. Convertible notes are compound financial instruments which have been designated as a FVTPL classification.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent remeasurement. As the Company has designated the entire convertible financial instrument as FVTPL given the embedded derivate liability that was contained by the convertible financial instrument, the debentures have not been separated into debt and derivative components. The fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgement to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgement and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Contingencies

From time to time, the Company is named as a party to claims or involved in proceedings, including legal, regulatory and tax related, in the ordinary course of its business. While the outcome of these matters may not be estimable at the reporting date, the Company makes provisions, where possible, for the estimated outcome of such claims or proceedings. Should a loss result from the resolution of any claims or proceedings that differs from these estimates, the difference will be accounted for as a charge to profit or loss in that period. The actual results may vary and may cause significant adjustments.

The rebate over the tax claim is subject to inherent uncertainty and could be subject to being denied and clawed back by the Australian Tax office at a future date. The Company expects that a claw back of the rebate is highly unlikely.

Share-based compensation

The Company measures equity settled share-based payments based on their fair value at the grant date and recognize compensation expense over the vesting period based on management's estimate of equity instruments that will eventually vest. The determination of the fair value of stock options using the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate.

For share-based payments granted to non-employees, the compensation expense is measured at the fair value of the goods and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share-based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if cash was paid instead of paying with or using equity instruments.

(Expressed in Canadian Dollars)

5. Cash, restricted cash and cash equivalents

Cash and cash equivalents include the following amounts:

- An amount of $803,837 unrestricted cash held with chartered banks.

6. Other receivables

Other receivables include the following amounts.

	June 30, 2025 $	March 31, 2025 $
Other receivables	119	53,285
Sales tax receivable	11,745	147,447
Total	**11,864**	**200,733**

7. Property and equipment

CAD $	Computer equipment	Buildings	Right-of-use asset	Production equipment	Furniture & fixtures	Bulk infra-structure	Total
Cost							
Opening Balance	18,407	1,510,149	33,889	61,170	19,644	53,557	1,696,816
Additions	13,742	-	-	-	-	-	13,742
Disposals	(10,977)	(1,556,995)	(34,941)	(63,068)	(20,253)	(55,218)	(1,741,452)
Foreign Exchange	1,261	46,846	1,052	1,898	609	1,661	53,327
At March 31, 2025	22,433	-	-	-	-	-	22,433
Disposals	(21,828)	-	-	-	-	-	(21,828)
Foreign exchange	(605)	-	-	-	-	-	(605)
At June 30, 2025	-	-	-	-	-	-	-
Accumulated Depreciation							
Opening Balance	8,836	146,266	185	25,466	18,877	30,506	230,136
Charge for the year	5,939	-	-	-	-	-	5,939
Disposals	(8,776)	(150,803)	(191)	(26,255)	(19,463)	(31,453)	(236,941)
Foreign exchange	483	4,537	6	789	586	947	7,348
At March 31, 2025	**6,482**	**-**	**-**	**-**	**-**	**-**	**6,482**
Charge for the year	598	-	-	-	-	-	598
Disposals	(6,906)	-	-	-	-	-	(6,906)
Foreign exchange	(174)	-	-	-	-	-	-
At June 30, 2025	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying Value							
At March 31, 2025	**15,951**	**-**	**-**	**-**	**-**	**-**	**15,951**
At June 30, 2025	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(Expressed in Canadian Dollars)

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, 2025	25,212
Additions	-
At June 30, 2025	25,212
Accumulated Amortization:	
Opening Balance	(7,790)
Charge for the year	(2,521)
At March 31, 2025	(10,311)
Charge for the year	(628)
At March 31, 2025	(10,939)
Carrying amount:	
At March 31, 2024	**14,901**
At March 31, 2025	**14,273**

9. Investment in Psyence Labs Ltd.

On April 1, 2024, the Company sold its investment in Mind Health (Pty) Ltd, Psyence South Africa (Pty) Ltd, Psyence UK Group Ltd, and its 50% shareholding in Good Psyence (Pty) Ltd. in exchange for 1,000 shares in Psyence Labs Ltd. (“PsyLabs”). PsyLabs is a private company headquartered in the British Virgin Islands, and focused on the production of psychedelic active pharmaceutical ingredients and extracts.

As at April 1, 2024, the Company determined the fair value of its investment in PsyLabs to be $1,011,259 (US$745,000), based on a recent arm’s length subscription transaction by a third-party investor at US$745 per PsyLabs share.

The sale of subsidiaries for 1,000 PsyLabs shares resulted in a loss of $540,970 which was recorded in the consolidated statements of loss and comprehensive loss.

On October 28, 2024, the Company transferred its ownership in 1,000 PsyLabs shares to PBM in exchange for 35,594 PBM shares.

The fair value of the investment in PsyLabs shares as at March 31, 2025, was estimated at $1,071,012 (US$745,000), based on a recent arm’s length subscription transaction by a third-party investor at US$745 per PsyLabs share.

On April 28, 2025, PBM invested in 125 PsyLabs shares in exchange for US$250,000. The fair value loss of this investment to be $219,441 (US$156,875), based on the arm’s length subscription transaction by a third-party investor at US$745 per PsyLabs share.

(Expressed in Canadian Dollars)

10. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following amounts:

	June 30, 2025 $	March 31, 2025 $
Trade payables	4,117	399,066
Accrued liabilities	-	71,083
Provisions	125,000	305,926
Total	129,117	776,075

11. Share capital

Authorized share capital

Unlimited number of voting common shares without par value.

Issued and outstanding

On April 23, 2025, the Company consolidated its common shares and warrants on the basis of 15:1.

As at June 30, 2025, there were 14,428,267 (June 30, 2024 – 9,335,415) issued and outstanding Common Shares.

Common shares	2025		2024	
	Number	Amount ($)	Number	Amount ($)
Opening balance April 1	9,387,695	21,826,722	9,273,748	21,662,052
Issuance of shares in private placement	4,790,000	479,000	-	-
Issuance of shares for RSUs exercise	250,655	157,513	61,666	120,250
Share consolidation - rounding	(83)	-	-	-
Balance as at June 30,	14,428,267	22,463,235	9,335,415	21,782,302

Common shares

Private placements

On June 25, 2025 the Company issued 4,790,000 shares with a subscription price of $0.10 in a private placement. The Company received proceeds of $479,000.

RSU exercise

On May 1, 2024 the Company issued 61,667 shares for the exercise of RSU’s by various consultants and an employee of the Company. Upon exercise, amounts totalling $120,250 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

On January 10, 2025 the Company issued 25,613 shares for the exercise of RSU’s by various consultants and an employee of the Company. Upon exercise, amounts totalling $38,420 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

On June 12, 2025 the Company issued 250,655 shares for the exercise of RSU’s by various consultants of the Company. Upon exercise, amounts totalling $157,513 was transferred from contributed surplus to share capital, determined by reference to the original fair value of the RSU's determined on the date of grant.

(Expressed in Canadian Dollars)

Debt settlement

On March 11, 2024 the Company issued 111,203 shares debt in lieu of consulting fees to the value of $60,550. The shares issued were determined to have a fair value equal to $83,402 by reference to the trading price of the Company's shares on the date of settlement, resulting in a loss on settlement of debt totalling $22,852 recognized in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2024.

On March 14, 2025 the Company issued 26,667 shares debt in lieu of consulting fees to the value of $70,000. The shares issued were determined to have a fair value equal to $76,000 by reference to the trading price of the Company's shares on the date of settlement, resulting in a loss on settlement of debt totalling $6,000 recognized in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2025.

Stock Options

The changes in stock options outstanding during the period ended June 30, 2025 and June 30, 2024 are as follows:

	Period ended June 30, 2025	
	Number of options	Weighted average exercise price ($)
Outstanding, at beginning of year	403,936	1.35
Options outstanding, ending	403,936	1.35
Options exercisable, ending	403,936	1.35

	Period ended June 30, 2024	
	Number of options	Weighted average exercise price ($)
Outstanding, at beginning of year	403,936	1.35
Options outstanding, ending	403,936	1.35
Options exercisable, ending	394,677	1.35

The following stock options are outstanding at June 30, 2025:

Expiry date	**Number of options outstanding**	**Exercise price $**	**Weight average remaining life (years)**	**Number of options exercisable**
December 31, 2025	13,333	4.50	0.75	13,333
December 31, 2025	259,158	0.90	0.75	259,158
December 31, 2027	27,778	0.90	1.75	27,778
March 31, 2028	93,667	2.10	3.00	93,667
May 25, 2028	10,000	2.10	3.15	10,000
	403,936		1.70	403,936

(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 assumptions:

	Options granted on November 14, 2023	Options granted on November 14, 2023	Options granted on March 31, 2023	Options granted on May 25, 2023
Numbers issued	272,491	27,778	93,667	10,000
Share price	0.75	0.75	1.95	1.95
Expected dividend yield	Nil	Nil	Nil	Nil
Exercise price	0.90	0.90	2.10	2.10
Risk-free interest rate	4.39%	3.76%	2.92%	3.52%
Expected life	2.13	4.13	5.00	5.00
Expected volatility	100%	100%	100%	100%
Expiry date	December 31, 2025	December 31, 2027	March 31, 2028	May 25, 2028

During the period ended June 30, 2025, $0 (June 30, 2024 - $925) was expensed and recorded as share-based payments under professional fees and consulting fees and general and administrative in the consolidated statements of net loss and comprehensive loss based on the vesting terms and forfeiture of the options.

Warrants

The changes in warrants outstanding during the period ended June 30, 2024 are as follows:

	Period ended June 30, 2024	
	Number of warrants	Weighted average exercise price ($)
Outstanding, at beginning of year	400,672	3.00
Warrants outstanding, ending	400,672	3.00
Warrants exercisable, ending	400,672	3.00

On September 3, 2024, 141,473 warrants expired unexercised. The warrants were granted on September 2, 2022.

On November 25, 2024, 259,199 warrants expired unexercised. The warrants were granted on May 25, 2023.

Restricted stock units (RSUs)

The changes in RSUs outstanding during the period ended June 30, 2025 and June 30, 2024 are as follows:

	Period ended June 30, 2025
	Number of RSUs
Outstanding, at beginning of the period	99,777
Issued during the period (i)(iii)(iv)	602,300
Exercised during the period	(250,655)
RSUs outstanding, ending	451,422
RSUs exercisable, ending	49,889

(Expressed in Canadian Dollars)

	Period ended June 30, 2024
	Number of RSUs
Outstanding, at beginning of the period	210,613
Exercised during the period	(61,666)
RSUs outstanding, ending	148,947
RSUs exercisable, ending	-

(i) On April 1, 2025, a total of 602,299 RSUs were issued to consultants of the Company.

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

During the period ended June 30, 2025, $20,118 (June 30, 2024 - $29,737) was expensed and recorded as share-based payments under professional fees and consulting fees and general and administrative in the consolidated statements of net loss and comprehensive loss on the vesting of RSUs.

12. Disposal of entities

On April 30, 2025, the Company sold all its ownership in PBM for the net proceeds of $426,170 to third party investors. As a result, the Company lost control over PBM.

The calculation of loss on disposal are:

	Loss on disposal
Consideration received	426,170
Net assets disposed	11,142,576
Loss on disposal	10,716,405

The net assets disposed, consisted of PPE with a carrying value of $14,735 and working capital with a value of $11,414,214.

13. Non-controlling interest (NCI)

On January 25, 2024, the Company completed a transaction to list its subsidiary, PBM, on the NASDAQ. Following the transaction, the Company exchanged its shares in its subsidiaries performing clinical trials for 8,365 shares in the newly listed PBM, representing a 37% ownership stake. Despite this, the Company retained control over PBM.

Initial Consideration for NCI:

The initial consideration for the non-controlling interest, was $54,203,657, (13,040 shares to NCAC shareholders and 997 shares to advisors at a fair value of $3,861.46. The historic net liabilities were transferred to NCI.

Disposal of Net Liabilities:

As of the Closing date, the Company disposed of historic net liabilities amounting to $2,775,945. The fair value of the net liabilities acquired in PBM was $2,211,915. The difference between these figures $564,030 has been recognized in the statement of changes in equity.

Non-Controlling Interest:

As a result of transactions with NCI, including issuance of PBM shares to extinguish convertible note liability and NCAC promissory note and sales of PBM shares to third parties, non-controlling shareholders hold 100% (June 30, 2024 - 63%) interest in PBM. The transactions with NCI resulted in the NCI adjustment of $83,621 which was recorded in Deficit in the consolidated statements of changes in shareholders' equity.

During the period ended June 30, 2025, the share of losses attributable to non-controlling shareholders was $636,862 (June 30, 2024 – profit of $1,223,706).

14. NCAC Promissory Note

On January 25, 2024, PBM issued an unsecured convertible promissory note to the NCAC Sponsor (the "**NCAC Note**"), in the principal amount of USD $1,615,501, which is equal to the total amount owed to NCAC Sponsor under certain existing promissory notes previously issued by NCAC to the NCAC Sponsor (the "**Existing Notes**"). The NCAC Note bore no interest, and (i) USD $100,000 of the principal balance of the NCAC Note became owing on the Closing Date and (ii) USD $1,515,501 of the principal balance of the NCAC Note was payable on the date that is the one-year anniversary after the Closing Date, or January 25, 2025. This note is convertible into shares at the option of NCAC Sponsor.

NCAC Note was designated at FVTPL due to the embedded conversion features, as the conversion prices were not fixed.

At inception on January 25, 2024 the fair value of the NCAC note was $1,906,389 (USD $1,413,529).

On September 30, 2024, PBM entered into Debt for Equity Exchange Agreement with NCAC Sponsor pursuant to which PBM issued 5,405 of PBM's common shares to extinguish the outstanding balance of NCAC Note, representing a conversion price of USD $298.88 per PBM's share.

In accordance with the Debt for Equity Exchange Agreements, as amended, PBM will need to issue additional shares to NCAC Sponsor if PBM's volume weighted average share price for the 10 days prior to November 26, 2024 is lower than USD $298.88 per PBM's share ("**NCAC make whole payment**").

In December 2024, PBM issued 46,870 common shares to extinguish the NCAC make whole payment.

The issuance of shares pursuant to the Debt for Equity Exchange Agreements resulted in a fair value gain of $525,757 which was recorded in the consolidated statements of net loss and comprehensive loss.

The fair value of the NCAC Note was calculated using a credit adjusted market borrowing rate as at March 31, 2024. The fair value of the NCAC Note was $nil as at March 31, 2025 (March 31, 2024 - $1,997,617). A fair value gain of $530,261 was recognized during the year in the consolidated statements of net loss and comprehensive loss (March 31, 2024 -$81,901).

15. Convertible note liability

On January 15, 2024, in connection with the RTO Transaction (Note 12), PBM and Psyence Biomed II entered into the Securities Purchase Agreement with the Investors and the NCAC Sponsor, relating to up to four senior secured convertible notes obligations under which are guaranteed by certain assets of PBM and Psyence Biomed II, issuable to the Investors at or after the Closing Date, as the case may be, for the aggregate principal amount of up to $17,970,000 (USD $12,500,000) in exchange for up to $14,376,000 (USD $10,000,000) in cash subscription amounts (the "**Convertible Note Financing**").

The First Tranche Notes, for an aggregate of $3,387,500 (USD $3,125,000) principal, were delivered by PBM to the Investors on January 25, 2024, in exchange for an aggregate of $2,710,000 (USD $2,500,000) in financing, which occurred substantially concurrently with the consummation of the RTO Transaction. On the original issuance date of the First Tranche Notes, interest began accruing at 8.0% per annum based on the outstanding principal amount of the First Tranche Notes and is payable monthly in arrears in cash or in common shares of PBM. The maturity date of the First Tranche Note was January 25, 2027.

(Expressed in Canadian Dollars)

The Second Tranche Notes, for an aggregate of $1,437,600 (USD $1,000,000) principal, were delivered by PBM to the Investors between May and July 2024, in exchange for an aggregate of $1,797,000 (USD $1,250,000) in financing. On the original issuance date of the Second Tranche Notes, interest began accruing at 8.0% per annum based on the outstanding principal amount of the Second Tranche Notes and is payable monthly in arrears in cash or in common shares of PBM. The maturity date of the Second Tranche Notes is May 31, 2027.

PBM designated the entire instrument as FVTPL.

On August 20, 2024, PBM and the Investor entered into an addendum to the Securities Purchase Agreement (the "Addendum"). Under the provisions of the Addendum, the First and Second Trance Notes would be extinguished by the Company issuing common shares within the conversion limits detailed in the Securities Purchase Agreement.

As a consideration to the Investor entering into the Addendum, PBM issued to the Investor 1,673 common shares valued at $751,864 (USD$523,000) based on the market price of the PBM's common shares on the date of issuance and 837 warrants to acquire common shares of PBM with a two-year expiry, exercisable at USD $298.88 per PBM's share. The warrants were valued at $61,138 (USD $42,528) using the Black-Scholes pricing model with the following assumptions:

	Warrant Inputs at August 20, 2024
PBM share price	USD $312.62
Expected dividend yield	Nil
Exercise price	USD $298.88
Risk-free interest rate	3.93%
Expected life	2.00
Expected volatility	17.7%
Expiry date	August 20, 2026

The fair value of shares and warrants issued pursuant to the Addendum as detailed above, was recorded in the consolidated statements of net loss and comprehensive loss as part of the fair value gain on convertible note.

On November 27, 2024, PBM and the Investor entered into the Termination Agreement pursuant to which all obligations, covenants and liabilities of the Company and the Investor under the Securities Purchase Agreement will be fully and finally terminated.

As a consideration to the Investor entering into the Termination Agreement, PBM issued to the Investor 18,947 common shares valued at $703,846 (USD$489,598) based on the market price of the common shares on the date of issuance and 22,876 warrants to acquire common shares of PBM with nominal exercise price for a one-year period. The warrants were valued at $919,997 (USD$639,954) by the reference PBM's common share price.

The fair value of shares and warrants issued pursuant to the Termination Agreement as detailed above, was recorded in the consolidated statements of net loss and comprehensive loss as part of the fair value gain on convertible note.

Between May and September 2024, PBM converted all outstanding balance of the First and Second Tranche Notes into common shares by issuing 17,536 common shares.

PBM measured the fair value of the convertible loan liability before each conversion using Monte Carlo valuation model with the following main assumptions: expected dividend yield 0%, exercise price USD $224.22- USD $320.45, risk free interest rate 3.63%- 5.23%, expected life 0.1 – 2.7 years.

(Expressed in Canadian Dollars)

The change in fair value resulted in a fair value gain of $7,108,202 (USD$5,052,708) (2024 – loss of $6,955,644 (USD$5,157,397)) which was recorded in the consolidated statements of net loss and comprehensive loss as part of the fair value gain on convertible note.

As at March 31, 2024, the fair value of the convertible notes was estimated at $10,375,773 (USD$7,657,397) using a combined discounted cash flow approach and Monte Carlo simulation with the following assumptions:

	Inputs
PBM share price	USD $681.44
Note principal amount	USD $3,125,000
Prepayment Amount	130%
Discount rate shares	4.43%
Discount rate cash	20.83%
Volatility annual	100%
Volatility daily	6.30%
Risk free annual	4.43%

16. Derivative warrant liabilities

PBM has two classes of warrant liabilities outstanding: Public Warrants and Private Warrants. As of March 31, 2025, there were 20,762 warrants issued and outstanding, consisting of 19,808 Public Warrants and 954 Private Warrants (March 31, 2024 – 20,912 Public Warrants and 954 Private Warrants). Each warrant is exercisable to purchase one PBM's common share at a price of USD $6,874.13 per share.

During the year ended March 31, 2025, PBM entered into the Warrant Exchange Agreement. Pursuant to the Warrant Exchange Agreement, PBM issued to the Holder 1,104 PBM's common shares in exchange for the surrender and cancellation of 1,104 Public Warrants held by the Holder. The warrants exchange resulted in a loss of $257,474 (USD$185,064) which was recorded in the consolidated statements of net loss and comprehensive loss.

Public Warrants: The fair value of the Public Warrants is determined based on the observable market price, as they continue to be traded on the Nasdaq under the symbol "PBMWW." Changes in fair value during the years ended March 31, 2025 and March 31, 2024, have been recognized in the consolidated statements of net loss and comprehensive loss.

Private Warrants: The Company utilizes a Black-Scholes options valuation model to value the private warrants at each reporting period, using the following main assumptions:

	Warrant Inputs at June 30, 2024
PBM share price	USD $681.44
Expected dividend yield	Nil
Exercise price	USD $6,874.13
Risk-free interest rate	4.21%
Expected life	5.00
Expected volatility	59.98%
Expiry date	January 25, 2029

At June 30, 2024 the fair value of the Public and Private Warrants was $179,642 (USD$200,096) and $36,418 , respectively. A fair value loss of $1,071,668 (USD$694,516) was recognized on the consolidated statements of income/(loss) and comprehensive income/(loss).

(Expressed in Canadian Dollars)

17. 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 June 30, 2025 and June 30, 2024:

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	June 30, 2025	June 30, 2024
Short term benefits	44,296	135,155
Share-based compensation	70,713	18,866
Total	115,009	154,021

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

Balances

As at June 30, 2025, the Company held amounts totalling $70,713 (June 30, 2024 - $18,866) in accounts payable and accrued liabilities. These are amounts owing to key management personnel.

18. 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.

Credit risk

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

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 June 30, 2025, the Company's financial liabilities consist of account payable and accrued liabilities.

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 June 30, 2025:

(Expressed in Canadian Dollars)

Financial Instrument Maturity ($)	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 3 years
Accounts payable and accrued liabilities	129,117	129,117	129,117	-
Total	129,117	129,117	129,117	-

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 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 $36,651 as at June 30, 2025.

Interest rate risk

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

19. Loss per share

The calculation of basic and diluted profit/(loss) per common share for the period ended June 30, 2025 and June 30, 2024 was calculated as follows:

Earnings per share ($)	June 30, 2025	June 30, 2025
Basic and diluted loss per share:		
Net loss	(30,249)	(69,445,310)
Average number of common shares outstanding	9,337,033	8,889,123
Loss per share – basic and diluted	(0.00)	(7.81)

The diluted weighted average number of common shares does not take into account the effects of stock options and warrants as they would be anti-dilutive for the period ended June 30, 2025 and June 30, 2024.

20. Capital management

The Company manages its cash and cash equivalents and the components of shareholders' equity 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, 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 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 year.

21. Subsequent Events

On July 7, 2025, the Company announced that it had closed the second tranche of its previously announced non-brokered private placement with the issuing of 1,210,000 common shares at a price of $0.10 per share for total gross proceeds of $121,000.

On August 22, 2025 the Company announced it had entered into a letter of intent to acquire all of the issued and outstanding securities and securities convertible into securities of GoldCoast Resource Corp., a corporation existing under the laws of Ontario (the "Acquisition").