

Psyched Wellness Announces Offering of Units for Proceeds of up to US\$7,500,000, Annual General and Special Meeting and Enters into Binding Term Sheet

Toronto, Ontario--(Newsfile Corp. - May 30, 2023) - **Psyched Wellness Ltd. (CSE: PSYC) (OTCQB: PSYCF) (FSE: 5U9) (the "Company" or "Psyched Wellness")**, a life sciences company focused on the production and distribution of health and wellness products derived from the Amanita Muscaria mushroom, is excited to announce that it has entered into a binding agreement effective May 28, 2023 (the "**Term Sheet**") with Gotham Green Fund III, L.P. and Gotham Green Fund III (Q), L.P. (together, "**Gotham Green**") pursuant to which the Company shall complete a non-brokered private placement (the "**Offering**") of units in the capital of the Company (each, a "**Unit**") for aggregate gross proceeds of up to US\$7,500,000 (approximately C\$10,217,250) at a price of C\$0.07 per Unit in two tranches, the first of which will be for US\$500,000 (approximately C\$681,150) and the second is expected to be for up to US\$7,000,000 (approximately C\$9,536,100), each of which is subject to closing conditions. The Offering will be led by Gotham Green, and it is anticipated to include affiliates and/or co-investors (together, "**Investor Group**").

"Psyched Wellness's work over the past four years has been ground-breaking, with the Company developing its proprietary extract of the federally legal Amanita Muscaria mushroom, AME-1, and proving its safety for human consumption through extensive studies and United States GRAS certification. With this proposed investment, we would aim to fund and facilitate the nationwide rollout of mainstream consumer products centered around AME-1, and we look forward to working closely with the Company," said Harrison Aaron, Principal at Gotham Green Partners.

Jeff Stevens, Psyched Wellness Chief Executive Officer, commented, "Management and the board of directors are thrilled to share this announcement with our investors. Attracting this prospective majority investment from Gotham Green Partners is a clear validation of what we've accomplished to date in pioneering a legal path to market for products derived from the Amanita Muscaria mushroom. We believe that the closing of this strategic investment would ensure the Company is able to capitalize upon its first-mover advantage and fund its next stages of growth, with the scale of the proposed US\$7,500,000 (approximately C\$10,217,250) capital infusion demonstrating the scope of the opportunity both parties see for AME-1 and other Amanita Muscaria products within the mainstream consumer packaged goods space."

Offering Details

Each Unit will consist of one (1) common share in the capital of the Company (each, a "**Common Share**") and one (1) Common Share purchase warrant (each, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one (1) additional Common Share (each, an "**Additional Share**") at a price of C\$0.10 per Additional Share at any time for a period of sixty (60) months from the date of issuance, subject to the Acceleration Clause (as defined herein). Subject to compliance with the policies of the Canadian Securities Exchange (the "**CSE**"), in lieu of exercising the Warrants for cash, the holder thereof may exercise the Warrants on a cashless basis, based on the value of the Warrants at the time of exercise. Should the Common Shares trade above an average of C\$0.40 per Common Share on the CSE on a volume-weighted basis over any 30 consecutive trading days (the "**30 Day VWAP**") prior to the Warrant expiry date, on volume of at least twenty-five million (25,000,000) Common Shares traded over such 30 days, subject to compliance with the policies of the CSE, the Warrants will automatically be exercised on a cashless basis, with the value of the Warrants at the time of exercise determined by such 30 Day VWAP for the purposes of determining the number of Common Shares to be issued on such cashless exercise.

The Offering will be offered for purchase and sale to investors in the United States on a private placement basis pursuant to available exemptions from the registration requirements under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), provided that no prospectus, registration statement or similar document is required to be filed.

Pursuant to the terms of the Term Sheet, the initial tranche is scheduled to close on or about June 5, 2023 for aggregate gross proceeds of US\$500,000 (approximately C\$681,150) (the "**Initial Tranche**"). Pursuant to the policies of the CSE, closing of the second and final tranche, which is expected to be for up to US\$7,000,000 (approximately C\$9,536,100) ("**Tranche 2**") is subject to prior approval by Shareholders (as defined herein) and is scheduled to close within five (5) business days following the satisfaction and/or waiver of the Tranche 2 Closing Conditions (as defined herein).

All securities issued under the Offering will be subject to: (i) a four (4) month and one (1) day hold period from the date of issuance and (ii) applicable legends as required pursuant to U.S. Securities Act.

The securities to be offered pursuant to the Offering have not been, and will not be, registered under the U.S. Securities Act or any United States state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, United States persons absent registration or any applicable exemption from the registration requirements of the U.S. Securities Act and applicable United States state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes. The Company has agreed with the Investor Group that for a period of eighteen (18) months following the Tranche 2 closing, consent of a supermajority of the board of directors of the Company (the "**Board**") (at least 5 of 7 Board members) will be required for (i) expenditures in excess of C\$200,000 (inclusive of (a) multiple expenditures with a single vendor over the span of up to six (6) months which total in excess of C\$200,000 and (b) new headcount additions with total annual compensation in excess of C\$200,000).

Annual General and Special Meeting

The Company is pleased to announce that it will hold an annual general and special meeting (the "**Meeting**") of holders of Common Shares ("**Shareholders**"), to approve certain annual and special matters, including the approval of Tranche 2 of the Offering, at the offices of Branson Corporate Services Ltd., located at 77 King Street West, Suite 2905, TD Centre North Tower, Toronto, Ontario M5K 1H1 on July 11, 2023, at 10:00 am (Toronto time).

Shareholders registered on the books of the Company as of June 1, 2023 are the Shareholders entitled to receive notice of the Meeting and vote at the Meeting. The notice of Meeting, management information circular and related Meeting materials will be available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at <http://www.psyched-wellness.com> in due course.

Initial Tranche

Closing of the Initial Tranche is conditional upon the completion of the following (the "**Initial Tranche Closing Conditions**"):

- (i) customary closing conditions, including all relevant corporate and regulatory approvals being obtained (including, but not limited to, CSE approval, if necessary);
- (ii) the officers of the Company and Board members entering into support and voting agreements to vote their Common Shares in favor of the Offering at the Meeting;

(iii) the Company and Investor Group entering into the Investor Rights Agreement (as defined herein); and

(iv) the Company granting exclusivity to the Investor Group for a period of ninety (90) days following the closing of the Initial Tranche.

Tranche 2

Closing of Tranche 2 is conditional upon the completion of the following (the "**Tranche 2 Closing Conditions**"):

(i) the satisfactory completion of due diligence by the Investor Group, in the Investor Group's sole discretion;

(ii) customary closing conditions, including all relevant corporate and regulatory approvals being obtained (including, but not limited to, CSE approval, if necessary, and Shareholder approval at the Meeting)

(iii) the Investor Group, as applicable, delivering executed personal information forms, as required pursuant to the policies of the CSE;

(iv) the Investor Group, as applicable, entering into lock-up agreements with the Company to refrain from selling any securities of the Company for a period of twelve (12) months following closing of Tranche 2; and

(v) the Company entering into new employment agreements with its Chief Executive Officer and Chief Operating Officer, which provide for among other things, a base salary, incentive bonus structure, a "top-up" of incremental equity incentives subject to time-based vesting, severance and an acceleration in vesting of certain equity securities upon involuntary termination within twenty-four (24) months following closing of Tranche 2.

Upon closing of Tranche 2, the Company has agreed to reimburse the Investor Group for reasonable and documented out-of-pocket expenses incurred in connection with the Offering in the amount of up to C\$15,000.

Investor Rights Agreement

On closing of the Initial Tranche, the Company and Investor Group will enter into an investor rights agreement (the "**Investor Rights Agreement**") providing that: (i) upon closing of the Initial Tranche, the Investor Group will have the right to nominate one (1) director to sit on the Board for a period of twelve (12) months following closing of the Initial Tranche and (ii) if Tranche 2 closes, the Investor Group will have the right to nominate two (2) additional directors to sit on the Board, one (1) director to the audit committee and the right to jointly nominate an additional one (1) director with the Company for a period of twelve (12) months following the closing of Tranche 2. Following the twelve (12) month period, the directors of the Company will be nominated, appointed and elected in the normal course, provided that the Investor Group agrees that no more than three (3) Board members may be employees or partners of the Investor Group and/or its affiliates.

If the Initial Tranche and Tranche 2 of the Offering close, and assuming the Bank of Canada exchange rate is 1.3623 (US\$ to C\$), the Investor Group is expected to have beneficial ownership of 291,921,428 Common Shares (comprised of 145,960,714 issued Common Shares and up to a further 145,960,714 Common Shares issuable upon exercise of the Warrants), which represents 51.80% of the current issued and outstanding Common Shares on a non-diluted basis and 68.25% on a partially-diluted basis.

For further information, please contact:

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About Psyched Wellness:

Psyched Wellness is a Canadian-based health supplements company dedicated to the distribution of mushroom-derived products and associated consumer packaged goods. The Company's objective is to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category. The Company is in the process of developing a line of Amanita muscaria-derived water-based extracts, teas and capsules designed to help with three health objectives: promote stress relief, relaxation and assist with restful sleeping.

Cautionary Note Regarding Forward-looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. The forward-looking information and forward-looking statements contained herein include, but are not limited to, statements regarding: the objectives, distribution, and development of the Company's business and products and future activities following the date hereof, including the distribution of mushroom-derived products and associated consumer packaged goods; the Company's objective to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category; the development of the Company's Amanita muscaria-derived water-based extracts products and the uses and potential benefits of Amanita Muscaria; the anticipated size, timing of the closing(s), number of placees, and tranches of the Offering; the anticipated completion of the Offering under the stated terms, including the satisfaction and/or waiver of the Initial Tranche Closing Conditions and Tranche 2 Closing Conditions; the anticipated use of the proceeds from the Offering; the receipt of the requisite approvals, including Shareholder and CSE approval; and the Company's intention to hold its Meeting for the purposes and under the timeline as stated herein.

Forward-looking information in this news release are based on certain assumptions and expected future events, namely: the Company carrying out its objectives, distribution, and the development of its business and products and future activities following the date hereof as intended; the Company creating premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category; the Company developing its Amanita muscaria-derived water-based extracts products and them having the uses and potential benefits of Amanita Muscaria; the Company completing the Offering under its stated terms; the Company's allocating the proceeds from the Offering as intended; the Company obtaining requisite approvals, including Shareholder and CSE approval; and the Company holding its Meeting for the purposes and under the timeline stated herein.

These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements, including but not limited to: the Company's inability to carry out its objectives, distribution, and/or the development of its business and products and future activities following the date hereof; the Company's inability to achieve its objective to create premium mushroom-derived products that have the potential to become a leading North American brand in the emerging functional food category; the Company's inability to develop its Amanita muscaria-derived water-

based extracts products and/or the products not having the uses and/or potential benefits of Amanita Muscaria; the Company's inability to complete the Offering under its stated terms or at all, including the inability to satisfy and/or get waiver of the Initial Tranche Closing Conditions and/or Tranche 2 Closing Conditions; the Company's inability to allocate the proceeds from the Offering as intended; the Company's inability to obtain the requisite approvals, including Shareholder and CSE approval; and the Company's inability to hold its Meeting for the purposes and under the timeline stated herein or at all.

Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof and are subject to change thereafter. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, estimates or opinions, future events or results or otherwise or to explain any material difference between subsequent actual events and such forward-looking information, except as required by applicable law.

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