

Psyched Wellness Closes Initial Tranche of Non-Brokered Private Placement

Toronto, Ontario--(Newsfile Corp. - June 12, 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 pleased to announce that it has closed the initial tranche ("**Initial Tranche**") of its previously announced non-brokered private placement (the "**Offering**"), the details of which are described in the Company's press release dated May 30, 2023 (the "**May 30 Release**"). Pursuant to Initial Tranche, the Company has issued 9,585,000 units of the Company ("**Units**") at a price of C\$0.07 per Unit for gross proceeds of US\$500,000, approximately C\$670,950, based on an exchange rate of US\$1.00 = C\$1.3419 as at June 6, 2023, as published on the website of the Bank of Canada.

Capitalized terms not otherwise defined herein have the meanings attributed to them in the May 30 Release.

Each Unit consists of one (1) Common Share and one (1) Warrant. Each Warrant entitles the holder thereof to acquire one (1) 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, exercisable on a cashless basis, subject to acceleration and compliance with the policies of the CSE, as further outlined in the May 30 Release.

All securities issued under the Initial Tranche are 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 the U.S. Securities Act. The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes.

As an additional condition to the closing of the Initial Tranche, the current Board members and officers of the Company entered into support agreements to vote their Common Shares at the Meeting in favor of approving a subsequent tranche of the Offering for the purchase of US\$7,000,000 worth of Units ("**Tranche 2**") and the issuance of the Units representing Tranche 2 (the "**Transaction Resolution**").

Investor Rights Agreement

In connection with closing the Initial Tranche, the Company, Gotham Green Fund III, L.P. and Gotham Green Fund III (Q), L.P. (together, "**Gotham**") entered into an investor rights agreement dated June 12, 2023 (the "**Investor Rights Agreement**") which replaces the Term Sheet, and which provides, among other things, that:

1. upon closing of the Initial Tranche and for a period of twelve (12) months thereafter, Gotham will have the right to designate one (1) director to become a member of the Board, who would replace an existing member of the Board, maintaining the size of the Board at seven (7); such nominee will initially be Harrison Aaron (the "**Initial Nominee**"); and
2. if Tranche 2 closes, for a period of twelve (12) months following the closing of Tranche 2, Gotham will have the right to:
 - a. designate two (2) additional directors to become members of the Board (neither of whom shall be the Initial Nominee), who would replace existing Board members (the "**Additional Nominees**"), bringing the total Board representation of Gotham to three (3) members, and maintaining the size of the Board at seven (7);
 - b. jointly designate, with the Company, one individual for election to the Board, who will initially be Nick Kadysh, an existing Board member (the "**Joint Nominee**"); and

- c. designate for election to the audit committee of the Company, provided that any of the following individuals satisfy the eligibility criteria for such committee, either: (x) the Initial Nominee, (y) one of the Additional Nominees, or (z) the Joint Nominee,

provided that no more than three (3) Board members, at any time, will be employees or partners of the Investors (as defined herein) and/or their affiliates.

In addition, pursuant to the terms of the Investor Rights Agreement:

(i) the Company granted exclusivity to Gotham for a period of ninety (90) days following the closing of the Initial Tranche, during which time the Company and its directors, officers, and representatives are prohibited from directly or indirectly discussing, negotiating, or entering into any agreement or arrangement with respect to any potential financing transaction, sale transaction or other strategic transaction with any third party; and

(ii) within five (5) business days following the satisfaction and/or waiver of the Tranche 2 Closing Conditions (as defined herein), including prior approval by Shareholders pursuant to the policies of the CSE, the Company anticipates closing Tranche 2 led by Gotham and anticipated to include affiliates and/or co-investors (together, the "**Investors**"). Closing of Tranche 2 is conditional upon the completion of the following (the "**Tranche 2 Closing Conditions**"):

- i. Gotham shall, in their sole discretion, be satisfied with their legal, tax, business and other due diligence with respect to the Company and its business, assets, liabilities, current and future operations, condition and prospects (financial or otherwise);
- ii. Gotham shall have delivered to the Company a notice in writing (the "**Tranche 2 Closing Notice**"), in accordance with the terms of the Investor Rights Agreement, which shall include certain information, including confirmation from Gotham that the Tranche 2 Closing Conditions have been satisfied or waived, and confirmation of the identity of the Investors and the Units issuable in Tranche 2 that each Investor will acquire;
- iii. the Company shall have received approval of the CSE and disinterested Shareholders shall have approved the Transaction Resolution at the Meeting;
- iv. the Investors shall have entered into lock-up agreements with the Company to refrain from selling any Units acquired in Tranche 2 (and any securities underlying such Units acquired in Tranche 2) for a period of twelve (12) months following closing of Tranche 2;
- v. the Company shall have entered into new employment agreements with its Chief Executive Officer, Jeffrey Stevens and Chief Operating Officer, David Shisel; and
- vi. satisfaction of certain other closing conditions customary for a transaction of this nature.

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

The Investor Rights Agreement will terminate on the earliest of: (i) the written agreement of Gotham and the Company; (ii) the date on which Gotham ceases to hold any securities of the Company; (iii) if Gotham provides a notice to the Company that closing of Tranche 2 will not occur; and (iv) by the Company by written notice to Gotham, if Gotham has not delivered a Tranche 2 Closing Notice to the Company by the date which is ninety (90) days from the date of the Investor Rights Agreement, or such

other date as the parties may agree in writing.

The 9,585,000 Units issued in the Initial Tranche consist of 9,585,000 Common Shares and 9,585,000 Warrants, representing 6.59% of the current issued and outstanding Common Shares on a non-diluted basis and 12.37% on a partially diluted basis.

Gotham has no obligation to acquire any Units under Tranche 2. The Units issuable in connection with Tranche 2 shall be issued to the Investors within five business days following the satisfaction and/or waiver of the Tranche 2 Closing Conditions, subject to the terms and conditions of the Investor Rights Agreement. Accordingly, as a result of the Offering, Gotham may be considered to have beneficial ownership over the Units issuable in connection with Tranche 2 in addition to the Units issued in the Initial Tranche.

If the Company is successful in closing Tranche 2, and assuming an exchange rate of US\$1.00 = C\$1.3419 as at June 6, 2023, as published on the website of the Bank of Canada, the Investors are expected to have beneficial ownership of up to 287,550,000 Common Shares (comprised of up to 143,775,000 issued Common Shares and up to a further 143,775,000 Common Shares issuable upon exercise of the Warrants), which represents 51.43% of the current issued and outstanding Common Shares on a non-diluted basis and 67.92% on a partially-diluted basis as of the date hereof.

The Company will make the Investor Rights Agreement available on its SEDAR profile available at www.sedar.com.

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 Tranche 2 Closing Conditions; the Investor Rights Agreement not being terminated in accordance with its terms; 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 Investor Rights Agreement not being terminated in accordance with its terms; 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 Tranche 2 Closing Conditions; the Company's inability to allocate the proceeds from the Offering as intended; the Investor Rights Agreement being terminated in accordance with its terms; 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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