

FORM 10

NOTICE OF PROPOSED SIGNIFICANT TRANSACTION (not involving an issuance or potential issuance of a listed security)¹

Name of Listed Issuer: Psyence Group Inc. (the "Issuer").

Trading Symbol: PSYG

Issued and Outstanding Securities of the Issuer Prior to Transaction: 85,528,931

Date of News Release Fully Disclosing the Transaction: September 28, 2021

1. Transaction

1. Provide details of the transaction including the date, description and location of assets, if applicable, parties to and type of agreement (eg: sale, option, license, contract for Investor Relations Activities etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

The issuer announced the signing of a Joint Venture Agreement and incorporation of a separate legal entity called Pure Psyence Corp. ("**Pure Psyence**"). The newly incorporated entity has been formed in Canada under the provisions of the *Canada Business Corporation Act*. The joint arrangement is between the issuer and Pure Extracts Technologies Corp. ("**Pure Extracts**").

Pure Extracts is a plant-based extraction company with extensive expertise in cannabis, hemp, functional mushrooms and psychoactive mushrooms. A Dealer's Licence was submitted to Health Canada under the Controlled Drugs and Substances Act (CDSA) to process psilocybin mushrooms at its state-of-the-art extraction facility. Located in Pemberton, BC, the Pure Extract facility was built for EU-GMP certification.

Pure Psyence will develop nature-derived psilocybin extracts and advanced psilocybin formulations for the long-term treatment of psychological trauma and its mental health consequences. Pure Psyence will leverage Psyence's supply of high-quality standardized psilocybin mushrooms with Pure Extract's

¹ If the transaction involved the issuance of securities, other than debt securities that are not convertible into listed securities, use Form 9.

expertise in extraction technologies to produce high-quality, high-purity medicinal mushroom extracts and formulations on a commercial pharmaceutical scale.

The Joint Venture's combined expertise in formulation development of psychoactive compounds will enable Pure Psyence to produce stable and effective psilocybin medicinal products. Pure Psyence's physicians and scientists will work to make psilocybin more accessible to leading Canadian research institutions as well as provide psilocybin to its own research team at Pure Psyence for human clinical trials.

2. Provide the following information in relation to the total consideration for the transaction (including details of all cash, non-convertible debt securities or other consideration) and any required work commitments:

- (a) Total aggregate consideration in Canadian dollars: CAD \$500
- (b) Cash: CAD \$500 for ordinary shares in Pure Psyence
- (c) Other: None
- (d) Work commitments: Shareholder Loan to Pure Psyence of CAD \$ 105,000 repayable on demand bearing interest at 1% per annum.

3. State how the purchase or sale price and the terms of any agreement were determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc).

The terms of the loan were negotiated between the respective Board of Directors of the Issuer and Pure Extracts. The loan bears interest at 1% which is the prevailing interest rate in Canada for similar transactions. The loan is an arms-length transaction.

4. Provide details of any appraisal or valuation of the subject of the transaction known to management of the Issuer:

No appraisals or valuations was required as it was the set up of a new Joint Venture.

5. If the transaction is an acquisition, details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired:

The transaction is not an acquisition.

6. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the transaction (including warrants, options, etc.):

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the transaction (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer):

No fee, commission, bonus or finder's fee has been paid or to be paid to the above-mentioned persons.

(b) Cash - None

(c) Other – None

7. State whether the vendor, sales agent, broker or other person receiving compensation in connection with the transaction is a Related Person or has any other relationship with the Issuer and provide details of the relationship.

No compensation was paid to any related persons regarding the above transaction.

8. If applicable, indicate whether the transaction is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months.

Not applicable.

2. Development

Provide details of the development. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

No material developments have occurred in Pure Psyence besides those described above.

3. Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. To the knowledge of the Issuer, at the time an agreement in principle was reached, no party to the transaction had knowledge of any undisclosed material information relating to the Issuer, other than in relation to the transaction.
3. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
4. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
5. All of the information in this Form 10 Notice of Proposed Significant Transaction is true.

Dated: September 28, 2021.

Warwick Corden-Lloyd
Name of Director or Senior
Officer

"Warwick Corden-Lloyd"
Signature

Chief Financial Officer
Official Capacity