



PSYCHED WELLNESS LTD.

For Immediate Release

PSYCHED WELLNESS AND GOTHAM GREEN PARTNERS TO CLOSE FINAL TRANCHE OF US\$2.5M FOR A TOTAL OF US\$7.5M RAISED AND PARTNER WITH STRATEGIC ADVISORS TO BUILD CONSUMER PACKAGED GOODS DERIVED FROM AME-1

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Toronto, Ontario--(Newsfile Corp. – April 19, 2024) – 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 entered into a master services agreement (the “**Master Services Agreement**”) with Zerkalo, LLC, a New York partnership (“**Zerkalo**”), pursuant to which the Company has engaged Zerkalo to develop product development, marketing, distribution and supply chain set up for a product derived from AME-1 (the “**Product**”), in accordance with the terms and conditions of the Master Services Agreement and accompanying statement of work (the “**SOW**” and together with the Master Services Agreement, the “**Transaction Documents**”) for a period of the greater of: (x) thirty months and (y) the time required to complete any services still outstanding pursuant to the Transaction Documents at the end of the thirty month period.

“Closing the last tranche of the financing with Gotham Green Partners and securing Zerkalo’s investment and partnership to build out our consumer packaged goods (“**CPG**”) brand representing a transformational moment for Psyched Wellness and its shareholders,” said Jeffrey Stevens, Chief Executive Officer of the Company. “As the founders of Harmless Harvest, Justin and Douglas have an incredible track record of building brands and creating value for its investors, and we are thrilled to have them lead this next chapter for Psyched Wellness,” added Mr. Stevens.

“Douglas and Justin’s shared alignment with our Company’s vision and enthusiasm for the potential of AME-1 as a leading-edge CPG product is invaluable. With their wealth of experience and creativity, we are thrilled to collaborate in bringing Amanita products to the mass market,” said David Shisel, Chief Operating Officer of the Company.

“Over the past years we have been on the lookout for a truly disruptive ingredient that can demonstrate value in tangibly improving the quality of modern life. While a broad variety of novel fungi and plants have made their way into the food and beverage aisles in the past few years, few have delivered on the promise and surging demand for wellness you can actually feel. Amanita gives us a whole new product design vocabulary that shows great promise and mass appeal. We’re thrilled to join these pioneers and establish a truly needed product for the health conscious consumer,” said Justin Guilbert.

“Fifteen years ago, Justin and I nurtured the dream of an integrated supply chain that values conservation, sustainability, and the complexity of biotopes. With Psyched Wellness’s Amanita we finally have a non timber forest product to champion and scale to meaningful environmental impact. Better for you should be better for the planet. This opportunity is one of the rare models that can deliver a blueprint for better food systems,” added Douglas Riboud.

Messrs. Guilbert and Riboud have been collaborating on developing and delivering radically innovative consumer products for the past fifteen years. As founders, they are best known for creating ‘Harmless Harvest’ – the plant-based juggernaut famed for its iconic coconut water. They have been involved in numerous projects, from beauty to seafood, with a core mission to successfully establish purpose or “conscious” capitalism as the next iteration for a modern construct of consumerism.

Transaction Details

Pursuant to the terms and conditions of the Transaction Documents, the Company will allocate a budget \$2,250,000 in cash towards Zerkalo, payable in ten quarterly installments of \$225,000 to achieve the milestones outlined in the SOW and issue to Zerkalo an aggregate of 35,066,632 advisory warrants (each, an “**Advisory Warrant**”) within ten days of signing the Transaction Documents. These milestones include, but are not limited to, the creation of a brand/brand identity, product development/formulation, packaging conception and execution, development of marketing material, sales support and merchandising asset development, review and selection of copacker partners and strategy, oversight of pilot and production runs, go-to-market/sales-and-distribution (channel selection, positioning analysis, soft launch with core audience, channel support execution, field sales support strategy and activation, promotional strategy, negotiation and execution), and project management and finance.

Each Advisory Warrant will entitle Zerkalo to acquire one common share in the capital of the Company (each, a “**Common Share**”) at a price of C\$0.10 per Common Share (the “**Exercise Price**”) at any time for a period of sixty months from the date of issuance, subject to certain vesting conditions. Subject to the Transaction Documents not being terminated prior to the applicable vesting date, 23,377,755 Advisory Warrants shall vest in quarterly installments over the span of ten quarters and the remaining 11,688,877 Advisory Warrants shall vest only upon the completion of the Product’s launch.

The Advisory Warrants and the Common Shares underlying their exercise 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 the U.S. Securities Act.

Private Placement Update

Further to the Company’s press releases dated May 30, 2023 (the “**May 30 Release**”) and June 12, 2023 (the “**June 12 Release**”), September 1, 2023 (the “**September 1 Release**”), September 5, 2023 and January 17, 2024, notwithstanding the fact that Gotham’s (as defined in the June 12 Release) exclusivity elapsed on November 8, 2023, the Company and Gotham are continuing to work towards closing Tranche 2B (as defined in the September 1 Release). Capitalized terms not otherwise defined herein have the meanings attributed to them in the May 30 Release.

Pursuant to the terms and conditions of the Amended and Restated Investor Rights Agreement (as defined in the September 1 Release), upon satisfaction and/or waiver of the Tranche 2B Closing Conditions (as defined in the September 1 Release) and receipt of a closing notice, the parties will close a final tranche of the Offering for gross proceeds of US\$2,500,000. Each Unit will be sold at a price of C\$0.07 per Unit and will consist of one (1) Common Share and one (1) Warrant. Each Warrant will entitle 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 issuable under Tranche 2B 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 the U.S. Securities Act. The Company intends to use the net proceeds from the Offering for working capital and general corporate purposes.

Upon closing of Tranche 2B, and during the remainder of the Nomination Period (as defined in the September 1 Release), Gotham shall be entitled to designate the Third Nominee (as defined in the September 1 Release), replacing one existing member of the Board (who shall not be the First Nominee or Second Nominee (each as defined in the September 1 Release)), bringing the total Board representation of Gotham to three (3) members, and maintaining the

board size at seven (7), provided that no more than three (3) Board members, at any time, will be employees or partners of the Investors (as defined in the June 12 Release) or their affiliates.

Gotham has no obligation to acquire any Units under Tranche 2B. The Units issuable in connection with Tranche 2B shall be issued to the Investors within five (5) business days following the satisfaction and/or waiver of the Tranche 2B Closing Conditions, subject to the terms and conditions of the Amended and Restated Investor Rights Agreement.

The Investors in Tranche 2B will enter into lock-up agreements with the Company to refrain from selling any Units acquired in Tranche 2B (and any securities underlying such Units acquired in Tranche 2B) for a period of twelve (12) months following closing of Tranche 2B.

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 use of the proceeds from the Offering; Gotham exercising its rights under the Amended and Restated Investor Rights Agreement; the anticipated size, timing of the closing(s), number of placees, and tranches of the Offering; the anticipated completion of the entire Offering under the stated terms, including the satisfaction and/or waiver of the Tranche 2B Closing Conditions; the Company maintaining a first-mover advantage in bringing legal and safe products derived from the Amanita Muscaria mushroom to consumers in the United States; Zerkalo completing its services and hitting their milestones under the terms of the Transaction Documents; the Company building out a CPG brand; the impact of the partnership on the Company, its business and its shareholders; the Company bringing Amanita products to the mass market; the Company's allocation of cash towards Zerkalo; and the Company issuing the Advisor Warrants on the terms set out 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 entire Offering under its stated terms; the Company's allocating the proceeds from the Offering as intended; the Amended and Restated Investor Rights Agreement not being terminated in accordance with its terms; Gotham will exercise its rights under the Amended and Restated Investor Rights Agreement; the Company will maintain a first-mover advantage in bringing legal and safe products derived from the Amanita Muscaria mushroom to consumers in the United States; Zerkalo will complete its services and hit their milestones under the terms of the Transaction Documents; the Company will build out a CPG brand; the partnership will have the intended impact on the Company, its business and its shareholders; the Company will bring Amanita products to the mass market; the Company will not terminate the Transaction Agreements and will utilize its cash as set out herein; and the Company will issue the Advisor Warrants on the terms set out 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 entire Offering under its stated terms or at all, including the inability to satisfy and/or get waiver of the Tranche 2B Closing Conditions; the Company's inability to allocate the proceeds from the Offering as intended; risks associated with Gotham exercising its rights under the Amended and Restated Investor Rights Agreement; risk that the Company will be unable to maintain or have a first-mover advantage in bringing legal and safe products derived from the Amanita Muscaria mushroom to consumers in the United States; risk that Zerkalo will be unable to complete its services and/or hit their milestones under the terms of the Transaction Documents; risk that the Company will be unable to build out a CPG brand; risk that the partnership will not have its intended impact on the Company, its business and/or its shareholders; risk that the Company will be unable to bring Amanita products to the mass market; risk that the Company will be unable to utilize its cash as intended; and risk that the Company will not issue the Advisor Warrants on the terms set out 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.