

## FORM 7

### **MONTHLY PROGRESS REPORT**

Name of Listed Issuer: Psyched Wellness Ltd. (the "Issuer")

Trading Symbol: PSYC

Number of Outstanding Listed Securities: 285,166,834 Common Shares

Date: April 30, 2024

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**On April 19, 2024, the Issuer announced entering into a Master Service Agreement ("MSA") with Zerkalo, LLC, a New York partnership ("Zerkalo"), pursuant to which the Issuer has engaged Zerkalo to develop product development, marketing, distribution and supply chain set up for a product derived from AME-1, in accordance with the terms and conditions of the MSA and accompanying statement of work ("SOW") (collectively referred to as the "Transaction Documents") for a period of the greater of: (i) thirty (30) months, and (ii) the time required to complete any services still outstanding pursuant to the Transaction Documents at the end of the 30 month period. Pursuant to the terms and conditions of the Transaction Document, the Issuer will allocate a budget of \$2,250,000 in cash towards Zerkalo, payable in 10 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 10 days of signing the Transaction Document. Each Advisory Warrant will entitle Zerkalo to acquire one common share in the capital of the Issuer (each, a "Common Share") at a price of \$0.10 per Common Share at any time for a period of 60 months from the date of issuance. Please refer to the press release dated April 19, 2024, which can be found on [www.sedarplus.ca](http://www.sedarplus.ca) under the Issuer's profile for further details.**

**On April 30, 2024 ("Closing Date"), the Issuer closed Tranche 2B of its non-brokered private placement for gross proceeds of US\$2,500,000, approximately C\$3,422,250. Pursuant to Tranche 2B, the Issuer issued 48,889,284 Units at a price of C\$0.07 per Unit. Each Unit consists of one (1) Common Share and one (1) Warrant. Each Warrant entitles the holder 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. In connection with closing Tranche 2B:**

- Gotham is entitled to designate up to one (1) additional individual to become a member of the Issuer's Board of Directors ("Board"), replacing one existing member of the Board, bringing the total Board representation of Gotham to three (3) members and maintaining the Board size at seven (7); and
- The Tranche 2B investors entered into a lock-up agreement with the Issuer to refrain from selling any Units acquired in Tranche 2b for a period of twelve (12) months following the Tranche 2B Closing Date.

Please refer to the press release dated May 1, 2024, which can be found on [www.sedarplus.ca](http://www.sedarplus.ca) under the Issuer's profile for further details.

2. Provide a general overview and discussion of the activities of management.

Psyched Wellness's management has developed and launched a line of mushroom-infused functional tinctures designed to help with three health objectives: (i) soothe the body, (ii) ease physical distress and (iii) assist with sleeping. The Issuer, working with the National Research Council of Canada is exploring the potential of its unique AME-1 formulation and its active compound, Muscimol for its medicinal purposes.

Operations-wise, the Issuer had an aggressive plan for 2024, where key focus areas include:

- develop additional sales channels for the Company's products in the U.S. and explore potential sales channels for Canada, Europe and Asia in 2024 (on-going);
- expand on branding, sales and marketing efforts for the Company's first product (on-going);
- continue our R&D projects for additional products (on October 4, 2022, we announced filing patent for use of AME-1 and Amanita Muscaria in vaping device);
- commence R&D for formulations of AME-1 with other active compounds;
- identify joint venture opportunities for white labeling the AME-1 with other brands; and
- identify white labeling opportunities for our products with different label.

The Issuer has currently paused its plans to conduct clinical trials for the purposes of researching structure/function claims of AME-1 (i.e., exploring the role of AME-1 in its ability to promote stress relief, relaxation and assist with restful sleeping), in order to focus its time and resources on its flagship product, *Calm*. The Issuer is not planning to conduct clinical trials for the purposes of drug development. The Issuer has also paused its plans to pursue a new dietary ingredient application with the the United States Food and Drug Administration ("FDA") and will continue to market its products using the Generally Recognized As Safe (GRAS) (Self-GRAS) designation.

The Issuer will also continue to market its products in the U.S. using the Self-GRAS designation, and it may submit applications to Health Canada for a Natural Health Product Number (NHPN) for AME-1 to be sold as a health supplement. The addition of the Self-GRAS dossier derisks the move to commercialization. Most companies take new ingredients through the Self-GRAS process as it gives them flexibility to be sold as a conventional food (Nutrition Facts) or dietary supplement (Supplement Facts). The reason the Issuer did not initially go this route was because the FDA was being sued over the GRAS process and our advisors felt it was too risky given the unknowns of how the lawsuit would pan out. Fortunately, the lawsuit was recently settled in the Southern District of New York in October of 2021 which removed that risk, so it was deemed prudent to pursue the Self-GRAS route in addition to the NHPN. The Self-GRAS route is the path of least resistance and the most efficient way to get products to market.

In parallel to that, the Issuer has been working on branding, sales and marketing efforts and supply chain manufacturing for commercial-scale manufacturing of Amanita Muscaria-infused products. The Issuer currently has a CMO partner that has all the necessary regulatory approvals to manufacture the product, bottle, and label on behalf of the Issuer.

As the Issuer continues to discover the potential of AME-1, management and its Advisory Board will conduct additional research on the many potential mental and physical health issues that our unique extraction formulation of AME-1 could benefit.

As muscimol affects the Gaba A receptor, one of the more important receptors in the human brain, it has a unique ability to potentially assist people suffering from various mental and physical health ailments.

The Issuer also intends to maintain sufficient cash to fund the Issuer's operating requirements and expansion plans identified from time to time.

While the Issuer expects to incur losses for at minimum the next 12 months, the management of Psyched Wellness continues to work towards the success and eventual profitability of the business.

To ensure that the Issuer will have sufficient financial resources in place to carry out its strategy, management had been aggressively trying to promote and raise the Issuer's profile to the capital markets and within the investment community. The Issuer's ability to access both public and private capital is dependent upon, among other things, general market conditions and the capital markets generally, market perceptions about the Issuer and its business operations, and the trading prices of the Issuer's securities from time to time. When additional capital is required, the Issuer intends to raise funds through the issuance of equity. Other possible sources include the exercise of stock options and warrants.

There can be no assurance that additional funds can be raised upon terms acceptable to the Issuer, or at all, as funding for early-stage companies remains

**challenging generally. In the absence of any revenues from the current operations, management understands that obtaining new funding is paramount to support the Issuer's operations in the foreseeable future.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law

**There are no new products or services developed or offered by the Issuer.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None noted.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**On April 19, 2024, the Issuer entered a MSA with Zerkalo, to develop product development, marketing, distribution and supply chain set up for a product derived from AME-1. Please refer to the press release dated April 19, 2024, which can be found on [www.sedarplus.ca](http://www.sedarplus.ca) under the Issuer's profile for further details.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**None noted.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**None noted.**

8. Describe the acquisition of new customers or loss of customers.

**None noted.**

9. Describe any new developments or effects on intangible products such as brand

names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**None noted.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**None noted.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**None noted.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None noted.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None noted.**

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Common Shares	48,889,284	Issuance on completion of Tranche 2B non-brokered private placement Units with gross proceeds of US\$2,500,000 (C\$3,422,250)	Working capital and general corporate purposes.
Warrants	48,889,284	Issuance of non-brokered private placement Units	n/a
Warrants	35,066,632	Advisory warrants issued to Zerkalo	n/a

15. Provide details of any loans to or by Related Persons.

**None noted.**

16. Provide details of any changes in directors, officers or committee members.

**None noted.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**The trends and risks which are likely to impact Psyched Wellness' business and operations are detailed in the Issuer's most recently filed MD&A under the heading "Risk Factors"; and in the Issuer's other public filings, all of which are available under the Issuer's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca), and which are incorporated into this report by reference thereto.**

## 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. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. 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).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated May 3, 2024.

Jeffrey Stevens  
Name of Director or Senior Officer

"Jeffrey Stevens"  
Signature

Chief Executive Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer Psyched Wellness Ltd	For Month End April 30, 2024	Date of Report YY/MM/DD 24/05/03
Issuer Address  77 King Street West, Suite 2905		
City/Province/Postal Code  Toronto/ Ontario/ M5K 1H1	Issuer Fax No.  (   )	Issuer Telephone No.  (647) 400-8494
Contact Name  Keith Li	Contact Position  CFO	Contact Telephone No.  (647) 660-8703
Contact Email Address kli@bransonservices.com	Web Site Address <u>www.psyched-wellness.com</u>	