

Nova Mentis Life Science Corp.
(formerly Liberty Leaf Holdings Ltd.)

Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended September 30, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars)

Nova Mentis Life Science Corp.
(formerly Liberty Leaf Holdings Ltd.)

Three and Nine Months Ended September 30, 2020

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor Smythe Ratcliffe LLP, Chartered Accountants has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

November 30, 2020

Nova Mentis Life Science Corp.
(formerly Liberty Leaf Holdings Ltd.)

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2020	December 31, 2019
Assets		
Current		
Cash	\$ 289,928	\$ 87,005
Short term investments (note 9)	885,774	760,411
GST receivable	8,178	6,576
Inventory	12,008	18,108
Prepaid expenses and deposits	204	8,220
	1,196,092	880,320
Property and Equipment (note 6)	24,819	29,934
Investment in Associate (note 7)	5,954,839	5,674,681
	\$ 7,175,750	\$ 6,584,935
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10)	\$ 290,101	\$ 325,070
	290,101	325,070
Shareholders' Equity		
Share Capital (note 11)	34,969,138	27,494,138
Reserves (note 11)	6,761,676	6,447,195
Deficit	(34,845,165)	(27,681,468)
	6,885,649	6,259,865
	\$ 7,175,750	\$ 6,584,935

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved on behalf of the Board:

"William Rascan"

..... Director
William Rascan

"Steven Feldman"

..... Director
Steven Feldman

Nova Mentis Life Science Corp.
(formerly Liberty Leaf Holdings Ltd.)

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three and Nine Months Ended September 30
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended Sept. 30, 2020	Three Months Ended Sept. 30, 2019	Nine Months Ended Sept. 30, 2020	Nine Months Ended Sept. 30, 2019
Revenue	\$ 1,317	\$ -	\$ 9,946	\$ -
Cost of Goods Sold	(1,291)	-	(8,173)	-
Gross Profit	26	-	1,773	-
Expenses				
Accounting, legal and audit	38,133	27,320	43,444	89,487
Amortization (note 6)	1,705	2,449	5,115	7,348
Consulting fees (note 10)	50,480	47,587	120,479	383,218
Management fees (note 10)	49,500	49,500	148,500	138,500
Office and general	2,052	55,504	35,416	98,339
Rent	-	4,500	-	17,000
Share-based payments (note 10)	314,481	182,701	314,481	266,210
Shareholder communications and investor relations (note 10)	12,000	14,500	36,081	48,438
Transfer agent and filing fees	13,688	7,414	41,171	38,956
Loss before Other Items	482,013	391,475	742,914	1,087,496
Loss (gain) on short term investments (note 9)	10,570	(77,850)	20,585	(17,850)
Interest Income	-	(4,750)	(3,220)	(16,750)
Gain on settlement of prepaid	-	-	(19,427)	-
Consideration paid in excess of net assets acquired from Nova (note 8)	-	-	6,268,583	-
Equity loss from associate (note 7)	61,915	35,000	154,263	94,643
Net Loss and Comprehensive Loss	\$ 554,498	\$ 343,875	\$ 7,163,698	\$ 1,147,539
Basic and Diluted Loss Per Share *	\$ 0.01	\$ 0.01	\$ 0.17	\$ 0.04
Basic and Diluted Weighted Average Number of Common Shares Outstanding *				
	60,881,535	32,031,211	42,557,358	31,948,721

* Basic and Diluted weighted average number of common shares outstanding and Basic and Diluted Loss per Share reflect the 4 to 1 share consolidation detailed in Note 11.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
For the Nine Months ended September 30, 2020 and 2019
(Unaudited - Expressed in Canadian Dollars)

	Number of Shares *	Share Capital	Reserves	Deficit	Total
Balance, December 31, 2018	31,819,033	\$ 27,258,306	\$ 6,266,817	\$ (26,283,381)	\$ 7,241,742
Shares issued on the exercise of share options	312,500	150,000	-	-	150,000
Fair value of share options exercised	-	85,832	(85,832)	-	-
Share options granted	-	-	266,210	-	266,210
Net loss for the period	-	-	-	(1,147,539)	(1,147,539)
Balance, September 30, 2019	32,131,533	27,494,138	6,447,195	(27,430,919)	6,510,414
Net loss for the period	-	-	-	(250,549)	(250,549)
Balance, December 31, 2019	32,131,533	27,494,138	6,447,195	(27,681,468)	6,259,865
Shares issued on Nova Acquisition	28,750,002	7,475,000	-	-	7,475,000
Share options granted	-	-	314,481	-	314,481
Net loss for the period	-	-	-	(7,163,698)	(7,163,698)
Balance, September 30, 2020	60,881,535	\$ 34,969,138	\$ 6,761,676	\$ (34,845,165)	\$ 6,885,649

* Number of Shares reflect the 4 to 1 share consolidation detailed in Note 8 and 11.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Nova Mentis Life Science Corp.
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Condensed Consolidated Interim Statements of Cash Flows
For the Nine Months Ended September 30
(Unaudited - Expressed in Canadian Dollars)

	2020	2019
Operating Activities		
Net loss for the period	\$ (7,163,698)	\$ (1,147,539)
Items not involving cash		
Amortization	5,115	7,348
Consideration paid in excess of net assets acquired from Nova (note 8)	6,262,010	-
Share-based payments	314,481	266,210
Loss (gain) on short term investments	19,570	(17,850)
Interest accrued on short term investments	(3,220)	(16,750)
Equity loss from associate (note 7)	154,263	94,643
Changes in non-cash working capital		
GST receivable	(1,602)	32,772
Inventory	6,100	-
Prepaid expenses	8,016	40,830
Accounts payable and accrued liabilities	(34,968)	24,109
Cash Used in Operating Activities	(433,933)	(716,227)
Investing Activities		
Advances to associate (note 7)	(434,421)	(357,414)
Short term investments (note 9)	(141,713)	-
Proceeds on sale of short term investments	-	620,460
Proceeds from Nova Mentis Acquisition (note 8)	1,212,990	-
Cash Provided by (Used in) Investing Activities	636,856	263,046
Financing Activities		
Shares issued for cash, net of issue costs	-	150,000
Cash Provided by Financing Activities	-	150,000
Inflow (Outflow) of Cash	202,923	(303,181)
Cash, Beginning of the Period	87,005	402,393
Cash, End of the Period	\$ 289,928	\$ 99,212

Supplemental Disclosures with Respect to Cash Flows (note 12)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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(formerly Liberty Leaf Holdings Ltd.)

Notes to the Condensed Consolidated Interim Financial Statements
For the Nine Months ended September 30, 2020
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Nova Mentis Life Science Corp. is a Vancouver, British Columbia, based company incorporated in the province of British Columbia. The Company is listed on the Canadian Securities Exchange (the "Exchange") under the symbol "NOVA". The Company was previously known as Liberty Leaf Holdings Ltd. and was previously listed on the Canadian Securities Exchange (the "Exchange") under the symbol "LIB". Effective June 26, 2020, the shares of the Company commenced trading on the Canadian Securities Exchange on a consolidated basis under the name "Nova Mentis Life Science Corp." and stock symbol "NOVA". More information regarding the transaction is provided in note 8.

The principal address of the Company is located at 700 – 838 West Hastings Street, Vancouver, British Columbia, Canada, V6C 0A6.

2. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company incurred an operating loss during the nine months ended September 30, 2020 of \$7,163,698 (2019 - \$1,147,539) and as at that date has a deficit of \$34,845,165 (December 31, 2019 - \$27,681,468), has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to fund its investment in associate (note 7) or enter into agreements with other cannabis-related businesses. Management is actively engaged in the review and due diligence on opportunities of merit in the cannabis sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these condensed consolidated interim financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used. Such adjustments could be material.

3. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). As such, certain disclosures required by IFRS have been condensed or omitted.

These condensed consolidated interim financial statements of the Company should be read in conjunction with the Company's 2019 annual consolidated financial statements, which have been prepared in accordance with IFRS.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared using the historical cost basis, except for certain financial instruments, which are measured at fair value. These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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c) Principles of consolidation

The condensed consolidated interim financial statements of the Company consolidate the accounts of the Company and its wholly owned subsidiaries, North Road, a British Columbia, Canada company and Signature Cannabis Retail, a British Columbia, Canada company. All intercompany transactions, balances and unrealized gains and losses are eliminated on consolidation.

d) Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2020 were approved and authorized for issue by the Board of Directors on November 27, 2020.

e) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the condensed consolidated interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

The key areas of judgment applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities is as follows:

- Control

Management consolidates all subsidiaries and entities which it is determined that the Company controls. Control is evaluated on the ability of the Company to direct the activities of the subsidiary or entity to derive variable returns and management uses judgment in determining whether control exists. Judgment is exercised in the evaluation of the variable returns and in determining the extent to which the Company has the ability to exercise its power to generate variable returns.

- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

- Significant influence

Where the Company holds the largest shareholding in an investment and has the power to exercise significant influence through common officers and board members, such an investment is treated as an associate. The Company has determined it can exercise significant influence over Just Kush (note 7).

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3. BASIS OF PRESENTATION (Continued)

e) Use of estimates and judgments (Continued)

Treatment of license costs

License costs are capitalized to the extent that the criteria for recognition as intangible assets in IAS 38 *Intangible Assets* are met. Those criteria require that the product is technically and economically feasible, which management assesses based on the attributes of the development project, perceived user needs, industry trends and expected future economic conditions. Management considers these factors in aggregate and applies significant judgment to determine whether the product is feasible. The Company has not capitalized any license costs as at September 30, 2020.

The key estimates applied in the preparation of the condensed consolidated interim financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The inputs used in assessing the recoverable amount of deferred tax assets;
- Assumptions used as inputs to calculate share-based payments; and
- Fair value of equity issuances for non-cash consideration.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the condensed consolidated interim financial statements, as appropriate.

4. ADOPTION OF NEW ACCOUNTING STANDARDS

i) Standards, amendments and interpretations not yet effective

The Company will be required to adopt the following standards and amendments issued by the IASB as described below.

IFRS 17 Insurance Contracts

IFRS 17 is a new standard that requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4, Insurance Contracts, and related interpretations.

Effective for the Company's annual period beginning January 1, 2021. The Company has yet to assess the impact of IFRS 17 on its condensed consolidated interim financial statements.

5. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

- Cash is classified as financial asset at FVTPL;
- Short-term investments as financial assets classified as FVTPL;
- Accounts payable and accrued liabilities are classified as financial liabilities at amortized cost.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;

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- Liquidity risk; and
- Market risk.

5. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash and certain short term investments, by placing cash with major Canadian financial institutions. The Company is therefore exposed to credit risk with respect to cash of \$289,928 (December 31, 2019 - \$87,005) and short-term investments of \$885,774 (December 31, 2019 - \$711,486) as at September 30, 2020.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. As of September 30, 2020, the Company has cash and short term investments of \$1,175,702 (December 31, 2019 - \$847,416) to meet contractual financial liabilities of \$290,101 (December 31, 2019 - \$325,070). All of the liabilities presented as accounts payable are due within 90 days of September 30, 2020.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

As at September 30, 2020, the Company is exposed to market risk with respect to short term investments of \$10,570 (December 31, 2019 - \$48,925) representing the Company's investment in common shares of Sire Bioscience Inc. ("SIRE", formerly Blox Labs Inc. ("BLOX")).

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Notes to the Condensed Consolidated Interim Financial Statements
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6. PROPERTY AND EQUIPMENT

	Computer Equipment	Office Equipment	Total
Cost			
Balance, December 31, 2018	\$ 16,173	\$ 39,880	\$ 56,053
Additions	-	-	-
Balance, December 31, 2019	\$ 16,173	\$ 39,880	\$ 56,053
Additions	-	-	-
Balance, September 30, 2020	\$ 16,173	\$ 39,880	\$ 56,053
Accumulated Amortization			
Balance, December 31, 2018	\$ 10,884	\$ 5,437	\$ 16,321
Amortization	2,909	6,889	9,798
Balance, December 31, 2019	\$ 13,793	\$ 12,326	\$ 26,119
Amortization	982	4,133	5,115
Balance, September 30, 2020	\$ 14,775	\$ 16,459	\$ 31,234
Net Book Value, December 31, 2019	\$ 2,380	\$ 27,554	\$ 29,934
Net Book Value, September 30, 2020	\$ 1,398	\$ 23,421	\$ 24,819

7. INVESTMENT IN ASSOCIATE

On December 6, 2017, the Company signed an agreement to acquire shares of Just Kush Enterprises Ltd. (“Just Kush”), a private British Columbia company with an in process ACMPR license.

Pursuant to the agreement, the Company has advanced payment to Just Kush and the amount pertains to the build out expenditures incurred at the Just Kush facility to further Just Kush’s ACMPR application. These amounts have been paid by the Company and are owed to the Company by Just Kush.

The capital of Just Kush consists of 100 Class A voting shares and 100 class B common shares. The Company acquired 45 Class A voting shares and 24 Class B common shares of Just Kush, representing approximately 34.5% equity interest in Just Kush.

As consideration, the Company paid \$150,000 and issued 500,000 common shares of the Company upon execution of the agreement at a fair value based on market prices of \$840,000. In addition, the Company may acquire a further 36 Class B common shares pursuant to the milestones below. The Company issued a further 750,000 common shares at a fair value based on market prices of \$2,670,000 on January 15, 2018 to be held in escrow and to be released upon the following milestones:

- i. Within two days of receipt of written notice from Just Kush indicating that Just Kush passed the Security Clearance pursuant to the ACMPR application, the Company shall issue 250,000 common shares of the Company to shareholders of Just Kush in exchange for 12 Class B shares.
- ii. Within two days of receipt of written notice from Just Kush indicating that Just Kush received its License to Produce pursuant to the ACMPR application, the Company shall issue 125,000 common shares of the Company to shareholders of Just Kush in exchange for 6 Class B shares.
- iii. Within two days of receipt of written notice from Just Kush indicating that Just Kush completed its Introduction Inspection pursuant to the ACMPR application, the Company shall issue 125,000 common shares of the Company to shareholders of Just Kush in exchange for 6 Class B shares.

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iv. Within two days of receipt of written notice from Just Kush indicating that Just Kush completed its Pre-Sales Inspection pursuant to the ACMPR application, the Company shall issue 125,000 common shares of the Company to shareholders of Just Kush in exchange for 6 Class B shares.

v. Within two days of receipt of written notice from Just Kush indicating that Just Kush received its License to Sell, pursuant to the ACMPR application, the Company shall pay \$600,000 to the shareholders of Just Kush, and issue 125,000 common shares of the Company to shareholders of Just Kush. The \$600,000 is payable in cash and/or issuance of shares of the Company (based on a 20-day VWAP at the option of Company), in exchange for 6 Class B shares of Just Kush.

7. INVESTMENT IN ASSOCIATE (Continued)

As of September 30, 2020, Just Kush had met milestones i – iv, however, management and Just Kush are currently clarifying the terms for the milestone payments of the original share purchase agreement to better reflect the new regulations that have replaced the ACMPR. The total consideration to be paid under the share purchase agreement has not changed. Accordingly no additional shares have been issued by either party. As such, the Company's investment in associate remains at 34.5% equity interest as at September 30, 2020.

In relation to this transaction, the Company paid a finder's fee of 250,000 common shares, which were valued at \$420,000 and compensation shares of 250,000 common shares, which were valued at \$420,000.

The Company has determined it has significant influence over Just Kush and accounts for its investment using the equity method. The following is a summary of the investment in associate:

	2020	2019
Shares issued	\$ 4,350,000	\$ 4,350,000
Cash consideration	\$ 150,000	\$ 150,000
Advances	\$ 1,812,839	\$ 1,378,418
Equity loss from associate	\$ (358,000)	\$ (203,737)
Investment in associate	\$ 5,954,839	\$ 5,674,681

Summarized financial information for Just Kush is as follows:

	2020	2019
Current assets	\$ 53,118	\$ 26,839
Non-current assets	\$ 1,289,864	\$ 1,146,381
Current liabilities	\$ 330,708	\$ 71,185
Non-current liabilities	\$ 2,444,307	\$ 2,009,886
Net loss	\$ 447,140	\$ 272,341

8. NOVA MENTIS BIOSCIENCE

On June 22, 2020, the Company entered into an agreement with Nova Mentis Biotech Corp. ("NOVA"), pursuant to which the Company acquired 100 per cent of the issued and outstanding shares in the capital of NOVA in exchange for 115,000,000 common shares in the capital of the Company (the "LIB Consideration Shares"). These 115,000,000 common shares were issued on June 23, 2020.

NOVA is a research and development driven company that is focused on investigating the anti-inflammatory effects of psilocybin in underexplored metabolic indications such as obesity and diabetes.

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In connection with the Transaction, certain NOVA shareholders have agreed to a voluntary hold period pursuant to which 43,907,695 of the LIB Consideration Shares will be subject to trading restrictions. Specifically, 21,953,847 of the LIB Consideration Shares will be released on the three month anniversary of the closing the Transaction, and 21,953,848 of the LIB Consideration Shares will be released on the six month anniversary of closing the Transaction.

On June 26, 2020, the Company consolidated all of the Company's issued and outstanding common shares on the basis of four pre-consolidated shares for every one post-consolidated share (the "Consolidation"). After giving effect to the Transaction and before the Consolidation, the Company had 243,526,132 common shares issued and outstanding. Upon completion of the Consolidation, the Company had 60,881,535 common shares issued and outstanding. Further, in connection with the Consolidation, effective June 26, 2020 the Company has changed its name to "Nova Mentis Life Science Corp." with a corresponding symbol change to "NOVA".

The acquisition constituted an asset acquisition as Nova Mentis Biotech Corp., at the time of the acquisition, did not meet the definition of a business, as defined in IFRS 3 'Business Combinations'. The consideration paid was allocated to the net assets and liabilities acquired with the excess included in net loss as consideration paid in excess of net assets acquired.

Fair value of consideration – 115,000,000 common shares at \$0.065	\$	7,475,000
Transaction costs		8,181
		<hr/> 7,483,181
Net Assets Acquired:		
Cash	\$	1,247,500
Amounts receivable		1,608
Accounts payable and accrued liabilities		(34,510)
		<hr/> 1,214,598
Consideration paid in excess of net assets acquired	\$	<hr/> 6,268,583

9. SHORT TERM INVESTMENTS

On March 13, 2018, the Company invested \$1,500,000 in a redeemable short-term investment certificate with a maturity date of February 4, 2019. On February 4, 2019, the \$1,500,000 redeemable short-term investment certificate was renewed with a maturity date of February 4, 2020. During the year ended December 31, 2019, the Company redeemed \$800,000 of the short-term investment certificate. During the nine months ended September 30, 2020, the Company redeemed \$714,501 of the short-term investment certificate. The Company invested \$875,000 on June 26, 2020. The short-term investment earns interest at approximately 0.4% per annum. The investment is redeemable at any time before the maturity date. Interest earned on the investment is included in gain on short term investments.

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9. SHORT TERM INVESTMENTS (Continued)

On June 20, 2018, the Company purchased 666,667 common shares of BLOX at \$0.075 per share. The investment was made pursuant to the terms of an agreement signed December 9, 2017, where the Company agreed to purchase a minimum of \$50,000 in shares of BLOX for investment purposes, when BLOX undertook its next equity financing. The investment is marked to market each reporting period and the gain or loss is reflected in gain/loss on short term investments in profit and loss. Common shares of BLOX underwent a three for one stock split on June 28, 2018. In September 2019, BLOX completed a change of business and name change to Sire Bioscience Inc. ("SIRE"). During the year ended December 31, 2019 the Company sold 43,000 SIRE shares for \$3,350 in proceeds. During the nine months ended September 30, 2020 the Company sold 900,000 SIRE shares for \$17,770 in proceeds. As at September 30, 2020, these 1,057,000 shares were valued at \$0.01 per share for a market value of \$10,570 (December 31, 2019 - \$48,925), with a corresponding loss recognized during the period of \$20,585 (December 31, 2019 – loss of \$27,725).

10. RELATED PARTY TRANSACTIONS

These amounts of key management compensation and other related party transactions are included in the amounts shown on the condensed consolidated interim statements of comprehensive loss for the nine months ended September 30, 2020 and 2019:

	2020	2019
Consulting fees	\$ 55,500	\$ 17,500
Management fees	\$ 148,500	\$ 138,500
Accounting fees	\$ -	\$ 9,575
Shareholder communications	\$ 36,000	\$ 36,000
Share-based payments	\$ 270,454	\$ 101,149

These transactions were in the normal course of operations. The Company engaged the Chief Executive Officer ("CEO"), to provide management services to the Company in consideration of \$112,500 during the nine months ended September 30, 2020 (2019 - \$112,500). The Company engaged the CFO to provide management services in consideration of \$36,000 (2019 - \$26,000 and \$9,575 in accounting fees). The Company engaged a director to provide shareholder communication services for consideration of \$36,000 during the nine months ended September 30, 2020 (2019 - \$36,000). The Company engaged directors to provide consulting services for consideration of \$26,750 during the nine months ended September 30, 2020 (2019 - \$17,500). The Company engaged a relative of the CEO to provide consulting services for consideration of \$15,000 during the nine months ended September 30, 2020 (2019 - \$nil). The Company engaged a relative of the CEO to provide consulting services for consideration of \$13,750 during the nine months ended September 30, 2020 (2019 - \$nil).

As at September 30, 2020, accounts payable and accrued liabilities included \$73,158 (December 31, 2019 - \$35,402) due to officers and directors or companies controlled by current or former officers and directors. The amounts due are non-interest-bearing, unsecured and without stated terms of repayment.

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11. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

During the nine months ended September 30, 2020

On June 23, 2020, the Company issued 115,000,000 common shares in the capital of the Company as part of the acquisition of Nova Mentis Biotech Corp. (“NOVA”) detailed in note 9. These 115,000,000 common shares were valued at \$0.065 resulting in an increase to share capital of \$7,475,000.

In connection with the Transaction, certain NOVA shareholders have agreed to a voluntary hold period pursuant to which 43,907,695 of the LIB Consideration Shares will be subject to trading restrictions. Specifically, 21,953,847 of the LIB Consideration Shares will be released on the three month anniversary of the closing the Transaction, and 21,953,848 of the LIB Consideration Shares will be released on the six month anniversary of closing the Transaction.

On June 26, 2020, the Company consolidated all of the Company’s issued and outstanding common shares on the basis of four pre-consolidated shares for every one post-consolidated share (the “Consolidation”). After giving effect to the Transaction and before the Consolidation, the Company had 243,526,132 common shares issued and outstanding. Upon completion of the Consolidation, the Company had 60,881,535 common shares issued and outstanding. Further, in connection with the Consolidation, effective June 26, 2020 the Company has changed its name to “Nova Mentis Life Science Corp.” with a corresponding symbol change to “NOVA”.

During the year ended December 31, 2019

During the year ended December 31, 2019, the Company issued 312,500 common shares of the Company for gross proceeds of \$150,000 on the exercise of 312,500 stock options. The Company transferred \$85,832 from reserves to share capital in conjunction with the exercises.

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	September 30, 2020		December 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period *	672,086	\$ 2.40	826,086	\$ 2.12
Issued *	-	-	-	-
Exercised *	-	-	-	-
Expired *	(672,086)	2.40	(154,000)	0.80
Outstanding, end of period	-	-	672,086	\$ 2.40

* Warrants reflect the 4 to 1 share consolidation detailed in Note 11.

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The following warrants are outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	September 30, 2020	December 31, 2019
January 22, 2020 *	0.06	\$ 2.40	-	657,436
April 5, 2020*, *	0.26	\$ 2.40	-	14,650
	0.06	\$ 2.40	-	672,086

* Warrants reflect the 4 to 1 share consolidation detailed in Note 11.

Share options

The Company has adopted a share option plan pursuant to which the Board of Directors of the Company may, from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of grant and the options are exercisable for a period not to exceed 10 years from the date of grant. The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may be exercised within 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

Options granted to directors, employees and consultants vest immediately. Options granted to consultants engaged in investor relations activities will vest in stages over a minimum period of 12 months with no more than one-quarter of the options vesting in any three-month period.

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11. SHARE CAPITAL (Continued)

Share option transactions and the number of share options outstanding are summarized as follows:

	September 30, 2020		December 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year **	2,387,500	\$ 1.23	1,937,500	\$ 1.40
Granted **	2,500,000	0.20	1,387,500	0.48
Exercised*, **	-	-	(312,500)	0.48
Expired **	(1,812,500)	1.49	(625,000)	1.20
Outstanding, end of year	3,075,000	\$ 0.24	2,387,500	\$ 1.23

* weighted average share price for options exercised during the year ended December 31, 2019 was \$0.48

** Options reflect the 4 to 1 share consolidation detailed in Note 11.

During the nine months ended September 30, 2020

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 0.24%; expected dividend yield of zero; expected share price volatility of 166%; and expected life of 2.00 years. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was \$0.13. Accordingly, \$314,481 was recognized as share-based payment expense during the nine months September 30, 2020.

During the year ended December 31, 2019

The Company applied the fair value method using the Black-Scholes option pricing model in accounting for its share options granted with the following weighted-average assumptions: risk-free interest rate of 1.61%; expected dividend yield of zero; expected share price volatility of 108%; and expected life of 1.41 years. The Company used historical volatility to estimate the volatility of the share price. The weighted average grant date fair value of each option was \$0.06. Accordingly, \$266,210 was recognized as share-based payment expense during the year ended December 31, 2019.

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11. SHARE CAPITAL (Continued)

Share options (Continued)

The following share options are outstanding and exercisable:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	September 30, 2020	December 31, 2019
January 5, 2020 *	-	\$ 2.96	-	625,000
March 18, 2020 *	-	\$ 0.60	-	375,000
July 12, 2020 *	-	\$ 0.42	-	312,500
August 1, 2020 *	-	\$ 0.98	-	500,000
July 12, 2021 *	0.78	\$ 0.42	575,000	575,000
September 17, 2022	1.96	\$ 0.20	2,500,000	-
	1.74	\$ 0.24	3,075,000	2,387,500

* Options reflect the 4 to 1 share consolidation detailed in Note 11.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2020	2019
Accounts payable settled with share capital	\$ -	\$ -
Subscriptions received	\$ -	\$ -
Shares issued for investment in associate	\$ -	\$ -

13. SEGMENTED DISCLOSURE AND SUBSIDIARIES

The Company currently operates in two industry segments, being development of cannabis products and research and development of psilocybin, and in one geographic area, being Canada through the following subsidiaries.

	Country	Principal Activity	Effective interest
North Road Ventures	Canada	Cannabis product development	100%
Nova Mentis Biotech	Canada	Psilocybin research & development	100%
Signature by Liberty Leaf	Canada	Cannabis product development	100%

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14. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the nine months ended September 30, 2020. The Company is not subject to external restrictions on its capital.

15. SUBSEQUENT EVENTS

a) Since September 30, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness.

To date, the COVID-19 pandemic has not had a material negative impact on the Company's results of operations. The Company's sales and distribution channels continue to operate during this period. However, the duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

b) On October 30 2020, the Company entered into an amalgamation agreement with Pilz Bioscience Corp. ("**Pilz**") and 1271642 B.C. Ltd. ("**Nova Subco**"), a wholly-owned subsidiary of the Company incorporated on October 26, 2020, pursuant to which the Company will acquire all of the issued and outstanding common shares in the capital of Pilz. Pilz is a research driven biotechnology company that aims to develop medicinal psychedelics for neuroinflammatory conditions with a significant cognitive component and high unmet therapeutic needs. Pilz's focus is on Autism Spectrum Disorder (ASD), and its initial research has centred on developing a unique and proprietary system for diagnosing and treating ASD, with first-in-class psilocybin-based therapeutics.

In accordance with the terms of the agreement, the transaction will be effected by way of an amalgamation in which: (a) Nova Subco will amalgamate with Pilz to form an amalgamated company ("**Amalco**"); (b) all issued and outstanding shares of Pilz will be exchanged for common shares of the Company on a 1:1 basis; and (c) Amalco will become a wholly-owned subsidiary of the Company and shall be renamed Pilz Bioscience Corp. upon closing.

Pursuant to the Transaction, Nova will acquire 100% of the issued and outstanding shares of the Pilz at a ratio of one Nova common share (each, a "Nova Share") for every one Pilz common share (each, a "Pilz Share"). Upon closing of the Transaction, it is expected that Nova will issue 50,006,332 Nova Shares to the shareholders of Pilz. Of these shares, 12,250,000 are subject to a voluntary pooling agreement whereby certain Pilz shareholders have agreed to resale restrictions on their Nova Shares: 20% to be released upon closing of the Transaction, a further 40% to be released three months following closing, and the remaining 40% to be released six months following closing.

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In connection with the Transaction, Dr. Marvin S. Hausman MD shall be appointed Chairman of Nova's Scientific Advisory Board and Amalco's Chief Medical Officer. The completion of the Transaction is subject to requisite regulatory approval, as applicable, and receipt of requisite approval of Pilz shareholders.

c) The Company granted 3,013,000 share options to consultants of the Company on various dates, with a term to expiry of one year and exercise prices ranging from \$0.20 to \$0.22.