

NOVA MENTIS LIFE SCIENCE CORP.
(FORMERLY LIBERTY LEAF HOLDINGS LTD.)
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

November 27, 2020

OVERVIEW

The following management discussion and analysis (“MD&A”) is a review of the operations, current financial position and outlook for Nova Mentis Life Science Corp. (the “Company”) and should be read in conjunction with the Company’s condensed consolidated interim financial statements for the nine months ended September 30, 2020, as well as the audited consolidated financial statements for the year ended December 31, 2019, which are filed on the SEDAR website: www.sedar.com.

The Company prepares its condensed consolidated interim financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company’s condensed consolidated interim financial statements. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF BUSINESS AND ACTIVITY

The Company is a Vancouver, British Columbia, based company incorporated under the name Weststar Resources Corp. on October 27, 2004 in the province of British Columbia. During the year ended December 31, 2006, the Company completed its initial public offering on the TSX Venture Exchange (“TSX-V”), and the Company’s shares were listed for trading on September 22, 2006.

The Company was a mineral exploration company until October 21, 2016, when the Company changed its name, completed a transition to the cannabis business through the acquisition of North Road Ventures Ltd. (“North Road”), and began trading under the symbol “LIB”.

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.

Effective June 26, 2020, the shares of the Company commenced trading on the Canadian Securities Exchange on a four to one consolidated basis under the name “Nova Mentis Life Science Corp.” and stock symbol “NOVA”.

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. The transaction is detailed in proposed transactions below.

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

Please refer to <https://www.novamentis.ca/> for additional information.

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General and Financing

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.

During the nine months ended September 30, 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”) on June 23, 2020. 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”.

In June 2020, Doug Macdonell resigned as a Director of the Company.

On September 17, 2020, the company appointed Ms. Jacqueline McConnell to its Board of Directors and as Chief Operating Officer (“COO”). Jacqueline McConnell has over twenty years of experience working for Apotex Inc., one of Canada’s largest pharmaceutical companies.

Effective immediately in her new role as COO, Ms. McConnell will assume responsibility for, among other things, managing the integration and acting as a liaison to NOVA’s business segments, such as psilocybin-focused Nova Mentis Biotech Corp. and the cannabis business investments of NOVA. Further, in utilizing her background in the biotechnology and pharmaceutical industries, she will spearhead corporate development efforts and new business initiatives within this realm.

Concurrent with the appointment of Ms. McConnell to the Board of Directors, Dr. Aylia Mohammadi resigned from the Board in order to focus her ongoing efforts as Chief Scientific Officer in charge of the pre-clinical and planned clinical trials of Nova Mentis Biotech Corp. Dr. Mohammadi had joined the Company’s Board of Directors in July 2020.

On August 31, 2020, the Company announced that its wholly-owned subsidiary, Nova Mentis Biotech Corp. has signed a master service agreement with Physiogenex S.A.S., a leading preclinical contract research organization for metabolic disorders based in France. Under the terms of the agreement, Nova Mentis Biotech Corp. shall contract Physiogenex to conduct the first of two planned preclinical studies. The study covered in this agreement will determine the effect of a range of psilocybin doses on different inflammation markers in order to determine the effective dose to proceed with the planned metabolic study.

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

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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.

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.

Cannabis Industry

In line with the Company's strategy of optimizing its portfolio and strategically investing its capital, the Company has decided not to move forward with North Road and is exploring its options with respect to its interest.

On May 26, 2017, Health Canada introduced several improvements to its medical cannabis program that aim to streamline the application process for issuing production licenses and enable increased production under the ACMPR.

The Company cautions investors that: (i) neither it, nor North Road, are licensed producers under the ACMPR; (ii) the licensing requirements mandated by Health Canada are stringent and must be complied with before any license is granted by Health Canada under the ACMPR, including a site inspection of facilities by Health Canada and other requirements, as further described on Health Canada's website at <http://www.hc-sc.gc.ca/dhp-mps/marihuana/index-eng.php>.

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.

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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 2 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 2 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 2 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.
- iv. Within 2 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 2 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 CDN 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.

As of September 30, 2020, Just Kush has 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, and 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.

According to the terms of the agreement to purchase shares of Just Kush, the Company has agreed to pay all property taxes associated with the ACMPR application, all costs associated with furthering the ACMPR application process and upon commencement of the Buildout pursuant to the ACMPR application, a minimum of \$2,500 per month in rent to Just Kush for a term not to exceed six months.

During the year ended December 31, 2019, the Company advanced \$413,579 to Just Kush to invest into the Just Kush cultivation production facility, situated on 13 acres in the Okanagan Valley of BC. The production facility buildout includes state-of-the-art security and aeroponic grow systems. These advances were included as investment in associate. During the nine months ended September 30, 2020 the Company advanced \$434,421 to

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Just Kush to invest into the Just Kush cultivation production facility.

On April 1, 2019 Just Kush received from the Cannabis Licensing Division of Health Canada, its Confirmation of Readiness Notice in regards to its application for Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licenses under the *Cannabis Act* and Regulations.

On December 13, 2019, Just Kush was issued Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licenses from Health Canada under the *Cannabis Act* and Regulations in respect to the company's state-of-the-art cannabis cultivation facility situated on 13 acres in the Okanagan Valley, B.C.

On June 20, 2018, the Company purchased 666,667 common shares of BLOX (CSE: 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 on short term investments. Common shares of BLOX underwent a three for one stock split on June 28, 2018. Pursuant to a news release dated September 9, 2019, BLOX completed a change of business and received final approval from the Canadian Securities Exchange of a name change to Sire Bioscience Inc. ("SIRE"), and commenced trading on the CSE under the symbol "SIRE" on September 11, 2019. The Company's 2,000,001 BLOX shares were converted to 2,000,001 SIRE shares pursuant to the news release. 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).

On April 8, 2019 the Company launched its Signature Cannabis Retail e-commerce website, an online shopping experience offering quality cannabis accessories to consumers. Signature Cannabis Retail is a wholly owned subsidiary of the Company. Revenues for the year ended December 31, 2019 were \$7,192. Revenues for the nine months ended September 30, 2020 were \$9,946.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2020

During the nine months ended September 30, 2020, the Company reported a net loss of \$7,163,698 compared to the nine months ended September 30, 2019 of \$1,147,539. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of \$43,444 (2019 - \$89,487) decreased due to decreased legal services engaged in 2020;
- Consulting fees of \$120,479 (2019 - \$383,218) decreased due to less consultants engaged for work in the cannabis industry in 2020;
- Management fees of \$148,500 (2019 - \$138,500) were paid or accrued to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and increased due to increased compensation to the CFO;
- Office and general of \$35,416 (2019 - \$98,339) decreased due to timing of expenditures;
- Rent of \$nil (2019 - \$17,000) decreased due to the Company no longer paying rent to Just Kush;
- Share-based payments of \$314,481 (2019 - \$266,210) increased due to a higher share price in 2020 as a result of the June 2020 share consolidation;
- Shareholder communications and investor relations of \$36,081 (2019 - \$48,438) decreased in 2020 due to a reduction in promotional activity in 2020;

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- Transfer agent and filing fees of \$41,171 (2019 - \$38,956) remained relatively consistent with the prior period;
- Equity loss from associate of \$154,263 (2019 - \$94,643) pertained to the Company's share of the loss recorded by Just Kush for the same period;
- Consideration paid in excess of net assets acquired from Nova of \$6,268,583 (2019 - \$nil) pertained to the difference of the fair value of consideration paid less the net assets acquired in the acquisition of Nova Mentis Biotech Corp.;
- Interest income of \$3,220 (2019 - \$16,750) decreased due to less capital invested in the current period;
- Gain on settlement of prepaid \$19,427 (2019 - \$nil) pertained to a recovery of costs expensed in a prior period; and
- Loss on short term investments of \$20,585 (2019 - \$17,850 gain) pertained to a decrease in the value of SIRE shares.

For the three months ended September 30, 2020

During the three months ended September 30, 2020, the Company reported a net loss of \$554,498 compared to the three months ended September 30, 2019 of \$343,875. The Company's net loss included expenditures as follows:

- Accounting, legal and audit fees of \$38,133 (2019 - \$27,320) increased due to increased legal services engaged in 2020;
- Consulting fees of \$50,480 (2019 - \$47,587) remained relatively consistent with the prior period;
- Management fees of \$49,500 (2019 - \$49,500) were paid or accrued to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and remained consistent with the prior period;
- Office and general of \$2,052 (2019 - \$55,504) decreased due to timing of expenditures;
- Rent of \$nil (2019 - \$4,500) decreased due to the Company no longer paying rent to Just Kush;
- Shareholder communications and investor relations of \$12,000 (2019 - \$14,500) decreased in 2020 due to a reduction in promotional activity in 2020;
- Transfer agent and filing fees of \$13,688 (2019 - \$7,414) increased due to higher filing fees in 2020;
- Equity loss from associate of \$61,915 (2019 - \$35,000) pertained to the Company's share of the loss recorded by Just Kush for the same period;
- Interest income of \$nil (2019 - \$4,750) decreased due to less capital invested in the current period, combined with lower interest rates in 2020; and
- Loss on short term investments of \$10,570 (2019 - gain of \$77,850) pertained to an decrease in the value of SIRE shares.

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SUMMARY OF QUARTERLY FINANCIAL RESULTS (\$000's except loss per share)

The following are the results for the eight most recent quarterly periods, starting with the quarter ended September 30, 2020:

For the Quarterly Periods ended:		September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total revenues	\$	1	2	7	7
Net loss for the period		(554)	(6,425)	(184)	(250)
Net loss per common share, basic and diluted *		(0.01)	(0.19)	(0.01)	(0.01)

* Net loss per common share, basic and diluted reflect the 4 to 1 share consolidation detailed in General and Financing.

For the Quarterly Periods ended:		September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total revenues	\$	-	-	-	-
Net loss for the period		(344)	(471)	(333)	(550)
Net loss per common share, basic and diluted *		(0.01)	(0.01)	(0.01)	(0.02)

* Net loss per common share, basic and diluted reflect the 4 to 1 share consolidation detailed in General and Financing.

SELECTED ANNUAL INFORMATION

	December 31, 2019	December 31, 2018	December 31, 2017
Total Revenues	\$ 7,192	-	-
Net Loss	1,398,087	3,573,099	1,865,943
Net Loss per Share, basic and diluted	0.04	0.12	0.08
Total Assets	6,584,935	7,550,696	3,224,887
Total Liabilities	325,070	308,954	159,165

* Net loss per common share, basic and diluted reflect the 4 to 1 share consolidation detailed in General and Financing.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2020, the Company had cash of \$289,928 and working capital of \$905,991 as compared to December 31, 2019 when the Company had cash of \$87,005 and working capital of \$555,250.

To address working capital requirements for 2020, the Company has maintained cost control measures to minimize its general and administrative expenses where possible. During the year ended December 31, 2019,

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the Company raised gross proceeds of \$150,000 through option exercises. See General and Financing for a summary of capital transactions.

For fiscal 2020, the Company will require additional financing to address capital and operating expenditures in its Signature and Just Kush interests, pay general and administrative expenses and to seek out additional opportunities in the cannabis industry to create shareholder value.

OUTSTANDING SHARES

The following table sets forth information concerning the outstanding securities of the Company:

	November 27, 2020	September 30, 2020	December 31, 2019
Common shares *	60,881,535	60,881,535	32,131,533
Warrants *	-	-	672,086
Stock Options *	6,088,000	3,075,000	2,387,500
Fully Diluted Shares *	66,969,535	63,956,535	35,191,119

* Common shares, warrants, stock options and fully diluted shares reflect the 4 to 1 share consolidation detailed in General and Financing.

TRANSACTIONS WITH RELATED PARTIES

These amounts of key management compensation 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 William Rascan, 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 Jamie Robinson, CFO, to provide management services in consideration of \$36,000 (2019 - \$26,000 and \$9,575 in accounting fees). The Company retained director Steven Feldman to provide shareholder communication services for consideration of \$36,000 during the nine months ended September 30, 2020 (2019 - \$36,000). In consideration of consulting services provided by director Doug Macdonell, the Company paid \$8,750 during the nine months ended September 30, 2020 (2019 - \$17,500). In consideration of consulting services provided by director Aylia Mohamadi, the Company paid \$12,000 during the nine months ended September 30, 2020 (2019 - \$nil). In consideration of consulting services provided by director Jacqueline McConnell, the Company paid \$6,000 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 \$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).

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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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company has not entered into any proposed transactions other than as disclosed under Cannabis industry and Description of Business and Activity above.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

- Cash is classified as financial asset at FVTPL;
- Short-term investments as financial assets carried at FVTPL and are initially recorded at fair value and transaction costs are expensed in profit or loss;
- Equity instruments that are held for trading are classified as FVTPL; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and

Level 3 – Input for assets or liabilities that are not based on observable market data.

The Company's financial assets and liabilities are measured at fair value by level with the fair value hierarchy described above. Assets and liabilities are classified entirely based on the lowest level of input that is significant to the fair value measurement.

The fair values of the Company's cash and accounts payable and accrued liabilities approximates the carrying amounts due to the short-term nature of these instruments.

CRITICAL ACCOUNTING 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

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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.

- 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 recoverability 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.

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MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In connection with Exemption Orders issued in November 2007 by each of the securities commissions across Canada, the CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements and the audited annual financial statements and respective accompanying MD&A.

In contrast to the certificate under National Instrument (“NI”) 52-109 (Certification of Disclosure in Issuer’s Annual and Interim Filings), the Venture Issuer Basic Certification includes a ‘Note to Reader’ stating that the CEO and CFO do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financing reporting, as defined in NI 52-109.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

For details of the Company’s Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company’s audited financial statements for the year ended December 31, 2019.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

License Under the ACMPR

On December 13, 2019, Just Kush was issued Standard Cultivation, Standard Processing, and Sale for Medical Purposes Licenses from Health Canada under the *Cannabis Act* and Regulations in respect to the company’s state-of-the-art cannabis cultivation facility situated on 13 acres in the Okanagan Valley, B.C. Just Kush will be subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the licenses, including renewals, would have a material adverse impact on the business, financial condition and operating results of the Company

Regulatory Risks

As a Company in the cannabis industry, the activities of the Company are subject to regulation by governmental authorities in Canada. Achievement of the Company’s business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary. In all cases, plans moving forward and all opportunities are subject to all necessary governmental and municipal approvals being granted. This applies to both the Company and any companies in which it has investments. The Company cannot predict the time required to secure all appropriate regulatory approvals, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the Company’s business, results of operations and financial condition.

Change in Laws, Regulations and Guidelines

The Company’s business is subject to particular laws, regulations, and guidelines. The Company intends to comply with all laws and regulations, but there is no guarantee that the governing laws and regulations will not change which will be outside of the Company’s control.

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Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Various factors will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those plans that can be funded through cash flows generated from its existing operations, which at this time are insignificant.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, limited operations and limited revenues. Additional funds will be required to build-out the Just Kush facility. Also, any other investment opportunities pursued by the Company may require additional financing. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favorable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Competition

There is competition within the cannabis industry for investments and products considered to have commercial potential. The Company will compete with other cannabis companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the growth of cannabis and development of cannabis products, as well as for the recruitment and retention of qualified employees and other personnel.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

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Uninsurable Risks

The Company may become subject to liability for risks against which it cannot insure. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases, you can identify forward-looking statements by the use of terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. Examples of forward-looking statements made in this MD&A include statements about the Company's business plans; the costs and timing of its developments; its future investments and allocation of capital resources; success of the ACMPR license application; requirements for additional capital. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including: general economic and business conditions, fluctuations in prices and demand for cannabis and related products; our lack of operating history; conclusions or economic evaluations; changes in project parameters as plans continue to be refined; failure of plant, equipment or processes to operate as anticipated; regulatory and legal issues; or other risks of the cannabis industry; delays in obtaining government approvals or financing or incompleteness of development activities, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect our current judgment regarding the direction of the Company's business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the Canada, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Detailed listings of general and administrative expenses and exploration expenditures are provided in the condensed consolidated interim financial statements of the Company for the nine months ended September 30, 2020.

OFFICERS AND DIRECTORS

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In

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determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current directors and officers of the Company are as follows:

William Rascan, CEO, President and Director
Jamie Robinson, CFO
Steven Feldman, Director
Jacqueline McConnell, Director

OUTLOOK

The Company's primary focus for the foreseeable future will be the Just Kush and Signature subsidiaries. In addition, as a result of the acquisition of Nova Mentis Biotech Corp, the Company plans to invest in research and development of the anti-inflammatory effects of psilocybin in underexplored metabolic indications such as obesity and diabetes. The Company will also continue to evaluate additional investment opportunities in the health and wellness sector, cannabis and related sectors.

OTHER REQUIREMENTS

Additional disclosure of the Company's material documents, information circular, material change reports, new release, and other information can be obtained on SEDAR at www.sedar.com.