MANAGEMENT DISCUSSION AND ANALYSIS

For the Years Ended November 30, 2021 and 2020

March 30, 2022

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of NeonMind Biosciences Inc. ("NeonMind") for the years ended November 30, 2021 and 2020. All references to "us" "we" and "our" refer to NeonMind.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for the years ended November 30, 2021 and 2020 (referred to as the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon our ability to continue as a going concern.

We incurred a net loss from continuing operations of $6,684,440 and used $5,205,151 of cash for operating activities from continuing operations during the year ended November 30, 2021. As at November 30, 2021, we had working capital of $680,111 and an accumulated deficit of $13,088,891. Our continued operations are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when we can generate sufficient operating cash flows to pay for our expenditures and settle our obligations as they fall due is uncertain. These condensed interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of these adjustments could be material.

The outbreak of the coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the Canadian and global economies, disruptions of financial markets, and created uncertainty regarding potential impacts to our supply chain and operations. The COVID-19 pandemic has impacted and could further impact our operations and the operations of our suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. As a result of the pandemic, we experienced delays in our planned product launches. The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on our suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. The management team is closely following the progression of COVID-19 and its potential impact on us, and is working on alternative measures and resources to minimize such impact. Even after the COVID-19 pandemic has subsided, we may experience adverse impacts to our business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, we can not reasonably estimate the impact at this time on our business, liquidity, capital resources and financial results.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

CORPORATE OVERVIEW

We were incorporated under the laws of the province of British Columbia, Canada on September 18, 2019 and are extra provincially registered in Ontario. We operate two divisions, (i) a pharmaceutical division engaged in drug development of psychedelic compounds, and (ii) a medical services division, which is in the setup stage, building out clinic locations and healthcare teams to offer interventional psychiatry treatments and other mental health treatments.

In our pharmaceutical division, we have two distinct psilocybin drug development programs targeting obesity. Psilocybin is a complex organic compound found naturally in a wide range of different species of

mushrooms, known as psychedelic mushrooms ("psilocybin"). Psychedelics are a hallucinogenic class of psychoactive drugs whose primary action is to trigger psychedelic experiences via serotonin 2A receptor agonism, causing specific psychological, visual and auditory changes, and altered states of consciousness. Our first drug candidate aims to use synthetic psilocybin to enhance a patient's ability to adopt behaviours that cause weight loss and maintain that loss through psychedelic-assisted cognitive therapy. The second drug candidate proposes low dose synthetic psilocybin as a treatment to suppress appetite.

Our medical services division is currently setting up clinic locations and healthcare teams to offer interventional psychiatry treatments and other mental health treatments. We have assembled a team of medical experts to plan and launch a chain of clinics throughout Canada. We are planning to open our inaugural NeonMind specialty mental health clinic, located at the Queensway Professional Medical Centre in Mississauga, Ontario in the second half of 2022.

A more detailed description of our two divisions is found below.

Division I: Pharmaceutical Drug Development Division

Our Psilocybin Research Plan

While psilocybin has extensive research data and supportive literature, moving it towards an approved pharmaceutical product is an essential path to commercialization which requires a robust drug development plan.

The typical development roadmap to making a regulatory application for approval involves having completed a complex interconnected sequence of evaluations on the product's quality (CMC – chemistry, manufacture, and controls), preclinical efficacy, safety pharmacology and toxicology, preclinical and clinical pharmacological characterization and clinical dosing, safety and efficacy.

We are exploring psilocybin as a treatment for weight loss and have completed preclinical studies at the University of British Columbia ("UBC") to evaluate psilocybin's effectiveness on weight management in the animal model. We engaged Translational Life Sciences Inc. ("TLS"), which is a contract research organization, to design our preclinical trials to examine psilocybin as a potential treatment for obesity and weight management and we engaged UBC to conduct these preclinical trials.

Our initial preclinical trial was completed in Q1 2021 and demonstrated psilocybin's effect in reducing weight gain in normal rodents; we conducted a second preclinical trial in Q2 2021 and have reported positive results in Q1 2022 demonstrating psilocybin's effect in reducing weight gain in obese rodents.

We have two distinct psilocybin drug development programs targeting obesity. Our first drug candidate (NEO-001) aims to use synthetic psilocybin to enhance a patient's ability to adopt behaviours that cause weight loss and maintain that loss through psychedelic-assisted cognitive therapy. The drug candidate employs psilocybin as an agonist to the serotonin receptor 5-HT2A, which is involved in the hallucinogenic effect of psychedelics.

The second drug candidate (NEO-002) proposes low dose synthetic psilocybin as a treatment to suppress appetite and employs low-dose psilocybin as an agonist to the 5-HT2C receptor, which controls appetite.

In March 2021 we engaged Certara to provide us with an integrated development plan and for strategic clinical pharmacology, toxicology, CMC, preclinical pharmacology, regulatory strategy and integrated drug development support, including expert leaders in therapeutics development with significant tenures in biotech, pharma research and development and the United States Food and Drug Administration (the "FDA") and the European Medicines Agency ("EMA"). Certara provides bio simulation software to transform traditional biopharmaceutical research and development with a scientific team that has more than 3,500 years of collective drug discovery and development experience. Certara has agreed to provide us with

access to their experts in drug development strategy, due diligence, clinical pharmacology, regulatory science (including ex-FDA and EMA experts) and the full spectra of drug development subject matter experts across Certara.

In July 2021, our Research and Development Working Group completed an integrated drug development plan for our lead drug candidate targeting obesity, NEO-001, a high-dose psilocybin treatment coupled with behavior therapy and lifestyle intervention, which aims to improve the efficacy of chronic weight management in adults. We have identified a regulatory strategy, including a target indication and product profile that we believe will best position NeonMind as we advance our first lead candidate through development.

In September 2021, we submitted a request for a Type B, pre-Investigational New Drug (pre-IND) consultation with the U.S. FDA to discuss the development of NEO-001 for the treatment of obesity in preparation for an IND submission in 2022.

In October 2021, the FDA confirmed consultation had been granted and NeonMind Biosciences agreed that written responses would be provided in lieu of a meeting and subsequently, NeonMind submitted a comprehensive Briefing Document to the Division of Diabetes, Lipid Disorders, and Obesity (DDLO).

In November 2021, we completed our pre-IND consultation with the FDA, regarding proposed clinical trials for NeonMind's lead obesity drug candidate, NEO-001. The pre-IND consultation offered feedback for NeonMind to execute on measurable clinical development milestones for its NEO-001 clinical program. The FDA acknowledged the study rationale and potential therapeutic opportunity of NEO-001 for the treatment of obesity, and the justification to advance into human clinical trials.

We are targeting the submission of an IND application in H1 2022 to confirm potential to expedite development via the appropriate regulatory pathway and NeonMind anticipates initiating a Phase 1/2 proof-of-concept study in obese patients in 2022.

Division II: Medical Services Division

Our medical services division is in the setup stage, building out clinic locations and healthcare teams to offer interventional psychiatry treatments and other mental health treatments. We have assembled a team of experts to plan and launch a chain of NeonMind-branded specialty clinics in Canada. Working with health care communities and tailoring the services to local market needs, these clinics will offer evidence-backed innovative treatments for a variety of mental health needs including psychedelic modalities and other newer treatments for mood and anxiety disorders such as depression.

Our go-to-market strategy may include partnerships with existing health clinics to offer NeonMind mental health services as well as standalone NeonMind clinics. The NeonMind clinic team will build an integrated services platform and comprehensive set of programs aimed at delivering specialized treatments combined with traditional modalities for a variety of mental health conditions and right-sized for local needs.

In Canada, ketamine and esketamine are currently the only psychedelic substances that may legally be prescribed and administered in medical clinics, but there is a large and growing pipeline of psychedelic drug development programs with clinical trials underway evaluating other substances including psilocybin. Importantly, recent clinical trial results with psilocybin treatment are showing promise.

The platform will be designed to expand to increase offerings of drug-enhanced psychotherapies using psychedelics over time as they are approved. NeonMind aims to gain an early-mover advantage, establish a strategic footprint, and have operations ready to accommodate a future surge from potential psychedelic drug approvals.

We are planning to open our inaugural NeonMind specialty mental health clinic, located at the Queensway Professional Medical Centre in Mississauga, Ontario in the second half of 2022. The Mississauga location is the first in our initiative to establish a national network of NeonMind-branded specialty clinics. These clinics will focus on delivering high-demand mental health treatments to underserved areas of Canada. The specialty services to be offered will incorporate innovative, evidence-based interventional psychiatric treatments for a variety of mood and anxiety disorders.

Discontinued Operations

We operated a Consumer Products Division which manufactured and distributed functional mushroom infused coffee products. Following a strategic review of the long-term strategy for NeonMind, in September 2021, we entered into an asset purchase agreement with Better Plant Sciences Inc. ("Better Plant") for the sale of our functional food assets, including our NeonMind branded coffee products and their related intellectual property and marketing assets, as well as a non-exclusive license to use the NeonMind brand name. The consideration received for the sale was $645,000, plus a 3% royalty of net product sales for a term of 25 years after cumulative net product sales of over $1,000,000 are reached by Better Plant.

STRATEGIES AND ANTICIPATED MILESTONES

We are focused on bringing innovative, psychedelic-based treatment modalities to people suffering from obesity and mental health disorders. Utilizing biopharma strategies proven to create shareholder value we are advancing NEO-001 our differentiated drug development program focused on neuropharmacological change for sustainable weight loss in obese patients and establishing a nationwide chain of NeonMind branded specialty mental health clinics incorporating evidence-backed interventional treatments to address a variety of mental health needs.

Our **Pharmaceutical Drug Development Program** will transition to clinical phase with the planned submission of an IND application for NEO-001 to enable the initiation of the world's first psychedelic proof-of-concept study of psilocybin in obese patients.
Our **Specialty Mental Health Clinic Strategy** will leverage the existing clinic infrastructure and best-in-class operations of strategic partners SRx Health Solutions and BioScript Solutions to bring NeonMind's unique treatment protocols, leveraging ketamine, esketamine, and neurostimulation, to underserved populations across Canada; these collaborations provide a low capital commitment path to scale our services.

We have two core objectives for the near future:

1. **Open and Scale Specialty Clinics -** complete professional licensing and marketing launch for inaugural clinic, identify opening plan and replicate launch process.

2. **De-Risk Program and Ready Clinical Operations** - submit NEO-001 IND to FDA and establish clinical operations plan to execute world's first proof of concept study.

To achieve the broad business objectives set out above, we have established the following milestones:

Objective	Milestone Description	Timeframe for Completion (Fiscal quarters)
Open and Scale Specialty Clinics	Achieve CPSO licensing for Mississauga location and launch local marketing plan for services	3Q22
	Finalize a statement of work ("SOW") with our partners for 2nd clinic location and complete alliance agreement for hospital partnership for 3rd location	2Q22
	Identify and prioritize additional local markets for expansion and establish SOW with partners to scale and build clinic network	4Q22
De-Risk Program and Ready Clinical Operations	Assemble key documents to submit an IND to FDA	2Q22
	Complete RFP for Phase 1/2 study and select CRO	3Q22
	Initiate NEO-PSIL-001 Phase 1/2 proof-of-concept study in obese patients	4Q22

DEVELOPMENT OF BUSINESS

We completed our IPO, which was oversubscribed, and the broker exercised their full over-allotment issuance, and our common shares were listed on the Canadian Securities Exchange under the ticker symbol "NEON". We raised funds from the IPO in the gross amount of $4,600,000.

On January 18, 2021, our common shares were listed on the Frankfurt Stock Exchange and on May 28, 2021, our common shares began trading on the OTCQB under the ticker symbol "NMDBF".

On March 2, 2021, announced proprietary data from our initial Preclinical Trial at UBC demonstrating that both low and high dose psilocybin successfully reduced weight gain within 5 days in an animal model.

From January to March 2021, we added significantly to our drug development team with six expert consultants across North America experienced in the areas of therapeutic drug development, psilocybin research, eating disorders and obesity research and treatment, drug manufacturing, business development and product development.

In February 2021, we purchased an initial order of GMP (good manufacturing practices as mandated by Canadian regulations) grade psilocybin from Psygen Labs Inc. for our planned phase 2 human clinical trial expected to begin in Q2 2022.

In March 2021 we engaged Certara, a global leader in model-informed drug development, to provide strategic integrated drug development support for the investigation of our psilocybin based drug candidates for the treatment of obesity and to provide us with an integrated development plan.

In April, we announced a New Specialty Clinics Division for the delivery of evidence-backed innovative treatments for a variety of mental health needs. This will include psychedelic modalities and other newer treatments for mood disorders such as depression.

We appointed Ernie Ho, VP, Corporate Development with his initial focus to be the development of the team to build out medical services as well as to identify and assess partnership and acquisition targets.

In May 2021, we formed a Specialty Medical Clinic Advisory Board to guide the planning and operation of NeonMind branded clinics across Canada. Members of the advisory board will be composed of experts on

provincial and local health care access and advocacy, ketamine treatment and psychotherapy protocols, and clinical operations, strategy, and growth.

In June 2021, we finalized target product profiles, establishing optimal and minimally acceptable profiles for a successful program considering medical needs, differentiation strategy, target use and access to medicine strategy. Dr. Panenka also ceased to be a member of the Advisory Board.

In July 2021, Trevor Millar resigned as Chief Psychedelic Officer. Mr. Millar and Dr. Sagar Parikh were both appointed to the Advisory Board, and in September 2021, Dr. Roumen Milev and Dr. Gustavo Vazquez were appointed to the Advisory Board.

In August 2021, we reorganized our Pharmaceutical Division to accelerate the execution of our Integrated Drug Development Plan for NEO-001 to treat obesity and established an R&D Advisory Board. As part of the reorganization, Philippe Martin was appointed Chairman of the Company's R&D Advisory Board.

In September, we completed a strategic review of our long-term strategy, while electing to focus on our core competencies of drug development and deployment of medical services we identified non-core assets for divestiture including our Consumer Products Division and our financial position in TLS

On September 16, 2021, a Type B pre-IND Meeting Request was submitted to the DDLO at the Food and Drug Administration (FDA) in support of our lead drug candidate NEO-001.

On September 22, 2021, we appointed Dr. Gustavo Vazques, MD, PhD, a Professor of Psychiatry at Queen's University in Kingston, Ontario, and a noted expert in mood disorders and ketamine utilization, to our Specialty Clinics Advisory Board.

In November 2021, we formed a strategic alliance with SRx Health Solutions ("SRx"), a leading Canadian specialty healthcare services and medical treatment provider, to establish and operate a network of NeonMind-branded specialty clinics to deliver evidence-backed innovative treatments for a variety of mental health needs. We will leverage SRx's nationwide network of over 70 clinics, as well as its operational capabilities, to bring our unique treatment protocols to underserved populations in Canada.

On November 23, 2021, we successfully completed pre-IND consultation with the FDA, regarding proposed clinical trials for our lead obesity drug candidate, NEO-001. The Company expects to initiate a Phase 1/2 clinical study in 2022.

On January 13, 2022, we appointed Dr. Daniel Bainbridge, MD, FRCPC, past President of the Canadian Anesthesiologists Society, Professor from the Department of Anesthesia and Perioperative Medicine at the University of Western Ontario, and Anesthesia Consultant at London Health Sciences Centre, to our Specialty Clinics Advisory Board.

On February 17, 2022, we signed an agreement with SRx Health Solutions ("SRx") to open the Company's inaugural NeonMind specialty mental health clinic, located at the Queensway Professional Medical Centre in Mississauga, Ontario. The Mississauga location is the first in NeonMind's initiative to establish a national network of NeonMind-branded specialty clinics. These clinics will focus on delivering high-demand mental health treatments to underserved areas of Canada. The specialty services to be offered will incorporate innovative, evidence-based interventional psychiatric treatments for a variety of mood and anxiety disorders. The Mississauga clinic is expected to start seeing patients in the second half of 2022

On February 23, 2022, we announced the appointment of Dr. Dinesh Bhayana, MD, CCFP (EM), as Site Medical Director for our previously announced clinic location in Mississauga, Ontario. Dr. Bhayana is highly qualified in the treatments NeonMind seeks to provide, holding positions as Chief Medical Officer of Centre for Compassionate Care (C3) and Emergency and Addiction medicine physician with hospital privileges from Emergency Medicine and Psychiatry departments. Dr. Bhayana's scope of practice includes provision of low

dose intravenous ketamine in an outpatient clinic granted by the College of Physicians and Surgeons of Ontario.

On March 3, 2022, we expanded our clinic infrastructure network by forming an additional strategic alliance with another leading Canadian specialty healthcare services and medical treatment provider, BioScript Solutions ("BioScript"). We will leverage BioScript's nationwide network of over 100 clinics, as well as its operational capabilities, to bring our unique treatment protocols to underserved populations in Canada.

On March 22, 2022, we filed a new patent application with the United States Patent and Trademark Office related to a novel mechanism of weight loss targeted to specific fat subtypes.

On March 23, 2022, we released preclinical data demonstrating the efficacy of psilocybin in reducing weight gain in obese subjects. In previous preclinical studies, we have shown efficacy in reducing weight gain in healthy subjects with normal weight. This latest study suggests a broader therapeutic potential of psilocybin in weight management and supports the current development track of our drug candidates.

On March 23, 2022, we announced we were setting up to offer low dose intravenous ketamine therapy for mood and anxiety disorders (IV-Ket) as an initial treatment at its recently announced, inaugural specialty mental health clinic location in Mississauga, Ontario, pending clinic licensing.

Our completed review of the long-term strategy for NeonMind reflects a focus on advancing psychedelic treatments and our core competencies of drug-development and deployment of medical services and the divestiture of consumer related and other non-core assets.

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our financial statements for the years ended November 30, 2021 and 2020.

	2021	2020
Revenues	$ -	$ -
Loss before other items	(7,776,382)	(1,063,297)
Net Loss from continuing operations	(6,684,440)	(2,167,680)
Basic and diluted loss per shares from continuing operations	(0.06)	(0.02)
Total Assets	1,339,124	209,899
Dividends declared and paid out in cash	-	-

OVERALL PERFORMANCE

For the year ended November 30, 2021, we did not recognize any revenue. Our Pharmaceutical Drug Development Division and Medical Services Division are in a research and development stage and did not generate any revenue. In September 2021, we disposed of our consumer product assets as we determined such business did not fit our long-term strategies and the consumer product business was classified as discontinued operations.

For the year ended November 30, 2021 and 2020, we incurred a net loss from continuing operations of $6,684,440 and $2,167,680 respectively. The losses were primarily driven by investment in research and development, ongoing operating expenses, and costs relating to our IPO.

Expenses before other items amounted to $7,776,382 for the year ended November 30, 2021 as compared to $1,058,297 for the prior year. Expenses primarily consisted of share-based compensation of $2,499,933,

pharmaceutical research and development expenses of $1,356,291, marketing, publicity and digital media of $1,786,672, and other operating expenses. The increase in expenses were driven by increased activities in research and the general development of our business.

ADJUSTED EBITDA from continuing operations

Adjusted EBITDA from continuing operations, a measure used by management to indicate operating performance, is defined as earnings before interest, taxes, depreciation and amortization, excluding certain non-operating amounts as shown below. Adjusted EBITDA from continuing operations is not a recognized term under IFRS and is not intended to be an alternative either to gross profit or income before taxes as a measure of operating performance or to cash flows from operating activities as a measure of liquidity.

Additionally, Adjusted EBITDA from continuing operations is not intended to be a measure of free cash flow available for discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. We use Adjusted EBITDA from continuing operations to supplement IFRS results to provide a more complete understanding of the factors and trends affecting the business than IFRS results alone. Because not all companies use identical calculations, the presentation of Adjusted EBITDA from continuing operations may not be comparable to other similarly titled measurements used by other companies. Readers should not consider Adjusted EBITDA from continuing operations in isolation or as a substitute for profit (loss) for the period as determined by IFRS, or as a substitute for an analysis of our Financial Statements.

Reconciliation of Adjusted EBITDA from continuing operations for the year ended November 30, 2021 and 2020 is as follows:

	Years ended November 30,	
	2021	2020
Net loss from continuing operations	$ (6,684,440)	$ (2,167,680)
Add:		
Amortization & Depreciation	688	-
Interest	33,034	25,946
Adjustments:		
Share-based compensation	2,499,933	689,738
Loss on impairment of intangible assets	-	444,932
Investment gain or loss	(557,565)	1,078,815
Loss on investment in associate	-	9,463
Gain on extinguishment of debt	(576,383)	(106,873)
Adjusted EBITDA	$ (5,284,733)	$ (25,659)

DISCUSSION ON OPERATIONS

Revenue

We did not generate any revenue for the year ended November 30, 2021 and 2020. We disposed of our assets in the consumer products division during the period and business was discontinued. Our medical services division is actively preparing for the opening of our first specialty clinic located in Mississauga Ontario which is scheduled to receive patients in the second half of 2022.

Amortization and depreciation

For the year ended November 30, 2021, we incurred amortization and depreciation expense of $688 as compared to $nil for the prior year. Amortization and depreciation expenses were related to office equipment assets.

Consulting fees

We are an emerging business which engages consultants and contractors regularly to obtain expertise in various business areas. For the year ended November 30, 2021, we incurred consulting fees of $216,788, as compared to $100,000 for the prior year. The increase in consulting fees was driven by increased research and development activities.

Investor relations

For the year ended November 30, 2021, we incurred investor relations expenses of $442,550 to support our IPO and to expand our visibility within the North American and European investment communities. We did not incur such expenses in the prior year.

Listing expenses

Listing fees were related to the application and ongoing fees for the listing of our common shares on the Canadian Securities Exchanges (CSE). For the year ended November 30, 2021, we incurred listing fees of $19,785 as compared to $5,000 for the prior year.

Office and administrative expenses

For the year ended November 30, 2021, we incurred office and administration expenses of $359,731 as compared to $8,365 for the prior year. The increase in office and administrative expenses was due to an increase in business activity in the current year, as compared to the prior year when we were the early stages of the business. Office and administrative expenses primarily included insurance fees, broker and filing fees, interest expense and other general office expenses.

Marketing, publicity and digital media

For the year ended November 30, 2021, we incurred marketing, publicity and digital media costs of $1,786,672 as compared to $86,478 for the prior year. Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand.

Pharmaceutical research and development

Pharmaceutical research and development expenses included costs of our medical research and our preclinical trials. For the year ended November 30, 2021, we incurred pharmaceutical research and development costs of $1,356,291 as compared to $28,023 in the prior year. The increase was a result of increased activity in developing our medical research segment in the current year.

Professional fees

Professional fees include legal, recruitment, accounting, audit and taxation fees. For the year ended November 30, 2021, we incurred professional fees of $454,424 as compared to $145,693 for the prior year. The increase was primarily driven by legal and accounting fees related to the IPO process, as well as recruitment fees to expand the team.

Share-based compensation

As at November 30, 2021, we had 19,452,500 stock options (2020 – 6,290,000) and 6,500,000 restricted share units (2020 – 9,196,883) outstanding for our directors, officers, employees and consultants, and we incurred share-based compensation expense of $2,499,933 for the year ended November 30, 2021, as compared to $689,738 in the prior year. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Wages

Wages for the year ended November 30, 2021 were $639,520, as compared to $nil for the prior year. The increase in wages was driven by the expansion of the team to support business development and clinical research activities.

Investment gain (loss)

For the year ended November 30, 2021, we had investment gain of $557,565 as compared to investment loss of $1,078,815 during the prior year.

	Year ended November 30,	
	2021	2020
Gain on reclassification of investment	$ 93,027	$ -
Gain on sale of marketable securities [(1)]	450,000	-
Impairment on investment in associate	-	(279,868)
Share of net loss of equity accounted investee	(54,212)	(48,947)
Unrealized gain (loss) on investment	68,750	(750,000)
	$ 557,565	$ (1,078,815)

(1) Disposal of shares of Translational Life Sciences Inc. ("TLS")

On February 4, 2020, we entered into share purchase agreements to acquire 7,285,000 common shares of TLS, in exchange for 15,000,000 units of the Company with a fair value of $750,000. During the year ended November 30, 2020, we recognized an unrealized loss of $750,000 on its investment as TLS was still in the early stages of development in its business and there was material uncertainty on the marketability of the shares.

On August 19, 2021, we entered into a share purchase agreement to sell 7,285,000 common shares of TLS for consideration of $450,000. As the fair value of the shares was previously written down to $nil, the Company recorded a gain on sale of investment of $450,000 on the statement of operations and comprehensive loss.

Other income (expense)

During the year ended November 30, 2021, we had other income of $534,377 as compared to other expense of $25,568 for the prior year.

	Year ended November 30,	
	2021	2020
Accretion expense	$ (403)	$ (106,873)
Foreign exchange gain (loss)	(8,569)	378
Gain on extinguishment of debt [(1)]	576,383	106,873
Interest expense	(33,034)	(25,946)
	$ 534,377	$ (25,568)

(1) On September 10, 2021, we entered into an agreement with Better Plant for the sale of functional food assets related to the Company's consumer division. The following assets were transferred by us to Better Plant: four mushroom coffee products being sold in Canada at the time of sale and four

mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products. As consideration for the assets, Better Plant paid $645,000 including taxes, which was offset by the balance due on a promissory note of a remaining balance of $645,000 owed by us to Better Plant. The fair value of the assets sold was determined to be $68,617, resulting in a gain on extinguishment of debt of $576,383

Net loss from continuing operations

We incurred a net loss from continuing operations of $6,684,440 for the year ended November 30, 2021, as compared to $2,169,740 for the prior year. Loss per share from continuing operations on basic and fully diluted basis was $0.06, compared to $0.02 for the prior year.

Discontinued operations

During the year ended November 30, 2021, we divested our consumer product business and it was considered as discontinued operations. Net loss from discontinued operations was $523,067 as compared to $507,455 for the prior year.

Dividends

No dividends were declared or paid for the year ended November 30, 2021 and 2020.

SUMMARY OF QUARTERLY RESULTS

We were incorporated on September 18, 2019. The summary of our quarterly results are as follows:

For the quarters ended:

	Nov 30, 2021	Aug 31, 2021	May 31, 2021	Feb 28, 2021
Net loss from continuing operations	$ 595,101	$ 1,259,203	$ 2,487,608	$ 2,342,528
Net loss from discontinued operations	55,001	174,234	156,305	137,527
Net loss	650,102	1,433,437	2,643,913	2,480,055
Basic and diluted loss per share from continuing operations	0.01	0.01	0.02	0.02
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00

	Nov 30, 2020	Aug 31, 2020	May 31, 2020	Feb 29, 2020
Net loss from continuing operations	$ 932,675	$ 666,444	$ 367,079	$ 201,482
Net loss from discontinued operations	87,013	178,793	127,478	116,231
Net loss	1,019,688	845,237	494,557	317,713
Basic and diluted loss per share from continuing operations	0.01	0.01	0.00	0.00
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00

LIQUIDITY

	November 30, 2021	November 30, 2020
Current ratio[(1)]	2.1	0.3
Cash	$ 773,525	$ 1,170
Working capital surplus (deficit) [(2)]	$ 680,111	$ (200,703)
Debt [(3)]	450,009	-
Equity (Deficit)	$ 290,295	$ (777,413)

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt consisted of the fair value of convertible debentures issued on November 29, 2021 with a aggregated face value of $750,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years.

Cash Position

As at November 30, 2021, we had $773,525 in cash. During the year ended November 30, 2021, we completed our IPO fund raising of $4.6 million in gross proceeds and approximately $2.0 million from the exercise of warrants and stock options.

During the year ended November 30, 2021, we spent $5,205,151 of cash in operating activities from continuing operations primarily to finance operating expenses including research and development, marketing, publicity and digital media, wages, and expenses related to IPO and listing on CSE. Cash provided by investing activities was $389,118 for the year ended November 30, 2021, for the purchase of equipment and financial investments offset by proceeds received of $450,000 from the sales of TLS common shares. Cash provided by financing activities was $6,204,193 for the year ended November 30, 2021, which was primarily from proceeds received from the issuance of units through the IPO and proceeds received from the exercise of warrants and options.

Working Capital

We had a working capital of $680,111 as at November 30, 2021, which is primarily due to an increase in cash relating to proceeds from our IPO and proceeds from warrant exercises, as well as an increase in short-term investments, accounts receivable, inventory and prepaid expenses. We had a working capital deficit of $200,703 as at November 30, 2020, which is due to an increase in accounts payable and accrued liabilities as a result of timing of expenditures and proceeds from financing relating to our operations.

CAPITAL RESOURCES AND MANAGEMENT

As at November 30, 2021, we had cash of $773,525. We are authorized to issue an unlimited number of common shares. As at November 30, 2021, there were 126,966,533 common shares issued and outstanding. We had 135,669,000 share purchase warrants outstanding with weighted average exercise price of $0.25. We had 19,452,500 stock options outstanding with weighted average exercise price of $0.20 per share. We also had 6,500,000 restricted share units outstanding.

On February 4, 2022, we engaged H.C. Wainwright & Co., LLC located in New Yok, USA, as our exclusive underwriter, agent or advisor in any offering (each, an "Offering") of the securities of the Company (the "Securities"). The terms of each Offering and the Securities issued in connection therewith shall be mutually agreed upon by the Company and Wainwright. At the closing of each Offering (each, a "Closing"), we will compensate Wainwright 1) a cash Fee that equals to 8.0% of the aggregate gross proceeds raised in each

Offering, and 2) warrants to purchase that number of common shares of the Company equal to 8.0% of the aggregate number of common shares placed in each Offering. We also agreed to provide an expense allowance up to US$75,000 for accountable expenses. The term of Wainwright's exclusive engagement will begin on the date of the engagement and end twenty-four (24) months thereafter.

Convertible debentures

On November 29, 2021, we issued convertible debentures in an aggregated amount of $750,000. The convertible debentures carry an annual coupon rate of 10% payable semi-annually and matures in two years. The debentures are convertible into the company's common shares at $0.12 per share anytime before or when they mature. Along with the convertible debentures, the Company issued 6,625,000 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $0.14 per shares for a period of 36 months.

Our objective is to maintain a strong capital base to support the development of the business through equity issuance and strategic alliances.

OFF-BALANCE SHEET ARRANGEMENTS

As at November 30, 2021 and November 30, 2020, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the years ended November 30, 2021 and 2020 compensation of key management personnel and related parties were as follows:

	Year ended November 30,	
	2021	2020
Consulting fees	$ 216,788	$ -
Share-based compensation	2,171,336	593,482
Wages expense	615,799	–
	$ 3,003,923	$ 593,482

As at November 30, 2021, Better Plant, an associated company, held a $10,000 deposit from us (November 30, 2020 - $nil) which is included in prepaid expenses and deposits. As at November 30, 2021, we owed $16,948 (November 30, 2020 - $832,675) to Better Plant. The current year balance is unsecured, non-interest bearing, and due on demand. The prior year balance consisted of a promissory note balance of $691,245, interest payable of $25,945 relating to the promissory note, and the remaining balance of $115,845. The latter two balances were included in accounts payable and accrued liabilities at November 30, 2020.

The prior year promissory note balance of $691,245 was bearing interest at 5% compounded annually and was originally due and payable by October 30, 2021. On February 28, 2020, we entered into an amended agreement on the promissory note from due on demand to due on October 31, 2021. The amendment was treated as an extinguishment of debt in accordance with IFRS 9, *Financial* Instruments, which resulted in a gain on extinguishment of debt of $106,873 with a corresponding discount to the carrying value of the promissory note. On November 30, 2020, we amended the due date on the promissory note from October 31, 2021 to February 28, 2022. As the modification resulted in a change in the carrying amount of less than 10%, the amendment was treated as a contract modification under IFRS 9 and resulted in additional accretion expense of $59,748 during the year ended November 30, 2020.

On September 10, 2021, we entered into an agreement with Better Plant for the sale of functional food assets related to the Company's consumer division. The following assets were transferred by us to Better Plant: four mushroom coffee products being sold in Canada at the time of sale and four mushroom coffee dietary products, including existing inventory, raw materials and packaging for all eight products, social media accounts related to the products, a domain neonmind.com and the neonmind.com Shopify-enabled website in Canada and the US, as well as associated marketing materials and a license to use the brand NeonMind in association with the products. As consideration for the assets, Better Plant paid $645,000 including taxes, which was offset by the balance due on a promissory note of a remaining balance of $645,000 owed by us to Better Plant. The fair value of the assets sold was determined to be $68,617, resulting in a gain on extinguishment of debt of $576,383. In addition, a 3% royalty of net product sales for a term of 25 years will be payable to us after the Better Plant reaches cumulative net product sales of over $1,000,000.

During the year ended November 30, 2021, we incurred marketing expenses of $59,719 (November 30, 2020 - $52,115), investor relations expenses of $53,639 (November 30, 2020 - $nil), professional fees of $138,307 (November 30, 2020 - $103,681), office & administrative expenses of $62,121 (November 30, 2020 - $14,135), and consumer product research and development expenses of $65,140 (November 30, 2020 - $34,500) from Better Plant. Better Plant provided such services to us pursuant to an operating agreement dated August 30, 2020.

During the year ended November 30, 2020, we entered into a license agreement with Urban Juve Provisions Inc. ("Urban Juve"), a related company under common control, to acquire a license to use, modify and sublicense extraction technology for the purpose of developing an extraction process for mushroom extract for a term of 25 years. Pursuant to the agreement, the Company issued 6,250,000 common shares with a fair value of $500,000.

During the year ended November 30, 2020, we entered into a license agreement with Komo Plant Based Foods Inc. (Komo Foods), an associated company, whereby we granted Komo Foods a 25-year non-exclusive license to the Company's mushroom extraction technology for use in the United States. Pursuant to the license agreement, the Company received 5,000,000 common shares of the related company, with a fair value of $415,000, which was recognized as revenue during the year ended November 30, 2020.

FOURTH QUARTER RESULTS

Revenue	-
Total expenses	$ 595,101
Loss from continuing operations	(595,101)
Loss from discontinued operations	(55,001)
Net loss	(650,102)
Basic and diluted income (loss) per share from continuing operations	(0.01)
Basic and diluted income (loss) per share from discontinued operations	$ (0.00)
Weighted average shares outstanding	117,995,931

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the collectability of accounts receivable, net realizable value of inventory, useful life and carrying value of property and equipment and intangible assets, carrying value of investment in associate, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets.

Judgments made by management in the application of IFRS that have a significant effect on the condensed interim financial statements include the factors that are used in determining whether the Company has significant influence over another entity, and the application of the going concern assumption which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period.

We had previously determined that it had significant influence in Komo Plant Based Comfort Foods Inc. ("Komo Foods") despite holding less than 20% of the voting rights in Komo Foods because we share a common CFO, and the fact that we and Komo Foods entered into a license agreement that was a key component of Komo Food's business in prior periods. As a result, Komo Foods was considered an associate of the Company, and the investment in Komo Foods was accounted for using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for our proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the associate's net assets, such as further investments or dividends. During the year ended November 30, 2021, Komo Foods entered into a merger agreement and management determined that significant influence in Komo Foods no longer existed and we reclassified its investment to fair value through profit and loss under IFRS 9, Financial Instruments.

Management also requires the use of judgment with respect to the assessment of fair value of investments in private companies. The fair value of shares and warrants of private companies is determined by valuation techniques such as recent arm's-length transactions, option pricing models, or other valuation techniques commonly used by market participants. The investments in common shares and warrants are measured at fair value through profit or loss and unrealized gains and losses are recorded in the statement of operations.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the statement of financial position as at November 30, 2021, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, November 30, 2021
Marketable securities	$ 193,750	$ –	$ –	$ 193,750
Restricted cash	57,500	–	–	57,500
Convertible debenture	–	450,009	–	450,009
	$ 251,250	$ 450,009	$ –	$ 701,259

The fair values of other financial instruments, including cash, accounts receivable, accounts payable and accrued liabilities, amounts due to related parties, and promissory note payable approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. Our credit risk is primarily attributable to accounts receivable. We minimize our credit risk associated with its cash balance by dealing with major financial institutions in Canada and have no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate and Interest Rate Risk

We are not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. We manage liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

We are exposed to price risk with respect to its marketable securities, which consists of common shares held in private companies and is dependent upon the market price or the fair value of the common shares for those companies. The market price or the fair value of the common shares of those companies can fluctuate significantly, and there is no assurance that the future market price or the fair value of those companies will not decrease significantly.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all material information related to NeonMind, including our consolidated subsidiaries, is made known to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Control over Financial Reporting ("ICOFR")

Our management, with the participation of our CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the CEO and CFO, our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Our internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of NeonMind;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that our receipts and expenditures are made only in accordance with authorization of management and our directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the annual or interim financial statements.

Limitations on the Effectiveness of Disclosure Controls and the Design of ICOFR

Our management, including the CEO and CFO, do not expect that our disclosure controls and procedures and ICFR will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable assurance that the control system objectives will be met. The likelihood of achievement is affected by limitations inherent in all internal control systems. These inherent limitations include the realities that judgments or decision making can be faulty, and that breakdowns occur because of simple errors or mistakes. Controls can also be circumvented in numerous ways including collusion, overrides and deception. In addition to the inherent limitations, the design of a control system must reflect that there are resource constraints, and the expected benefit of controls must be considered relative to the expected costs. Due to inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Further, no evaluation of controls can provide absolute assurance that all control issues within a company will be detected.

SUBSEQUENT EVENTS

On December 20, 2021, we granted 108,897 restricted share units to consultants. The restricted share units vested in full immediately upon grant.

On December 20, 2021, we granted 600,000 stock options to a consultant, MEZURAL Relationship Services, which are exercisable at a price of $0.10 per share for a period of 5 years. The stock options vest over 30 months in 10 equal tranches, with the first vesting period commencing 4 months after the grant date.

On December 20, 2021, we granted 100,000 stock options to a consultant, Jonathan Q. Tran, which are exercisable at a price of $0.10 per share for a period of 5 years. The stock options vest over 12 months in 4 equal tranches, with the first vesting period commencing 4 months after the grant date.

On December 29, 2021, we issued 1,200,000 common shares pursuant to the vesting of restricted share units.

On January 12, 2022, we granted 200,000 restricted share units to an advisor, Dr. Daniel Bainbridge. The restricted share units vest in two equal tranches over a period of 12 months, with the first vesting period commencing four months after the grant date.

On January 29, 2022, we issued 200,000 common shares pursuant to the vesting of restricted share units.

On February 28, 2022, we granted 101,131 restricted share units to consultants. The restricted share units vested in full immediately upon grant.

Subsequent to November 30, 2021,

- we amended the terms of 41,400,000 warrants which were previously issued in connection with our initial public offering that closed on December 30, 2020. The warrants originally entitled the holders to purchase one common share in the capital of the Company at a price of $0.20 per share for a period of 12 months. In accordance with CSE policy, the expiry date of the warrants has been extended to June

30, 2022, and the exercise price has been reduced to $0.14 per share,

- we cancelled 1,867,500 stock options previously issued to our employees and consultants,
- a total of 27,724,000 warrants expired unexercised.