MANAGEMENT DISCUSSION AND ANALYSIS

For the Three Months Ended February 28, 2022 and 2021

April 25, 2022

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of NeonMind Biosciences Inc. ("NeonMind") for the three months ended February 28, 2022 and 2021. 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 condensed interim financial statements for the three months ended February 28, 2022 and 2021 and 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 $881,554 and used $636,353 of cash for operating activities from continuing operations during the three months ended February 28, 2022. As at February 28, 2022, we had working capital deficit of $11,459 and an accumulated deficit of $13,970,445. 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. 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 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 our 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 2021, 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.

On April 8, 2022, we closed a convertible debenture private placement offering (the "Offering"). Pursuant to the Offering, the Company has issued 394 units at a price of $1,000 per unit (the "Units") for gross proceeds of $394,000. Each Unit consists of one unsecured convertible debenture in the principal amount of $1,000 and 2,375 warrants to purchase common shares of the Company. Of the Units issued, 109 Units were issued for debt settlement.

On April 18, 2022, we completed a consolidation of our issued and outstanding common shares of the Company on the basis of one (1) post-consolidation common share for every four (4) pre-consolidation common shares.

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 three months ended February 28, 2022, 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 three months ended February 28, 2022 and 2021, we incurred a net loss from continuing operations of $881,554 and $2,342,528 respectively. The losses were primarily driven by investment in research and development and ongoing operating expenses in preparation of launching medical clinics.

DISCUSSION ON OPERATIONS

Revenue

We did not generate any revenue from continuing operations for the three months ended February 28, 2022 and 2021. We disposed of our assets in the consumer products division in the prior year 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.

Consulting fees

We are an emerging business which engages consultants and contractors regularly to obtain expertise in various business areas. For the three months ended February 28, 2022, we incurred consulting fees of $62,499, as compared to $39,416 for same period of the prior year. The increase in consulting fees was driven by increased research and development activities.

Depreciation

For the three months ended February 28, 2022, we incurred depreciation expense of $278 as compared to $15 for the same period of the prior year. Depreciation expenses were related to office equipment assets.

Investor relations

For the three months ended February 28, 2022, we incurred investor relations expenses of $42,893 to expand our visibility within the North American communities as compared to $95,833 for the same period of 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 three months ended February 28, 2022, we incurred listing fees of $3,000 as compared to $6,600 for the same period of the prior year.

Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For the three months ended February 28, 2022, we incurred marketing, publicity and digital media costs of $164,743 as compared to $730,454 for the same period of the prior year. The decrease in marketing, publicity and digital media expenses are due to cost saving measures and reduced marketing activities to align our strategy and focus on long term core values.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, and other general office expenses. For the three months ended February 28, 2022, we incurred office and administration expenses of $70,847 as compared to $98,657 for the same period of the prior year. The decrease in office and administrative expenses was due to cost saving measures.

Pharmaceutical research and development

Pharmaceutical research and development expenses included costs of our medical research and our preclinical trials. For the three months ended February 28, 2022, we incurred pharmaceutical research and development costs of $79,117 as compared to $267,279 in the same period of the prior year. We have obtained positive pre-clinical results and are preparing to submit an IND to the FDA in support of advancing the development of NEO-001 into human trials.

Professional fees

Professional fees include legal, recruitment, accounting, audit and taxation fees. For the three months ended February 28, 2022, we incurred professional fees of $67,110 as compared to $213,158 for the same period of the prior year. The decrease was primarily driven by legal and accounting fees related to the IPO process, as well as recruitment fees to expand the team in the prior year.

Share-based compensation

As at February 28, 2022, we had 4,683,750 stock options (2021 – 3,050,000) and 1,325,000 restricted share units (2021 – nil) outstanding for our directors, officers, employees and consultants, and we incurred share-based compensation expense of $119,981 for the three months ended February 28, 2022, as compared to $759,924 for the same period of 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 three months ended February 28, 2022 were $176,368, as compared to $79,598 for the same period of the prior year. The increase in wages was driven by the expansion of the team to support business development and clinical research activities.

Investment loss

	Three months ended February 28,	
	2022	2021
Share of net loss of equity accounted investee	$ -	$ (42,643)
Unrealized loss on marketable securities	(43,750)	-
	$ (43,750)	$ (42,643)

On February 21, 2020, the Company entered into a license agreement with Komo Plant Based Comfort Foods Inc. ("Komo Foods"), a plant based food company, whereby the Company granted Komo Foods a non-exclusive license to the Company's mushroom extraction technology for use in the United States. Pursuant to the license agreement, the Company received 1,250,000 common shares of Komo Foods, with a fair value of $415,000, representing a 4.05% ownership interest in Komo Foods at the time of the transaction.

The Company had determined that it had significant influence in Komo Foods as it shared a common CFO, and there had been significant transactions including the licensing agreement entered into with Komo Foods. As a result of having significant influence in Komo Foods, the Company's investment in Komo Foods was accounted for as an investment in an associate using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Company's 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 period ended February 28, 2021, the Company recorded its proportionate loss from Komo Foods of $42,643. The following table outlines the changes in investment in associate that was accounted for using the equity method for the three months ended February 28, 2021. As the Company does not have the same reporting date as its associate, the Company was provided with unaudited financial statements for the three months ended February 28, 2021 to calculate the portion of net loss attributable to the Company.

	Three months ended February 28, 2021
Komo Foods net income (loss)	$ (1,520,959)
% ownership	2.67%
Portion of net income (loss) from investment in associate	$ (42,643)

On May 31, 2021, Komo Foods entered into a merger agreement with Komo Plant Based Foods Inc. ("Komo YUM"). Subsequent to the merger, the Company's shares of Komo Foods were exchanged 1-to-1 for Komo YUM shares and it was determined that the Company no longer had significant influence over Komo YUM. As a result, the Company began accounting for the investment in Komo Foods as marketable securities at fair value through profit or loss. For the three months ended February 28, 2022, the Company recorded an unrealized loss on marketable securities of $43,750.

Other income & expenses

	Three months ended February 28,	
	2022	2021
Accretion expense	$ (36,273)	$ -
Foreign exchange gain	4,055	83
Interest expense	(18,750)	(9,034)
	$ (50,968)	$ (8,951)

Net loss from continuing operations

We incurred a net loss from continuing operations of $881,554 for the three months ended February 28, 2022, as compared to $2,342,528 for the same period of the prior year. Loss per share from continuing operations on basic and fully diluted basis was $0.03, compared to $0.07 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. We did not incur any loss from discontinued operations during the three months ended February 28, 2022. We incurred net loss from discontinued operations $137,527 for the same period of the prior year.

Dividends

No dividends were declared or paid for the three months ended February 28, 2022 and 2021.

SUMMARY OF QUARTERLY RESULTS

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

For the quarters ended:

	Feb 28, 2022	Nov 30, 2021	Aug 31, 2021	May 31, 2021
Net loss from continuing operations	$ 881,554	$ 595,101	$ 1,259,203	$ 2,487,608
Net loss from discontinued operations	-	55,001	174,234	156,305
Net loss	881,554	650,102	1,433,437	2,643,913
Basic and diluted loss per share from continuing operations	0.03	0.04	0.04	0.08
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00

	Feb 28, 2021	Nov 30, 2020	Aug 31, 2020	May 31, 2020
Net loss from continuing operations	$ 2,342,528	$ 932,675	$ 666,444	$ 367,079
Net loss from discontinued operations	137,527	87,013	178,793	127,478
Net loss	2,480,055	1,019,688	845,237	494,557
Basic and diluted loss per share from continuing operations	0.07	0.04	0.04	0.01
Basic and diluted loss per share from discontinued operations	0.00	0.00	0.00	0.00

LIQUIDITY

	February 28, 2022	November 30, 2021
Current ratio[(1)]	1.0	2.1
Cash	$ 137,172	$ 773,525
Working capital surplus (deficit) [(2)]	$ (11,459)	$ 680,111
Debt [(3)]	$ 505,032	450,009
Equity (Deficit)	$ (456,576)	$ 290,295

(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 February 28, 2022, we had $137,172 in cash. During the three months ended February 28, 2022, we spent $636,353 of cash in operating activities from continuing operations primarily to finance operating expenses including research and development, marketing, publicity and digital media, and wages. Cash used in operating activities from continuing operations for the same period of the prior year was $1,692,940. The decreased in cash used in operating activities was driven by costing saving and cost reduction initiatives. Cash provided by investing activities was $nil for the three months ended February 28, 2022 as compared to $1,285 for the same period of the prior year. Cash provided by financing activities was $nil for the three months ended February 28, 2022 as compared to $5,028,130 for the same period of the prior year, primarily from IPO fund raising.

Working Capital

We had a working capital deficit of $11,459 as at February 28, 2022, which primarily consisted of cash, marketable securities, taxes receivable and prepaid expenses and deposits, offset by accounts payable. We had a working capital deficit of $680,111 as at November 30, 2021. The decrease in working capital deficit was primarily driven by decrease in cash balances spent on operating expenses.

CAPITAL RESOURCES AND MANAGEMENT

On April 18, 2022, the Company effected a 1-for-4 share consolidation. All share and per share amounts in the condensed interim financial statements have been retroactively adjusted for the share consolidation.

As at February 28, 2022, we had cash of $137,172. We are authorized to issue an unlimited number of common shares. As at February 28, 2022, there were 32,144,140 common shares issued and outstanding. We had 27,090,625 share purchase warrants outstanding with weighted average exercise price of $0.69. We had 4,683,750 stock options outstanding with weighted average exercise price of $0.79 per share. We also had 1,325,000 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 $0.48 per share anytime before or when they mature. Along with the convertible debentures, the Company issued 1,656,250 warrants to the debenture holders. Each warrant can be exercised to purchase one additional common share at $0.56 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 February 28, 2022 and 2021, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three months ended February 28, 2022 and 2021 compensation of key management personnel and related parties were as follows:

	Three months ended February 28,	
	2022	2021
Consulting fees	$ 59,124	$ 39,416
Share-based compensation	170,697	616,491
Wages	167,500	74,017
	$ 397,321	$ 729,924

As at February 28, 2022, a related company, Better Plant Sciences Inc. ("Better Plant"), held a $10,000 deposit from the Company (November 30, 2021 - $10,000) which is included in prepaid expenses and deposits. As at February 28, 2022, the Company owed $8,411 (November 30, 2021 - $16,948) to Better Plant. The balance is unsecured, non-interest bearing, and due on demand.

During the period ended February 28, 2022, the Company incurred marketing expenses of $1,693 (February 28, 2021 - $25,494), investor relations expenses of $13,594 (February 28, 2021 - $31,833), professional fees of $21,139 (February 28, 2021 - $58,547), office and administrative expenses of $9,220 (February 28, 2021 - $21,618), and consumer product research and development expenses of $nil (February 28, 2021 - $24,877) from Better Plant. Better Plant provided such services to the Company pursuant to an operating agreement dated August 30, 2020.

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 useful life and carrying value of property and equipment, 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 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.

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 February 28, 2022, 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, February 28, 2022
Marketable securities	$ 150,000	$ –	$ –	$ 150,000
Restricted cash	57,500	–	–	57,500
Convertible debentures	–	505,032	–	505,032
	$ 207,500	$ 505,032	$ –	$ 712,532

The fair values of other financial instruments, including cash, accounts payable and accrued liabilities, amounts due to related parties 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. The Company's credit risk is primarily attributable to cash. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has 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

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages 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

The Company is exposed to price risk with respect to its marketable securities, which consists of common shares held in publicly-traded 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 April 8, 2022, the Company closed its non-brokered private placement (the "Offering") of units of convertible unsecured debentures (the "Debentures") and warrants (the "Warrants") of the Company. Pursuant to the Offering, the Company issued 394 units at a price of $1,000 per unit for gross proceeds of $394,000. Each unit consists of one Debenture in the principal amount of $1,000 and 2,375 Warrants to purchase common shares of the Company. Of the units issued, 109 units were issued for debt settlement.

The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year with a redemption date that is 24 months from issuance. The Debentures are convertible in full or in part, at the holders' option, into common shares in the capital of the Company at a price of $0.30 per common share, at any time prior to their redemption. Each Warrant will entitle the holder thereof to acquire one common share of the Company at a price of $0.32 per share for a period of 36 months from the date of issue.

In connection with the closing of the Offering, the Company paid a cash commission of $14,000 and granted 33,250 Agent's Options with each such Agent's Option entitling the holder to purchase a unit of the Company (the "Agent's Option Unit") at $0.30 per Agent's Option Unit until April 8, 2024. Each Agent's Option Unit consists of one common share of the Company (each, an "Agent's Option Share") and one share purchase warrant (each, an "Agent's Option Warrant"). Each Agent's Option Warrant further entitles the holder to purchase one additional common share of the company at a price of $0.32 for a period of 36 months from the date of issue of the Agent's Options on April 8, 2022.