

August 23, 2022

Form 51-102F4
Business Acquisition Report

This Business Acquisition Report has been prepared by Numinus Wellness Inc. (the “**Company**” or “**Numinus**”) regarding its acquisition (the “**Acquisition**”) of all of the issued and outstanding securities of Novamind Inc. (“**Novamind**”) pursuant to an arrangement agreement (the “**Arrangement Agreement**”) dated April 11, 2022 between the Company and Novamind.

Item 1 Identity of Company

1.1 Name and Address of Company

Numinus Wellness Inc.
801 - 33 Water Street
Vancouver, BC
V6B 1R4

1.2 Executive Officer

Payton Nyquvest
President and CEO
(604) 649-3229

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Novamind was incorporated under the name “Gladiator Minerals Inc.” pursuant to the *Canada Business Corporations Act* on April 23, 1997 and has one wholly-owned subsidiary, Novamind Ventures Inc. (“**Novamind Ventures**”). Novamind Ventures has three wholly-owned subsidiaries based in the United States: (i) Foundations for Change, Inc. (Arizona), (ii) Cedar Psychiatry, Inc. (Utah), and (iii) Cedar Clinical Research, Inc. (Utah).

Novamind is a mental health company enabling safe access to psychedelic medicine through a network of clinics and clinical research sites. Novamind provides ketamine-assisted psychotherapy and other novel treatments through its network of integrative mental health clinics and operates a full-service contract research organization specialized in clinical trials and evidence-based research for psychedelic medicine. Following the Acquisition, Numinus operates 13 wellness clinics. It will continue developing and scaling innovative psychedelic therapy protocols and procedures for screening, preparation, dosing and integration targeting difficult-to-treat mental health

conditions, including posttraumatic stress disorder (PTSD), COVID-19 burnout, depression, addiction and eating disorders.

Further details of the Acquisition are included in the Company's news releases of April 12, 2022, May 10, 2022, May 31, 2022, June 8, 2022 and June 10, 2022 and material change report of June 17, 2022, which documents are available under the Company's profile on SEDAR at www.sedar.com.

2.2 Acquisition Date

The Company completed the Acquisition on June 10, 2022.

2.3 Consideration

Pursuant to the Arrangement Agreement, the Company issued 43,474,659 common shares to former shareholders and holders of restricted share units (“RSU”) of Novamind, as consideration for the Acquisition – representing 0.84 of one (the “**Exchange Ratio**”) Numinus common share per each Novamind share and Novamind RSU.

In connection with the Acquisition, all 3,346,052 incentive stock options of Novamind were cancelled and replaced at the Exchange Ratio through the issuance of 2,810,684 incentive stock options of Numinus (the “**Replacement Options**”) with each Replacement Option being exercisable to acquire one common share of Numinus, and of which (i) 2,453,684 Replacement Options are exercisable at a price of approximately \$0.48 per common share until December 11, 2025, (ii) 252,000 Replacement Options are exercisable at a price of approximately \$1.19 per common share until December 22, 2025, and (iii) 105,000 Replacement Options are exercisable at a price of approximately \$0.48 per common share until April 30, 2025.

In addition, all 19,044,831 warrants of Novamind (the “**Novamind Warrants**”), which were outstanding immediately prior to the Acquisition, were adjusted in accordance with their respective contractual terms to account for the Acquisition. The Novamind Warrants are now exercisable at the Exchange Ratio into 15,997,658 common shares of Numinus.

Numinus paid a completion fee in the amount of \$700,000 (the “**Completion Fee**”) to Eight Capital in consideration of the services provided by Eight Capital as exclusive financial advisor in connection with the Acquisition. A portion of the Completion Fee, being \$200,000, was paid through the issuance of 444,444 common shares of Numinus valued at \$0.45 per common share while the balance of the Completion Fee was paid in cash.

2.4 Effect on Financial Position

The effect of the Acquisition on the Company's financial position is that Novamind became a wholly-owned subsidiary of the Company. As a result of the Acquisition, Novamind ceased trading on the Canadian Securities Exchange and OTC exchanges. The Acquisition expands the Company's client service offerings, geographic reach and revenues into the United States. The Company is in the process of assessing the fair value of the assets acquired and liabilities assumed.

As a result of the Acquisition, Numinus now has 13 operating wellness clinics across North America, four clinical research sites and a dedicated psychedelics research laboratory. The Company intends to continue operating all of these locations and is reviewing previously announced organic clinic growth plans, considering the significantly expanded scale that the Acquisition has provided.

2.5 Prior Valuations

Not applicable.

2.6 Parties to Transaction

The Acquisition was an Arm's Length acquisition and the terms were negotiated between arm's length parties and did not involve an informed person, associate or affiliate of the Company as defined under National Instruments 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”).

2.7 Date of Report

August 23, 2022

Item 3 Financial Statements and Other Information

As required by Part 8 of NI 51-102, the following are included in this Business Acquisition Report:

- (a) The audited annual consolidated financial statements of Novamind for the year ended June 30, 2021 and for the period from May 22, 2019 (date of incorporation) to June 30, 2020, attached hereto as Schedule “A”.
- (b) The unaudited condensed interim consolidated financial statements of Novamind for the three and nine months ended March 31, 2022, attached hereto as Schedule “B”.

- (c) The unaudited pro forma consolidated financial statements of the Company, including (i) interim statement of financial position as at May 31, 2022, (ii) the statement of loss and comprehensive loss for the year ended August 31, 2021, and (iii) the interim statement of loss and comprehensive loss for the nine months ended May 31, 2022, attached hereto as Schedule “C”.

Schedule "A"
Audited Annual Financial Statements of Novamind
[see attached]

Novamind Inc.
(formerly Hinterland Metals Inc.)

Consolidated Financial Statements

**For the year ended June 30, 2021 and for the period from May
22, 2019 (date of incorporation) to June 30, 2020**

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Novamind Inc.

Opinion

We have audited the consolidated financial statements of Novamind Inc. (formerly Hinterland Metals Inc.) (the "Company"), which comprise the consolidated statements of financial position as at June 30, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended June 30, 2021 and for the period from May 22, 2019 (date of incorporation) to June 30, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and 2020, and its financial performance and its cash flows for the year ended June 30, 2021 and the period from May 22, 2019 (date of incorporation) to June 30, 2020 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company had an accumulated deficit of \$8,583,249 as at June 30, 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 4, 2021



An independent firm
associated with Moore
Global Network Limited

Novamind Inc.
(formerly Hinterland Metals Inc.)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at June 30, 2021	As at June 30, 2020
Assets		
Current Assets		
Cash	\$ 5,426,286	\$ 2,845,018
Subscription receivable (note 13)	-	52,500
Accounts receivable	500,502	-
Interest receivable (note 10)	156,504	-
Prepaid expenses	180,948	18,667
Marketable securities (note 6)	2,975,329	147,461
Convertible debenture receivable (note 10)	1,763,880	-
Total Current Assets	11,002,449	3,063,646
Convertible debenture receivable (note 10)	-	1,139,590
Interest receivable (note 10)	-	48,169
Marketable securities (note 6)	-	49,154
Property and equipment (note 7)	846,420	-
Right-of-use-asset (note 8)	3,494,194	-
Intangible assets (note 9)	634,699	-
Goodwill (note 9)	1,172,506	-
Total Assets	\$ 17,151,268	\$ 4,300,559
Liabilities		
Current Liabilities		
Accounts payable	\$ 327,461	\$ 329,413
Accrued liabilities	529,717	115,034
Loan payable to related party (note 17)	49,576	-
Lease liabilities (note 12)	415,264	-
	1,322,018	444,447
Lease liabilities (note 12)	3,401,668	-
Deferred income tax liability (note 20)	167,000	-
Total Liabilities	4,890,686	444,447
Shareholders' Equity		
Share capital (note 13)	17,464,514	4,334,505
Obligation to issue shares (note 4)	230,625	727,500
Warrants (note 14)	1,257,433	123,601
Contributed surplus (note 15)	2,085,230	-
Accumulated other comprehensive loss	(193,971)	-
Deficit	(8,583,249)	(1,329,494)
Total Shareholders' Equity	12,260,582	3,856,112
Total Liabilities and Shareholders' Equity	\$ 17,151,268	\$ 4,300,559

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

Nature of Operations and Going Concern (Note 1)

Subsequent Event (Note 21)

On Behalf of the Board: *"Yaron Conforti"*
Director

"Sruli Weinreb"
Director

Novamind Inc.
(formerly Hinterland Metals Inc.)
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year ended June 30, 2021	Period from May 22, 2019 (Date of incorporation) to June 30, 2020
Revenue		
Service fees	\$ 5,952,480	\$ -
Clinical trial income	116,767	-
	6,069,247	-
Cost of services (note 18)	2,343,293	-
Gross margin	3,725,954	-
Expenses		
Consulting fees	1,115,550	694,395
Amortization (notes 7,8 and 9)	206,349	-
Interest expense and bank charges	351,881	-
Stock-based payments (note 15)	2,085,230	472,500
Professional fees	1,978,993	28,175
Office and general	1,138,783	164,445
Advertising and promotion	1,282,096	36,057
Filing fees	28,070	4,903
Salaries and wages	3,372,429	-
Software license fees	326,600	-
Investor relations	200,865	-
Total Expenses	12,086,846	1,400,475
Other Income (Expense)		
RTO transaction cost (note 5)	(1,379,144)	-
Foreign exchange	97,178	31,629
Unrealized (gain) loss of marketable securities and convertible debentures (notes 6 and 10)	1,482,088	(8,285)
Loss on conversion of convertible debenture (note 10)	(24,569)	-
Gain on disposition of marketable securities (note 6)	739,758	-
Interest income	124,826	47,637
Loss before income taxes	(7,320,755)	(1,329,494)
Deferred income tax recovery (note 20)	(67,000)	-
Net loss for the period	(7,253,755)	(1,329,494)
Other comprehensive loss – amount that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	(193,971)	-
Net loss and comprehensive loss for the period	\$ (7,447,726)	\$ (1,329,494)
Basic and diluted net loss per share	\$ (0.20)	\$ (0.12)
Weighted average number of common shares outstanding	35,797,341	11,190,080

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

Novamind Inc.
(formerly Hinterland Metals Inc.)
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Share Capital		Obligation to issue shares	Warrant reserves	Contributed surplus	Other comprehensive loss	Deficit	Total
	Number	Amount						
Balance, May 22, 2019 (date of incorporation)	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shares issued in private placements	23,426,249	4,750,500	-	-	-	-	-	4,750,500
Obligation to issue shares	-	-	727,500	-	-	-	-	727,500
Share issuance costs	-	(415,995)	-	123,601	-	-	-	(292,394)
Net loss for the period	-	-	-	-	-	-	(1,329,494)	(1,329,494)
Balance, June 30, 2020	23,426,249	4,334,505	727,500	123,601	-	-	(1,329,494)	3,856,112
Shares issued in private placements	12,640,000	11,056,000	(727,500)	-	-	-	-	10,328,500
Share issuance costs	-	(1,129,898)	-	486,643	-	-	-	(643,255)
Shares issued and to be issued in the Cedar Acquisition	3,843,750	1,537,500	230,625	-	-	-	-	1,768,125
Reverse take-over transaction	1,372,017	1,372,017	-	338	-	-	-	1,372,355
Shares and warrants issued for consulting services	223,877	233,900	-	117,882	-	-	-	351,782
Exercise of warrants	34,394	60,490	-	(26,096)	-	-	-	34,394
Warrants issued for consulting services	-	-	-	555,065	-	-	-	555,065
Stock-based compensation	-	-	-	-	2,085,230	-	-	2,085,230
Net loss and comprehensive loss for the year	-	-	-	-	-	(193,971)	(7,253,755)	(7,447,726)
Balance, June 30, 2021	41,540,287	\$ 17,464,514	\$ 230,625	\$ 1,257,433	\$ 2,085,230	\$ (193,971)	\$ (8,583,249)	\$ 12,260,582

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

Novamind Inc.
(formerly Hinterland Metals Inc.)
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended June 30, 2021	Period from May 22, 2019 (Date of incorporation) to June 30, 2020
Operating activities		
Net loss for the period	\$ (7,253,755)	\$ (1,329,494)
Items not affecting cash used in operating activities:		
Unrealized gain on marketable securities and convertible debenture receivable	(1,482,088)	8,285
Loss (gain) on foreign exchange	(131,735)	(26,832)
Amortization	817,054	-
Interest expense (income)	348,421	(47,637)
Deferred income tax recovery	(67,000)	-
RTO transaction cost	1,379,144	-
Stock-based compensation	2,085,230	472,500
Consulting fees	906,847	-
Loss on conversion of convertible debenture receivable	24,569	-
Gain on disposition of marketable securities	(739,758)	-
	(4,113,071)	(923,178)
Changes in non-cash working capital:		
Accounts receivable	(9,973)	-
Interest receivable	(113,563)	-
Prepaid expenses	(147,929)	(18,667)
Accounts payable and accrued liabilities	(115,691)	444,447
Cash flows used in operating activities	(4,500,227)	(497,398)
Investing activities		
Purchase of property and equipment	(926,166)	-
Investment in convertible debentures	(232,320)	(1,121,575)
Cash obtained upon Cedar Acquisition	430,641	-
Cash paid for Cedar Acquisition	(750,000)	-
Cash obtained upon RTO	175,178	-
Purchase of marketable securities	(2,181,195)	(196,615)
Proceeds from sale of marketable securities	1,344,751	-
Repayment of government loan payable	(12,774)	-
Cash flows used in investing activities	(2,151,885)	(1,318,190)
Financing activities		
Shares issued in private placements, net of share issuance cost	9,737,745	3,933,106
Shares issued upon exercise of warrants	34,394	-
Payment on lease liabilities	(508,250)	-
Proceeds for shares to be issued	-	727,500
Cash flows provided by financing activities	9,263,889	4,660,606
Change in cash	2,611,777	2,845,018
Impact of foreign exchange on cash	(30,509)	-
Cash, beginning of period	2,845,018	-
Cash, ending of period	\$ 5,426,286	\$ 2,845,018

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

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Novamind Inc. (formerly Hinterland Metals Inc.) (the "Company"), incorporated under the Canada Business Corporations Act, is a mental health company enabling safe access to psychedelic medicine through a network of psychiatry clinics and clinical research sites. The Company's common shares are listed under the symbol "NM" on the Canadian Securities Exchange. The head office and registered office of the Company is located at 10 Wanless Ave Suite 201, Toronto, ON, Canada, M4N 1V6.

On November 12, 2020, the Company entered into a business combination agreement with Novamind Ventures Inc. ("Novamind Ventures"), a private Ontario company incorporated on May 22, 2019, whereby the Company acquired all issued and outstanding shares of Novamind Ventures on December 22, 2020 by exchanging outstanding and issued shares of Novamind Ventures to the shares of the Company on a 4 to 1 ratio (the "RTO") (Note 5). The RTO was structured as a three-cornered amalgamation pursuant to which Novamind Ventures amalgamated with a wholly owned subsidiary of the Company, 2784326 Ontario Inc. to form an amalgamated entity. Novamind Ventures is deemed to be the acquirer for the accounting purposes. The consolidated financial statements are considered a continuation of Novamind Ventures. All reference to shares, per share amount, and warrants in these financial statements have been retroactively restated to reflect the conversion ratio.

On July 22, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Psychiatry Inc. and Cedar Clinical Research Inc. (collectively "Cedar Group") pursuant to a stock purchase agreement dated July 22, 2020 and amended on November 19, 2020 (the "Cedar Acquisition") (Note 4).

The consolidated financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company has incurred losses since inception of its business and as of June 30, 2021, the Company's accumulated deficit was \$8,583,249. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenue and expenses, and the statement of financial position classification used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

2. Basis of Presentation

Statement of Compliance

The consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Issues Committee ("IFRIC").

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 4, 2021.

Basis of preparation

These consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and Novamind Ventures is the Canadian dollar. The functional currency of Cedar Psychiatry Inc. and Cedar Clinical Research Inc. is the US dollar.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain variable benefits from its power over the entity's activities. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition of control up to the effective date of disposal or loss of control.

Details of the Company's subsidiaries are as follows:

Entity	Country of Incorporation	Ownership Percentage
Novamind Ventures Inc.	Canada	100%
Cedar Psychiatry Inc.	USA	100%
Cedar Clinical Research Inc.	USA	100%

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

3. Significant Accounting Policies

Foreign Currency Translation

The functional currency of each entity is determined using the currency of the primary economic environment in which that entity operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Assets and liabilities of foreign operations are translated from its functional currency to the presentation currency at the exchange rate at the reporting date. Income and expenses of foreign operations are translated at exchange rates at the dates of the relevant transactions, with average exchange rates used when appropriate. Foreign currency differences arising from translation are recognized in other comprehensive income (loss).

Financial Instruments

Financial Instruments are accounted for in accordance with IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The following table shows the classification under IFRS 9:

<u>Financial assets/liabilities</u>	<u>Classification</u>
Cash	Fair value through profit or loss
Subscription receivable	Amortized cost
Accounts receivable	Amortized cost
Interest receivable	Amortized cost
Marketable securities	Fair value through profit or loss
Convertible debenture receivable	Fair value through profit or loss
Accounts payable	Amortized cost
Loan payable to related party	Amortized cost

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Revenue recognition

To determine the amount and timing of revenue to be recognized, the Company follows a 5-step process:

- a. Identifying the contract with a customer;
- b. Identifying the performance obligations;
- c. Determining the transaction price;
- d. Allocating the transaction price to the performance obligations; and
- e. Recognizing revenue when/as performance obligation(s) are satisfied.

Service fees

The Company earns fees through provision of outpatient mental health services including psychotherapy, psychiatric medication management, transcranial magnetic stimulation, and ketamine-assisted psychotherapy. Service fees are measured at the amount of transaction price that is allocated to a performance obligation, the amount of consideration to which the Company expects to be entitled in exchange for transferring promised medical services to a patient. Service fees are recognized upon completion of medical services, which are determined when services have been provided to a patient and no significant obligations from the Company remains.

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3. Significant Accounting Policies (continued)

Revenue recognition (continued)

Clinical trial income

The Company earns clinical trial income through the hosting of clinical trials for emerging treatment options in neuropsychiatry. These trials are hosted on behalf of third-party sponsors. The transaction price is allocated to each clinical trial and research task on an estimated standalone price basis, for which the Company recognizes revenue as or when such a task under the contract is satisfied.

Cost of services

Cost of services includes the expenses incurred to provide services to patients and customer, which are the related labor costs and depreciation expense on the transcranial magnetic stimulation ("TMS") systems.

Equipment and right-of-use assets

Equipment and right-of-use assets are stated at cost less accumulated depreciation. The cost of repairs and maintenance is expensed as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Upon sale or other disposition of a depreciable asset, cost and accumulated depreciation are removed from property and equipment and any gain or loss is reflected as a gain or loss from operations.

The estimated useful lives are:

Furniture and equipment	1-5 years
Computer equipment	1-5 years
Medical equipment	1-5 years
Leasehold improvements	Lease terms
Right-of-use assets	Lease terms

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3. Significant Accounting Policies (continued)

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a lease liability and a right-of-use asset at the lease commencement date. The lease liability is initially measured as the present value of future lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's applicable incremental borrowing rate. The incremental borrowing rate is the rate which the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the Company expects to exercise an option to terminate the lease.

The lease liability is subsequently measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

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3. Significant Accounting Policies (continued)

Leases (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the following:

- the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. It is depreciated in accordance with the Company's accounting policy for property and equipment, from the commencement date to the earlier of the end of its useful life or the end of the lease term. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company has elected not to recognize right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and recognizes the lease payments as an expense to profit or loss on a straight-line basis over the term of the lease.

Business combination

Acquisitions of business are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets acquired, liabilities incurred or assumed and equity instruments issued by the Company to the former owners of the acquiree in exchange for control of the acquiree. Acquisition-related costs incurred for the business combination are expensed. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair value at the acquisition date.

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3. Significant Accounting Policies (continued)

Business combination (continued)

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the consideration of the acquisition over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's net identifiable assets, liabilities and contingent liabilities exceeds the cost of the acquisition, the excess is recognized in profit or loss immediately. Goodwill may also arise as a result of the requirement under IFRS to record a deferred tax liability on the excess of the fair value of the acquired assets over their correspondence tax bases, with the corresponding offset recorded as goodwill.

In the case of the amount of the net of the amounts of the identifiable assets acquired and the liabilities assumed exceeding the fair value of the consideration, the Company recognizes the resulting amount in profit or loss on the acquisition date.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

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3. Significant Accounting Policies (continued)

Intangible assets (continued)

The Company acquired patient relationships and brand name as part of the acquisition of the Cedar Group.

Patient relationships	5 years
Brand name	5 years

Goodwill

Goodwill is only recognized as part of business combinations and is made up of intangible assets with indefinite useful lives that cannot be identified separately. Goodwill is measured at historical cost less any impairment losses. Goodwill is not amortized, but is systematically tested for impairment annually in the fourth quarter or earlier if there is an indication of impairment. An increase in interest rates and a drop-in sales or in operating profit are some of the indicators of impairment that management monitors.

Impairment of Non-Financial assets

The Company performs impairment tests on its long-lived assets, including property and equipment and intangible assets, when new events or circumstances occur, or when new information becomes available relating to their recoverability. When the recoverable amount of each separately identifiable asset or cash generating unit ("CGU") is less than its carrying value, the asset or CGU's assets are written down to their recoverable amount with the impairment loss charged against profit or loss. A reversal of the impairment loss in a subsequent period will be charged against profit or loss if there is a significant reversal of the circumstances that caused the original impairment. The impairment will be reversed up to the amount of depreciated carrying value that would have otherwise occurred if the impairment loss had not occurred.

The CGU's recoverable amount is evaluated using fair value less costs to sell calculations. In calculating the recoverable amount, the Company utilizes discounted cash flow techniques to determine fair value when it is not possible to determine fair value from active markets or a written offer to purchase. Management calculates the discounted cash flows based upon its best estimate of a number of economic, operating, engineering, environmental, political and social assumptions. Any changes in the assumptions due to changing circumstances may affect the calculation of the recoverable amount.

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3. Significant Accounting Policies (continued)

Share-based compensation

The Company grants share-based awards to certain officers, employees, directors and other eligible persons. For equity-settled awards, the fair value is charged to profit or loss and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company. The fair value is determined by using the Black-Scholes option pricing model.

At each statement of financial position date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognised in profit or loss with a corresponding entry against the related reserve. No expense is recognised for awards that do not ultimately vest. The amount remains in the related reserve for stock options which expire unexercised. When options are exercised, the related amount in reserve is reclassified to share capital.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement.

Loss per share

Loss per common share have been determined by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, excluding shares securing employee share purchase loans and shares in escrow, if any. The Company follows the "treasury stock" method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. As of June 30, 2021, the Company's diluted loss per share does not include the effect of options and warrants as they are antidilutive.

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3. Significant Accounting Policies (continued)

Income Taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Significant accounting judgments and estimates

Application of accounting policies requires management to use estimates and judgments that can have significant effect on the revenues, expenses, comprehensive income or loss, assets and liabilities recognized and disclosures made in the financial statements.

Management's best estimates concerning the future are based on the facts and circumstances available at the time estimates are made.

Management uses historical experience, general economic conditions and assumptions regarding probable future outcomes as the basis for determining estimates. Estimates and their underlying assumptions are reviewed periodically, and the effects of any changes are recognized immediately. Actual results could differ from the estimates used.

The following areas require significant estimates or judgment by management.

Segmented Information

An operating segment is a component of the Company that engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' financial results are reviewed regularly by the chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, income tax assets, liabilities and expenses thereon. The CODM examines the Company's performance and has identified two reportable segments of its business, namely the corporate investment holding and the mental health services.

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3. Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

Leases

All the components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental borrowing rate is used instead. The definition of the lessee's incremental borrowing rate states that the rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a right-of-use asset.

Valuation of financial instruments

The Company makes estimates and assumptions relating the fair value measurement and disclosure of its investment in convertible debentures not quoted in an active market or private company investments. The fair value is determined using certain valuation techniques. The inputs to the model are derived from observable market data where possible, but where observable market data are not available, management's judgement is required to establish fair values.

There are no quoted prices in an active market for the investment in convertible debenture. During the year, the Company started settlement discussions and shortly after entered into a settlement agreement with the convertible debenture counter party (an unrelated third party). As at June 30, 2021 the fair value of the investment in convertible debenture is estimated to be equal to the amount expected to recover in accordance with the terms of the settlement agreement.

The Company makes estimates and assumptions relating to the fair value measurement and disclosure on marketable securities subject to a holding period. The fair value is determined using valuation techniques. The inputs to the model are derived from observable market data where possible, but where observable market data are not available, management's judgement is required to establish fair values. The critical assumptions underlying the fair value measurements and disclosures include the expected future volatility of the marketable security. The Company uses the historical volatility of the underlying marketable security as a proxy for the expected future volatility.

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3. Significant Accounting Policies (continued)

Significant accounting judgments and estimates (continued)

Business combination

When the Company completes an acquisition, management is required to make judgments to determine whether the acquisition meets the definition of a business under IFRS 3 – Business Combinations.

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may determine the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows.

These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair value allocation of certain purchase prices and accounting adjustments.

Income taxes

The calculation of income taxes requires judgment in interpreting tax rules and regulations. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company's tax filings also are subject to audits, the outcome of which could change the amount of current and deferred tax assets and liabilities. Management believes that it has sufficient amounts accrued for outstanding tax matters based on information that currently is available.

Management judgment is used to determine the amounts of deferred tax assets and liabilities and future tax liabilities to be recognized. In particular, judgment is required when assessing the timing of the reversal of temporary differences to which future income tax rates are applied.

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4. Acquisition of Cedar Group

On July 23, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Group. The consideration in connection with the Cedar Acquisition consisted of (i) the issuance of 5,125,000 of the shares of the Company: 2,562,500 on closing of the Cedar Acquisition; 1,281,250 issued six months after the closing of the Cedar Acquisition; and 1,281,250 to be issued 12 months after the closing of the Cedar Acquisition, and (ii) cash payments totaling \$1,000,000 to be paid according to the following schedule: \$500,000 on closing of the Cedar Acquisition; \$250,000 six months after closing of the Cedar Acquisition; and \$250,000 payable 12 months after closing of the Cedar Acquisition. During the year ended June 30, 2021, the Company paid \$750,000 and issued 3,843,750 common shares for Cedar Acquisition. As at June 30, 2021, the Company recorded \$248,221 consideration payable which was included in accrued liabilities and recorded \$230,625 for the shares to be issued.

The Company determined that the acquisition was a business combination under IFRS 3 - Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill.

The allocation purchase price calculation is as follows:

Consideration - cash	\$ 958,824
Consideration - shares	1,768,125
Total consideration paid	\$ 2,726,949
Identifiable assets acquired	
Cash	\$ 430,641
Accounts receivable	485,147
Prepaid expenses	14,352
Property and equipment	75,276
Right-of-use assets	1,470,892
Accounts payable	(92,852)
Lease liabilities	(1,470,892)
Deferred tax liability	(234,000)
Loan payable to related party	(53,563)
Government loan payable	(8,935)
Patient relationship	449,971
Brand name	393,993
Total identifiable assets acquired	1,460,030
Total goodwill	1,266,919
	\$ 2,726,949

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4. Acquisition of Cedar Group (continued)

The value of the share consideration was estimated using a combination of the Finnerty put option model and Chaffe model to estimate the discount related to the shares to be issued six and twelve months after the acquisition. The key assumptions used are as follows:

	Shares issued 6 months after acquisition	Shares issued 12 months after acquisition
Volatility	131%	111%
Risk-free rate	0.14%	0.12%
Term	0.5 years	1 year

The cash payments due six and twelve months after the closing of the acquisition are discounted using an effective interest rate of 12%.

The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

Operating results have been included in the consolidated financial statements from the date of the acquisition. Cedar Group's revenue and net loss for the period from the date of acquisition to June 30, 2021 included in the consolidated statement of loss and comprehensive loss are \$6,069,247 and \$2,685,286, respectively.

5. Reverse takeover

On December 22, 2020 ("RTO Date"), the Company completed a RTO with Novamind Ventures, whereby the Company acquired all the issued and outstanding common shares of Novamind Ventures in exchange for 38,628,749 shares of the Company. The Company did not constitute a business as defined under IFRS 3; therefore, the RTO is accounted under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as RTO transaction costs to net loss. The accounting for this transaction resulted in the following:

1. The consolidated financial statements are issued under the legal parent, Novamind Inc., but are considered a continuation of the financial statements of the legal subsidiary, Novamind Ventures.
2. As Novamind Ventures is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

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5. Reverse takeover (continued)

The fair value of the consideration given and charged to listing expense was comprised of:

Consideration

Fair value of shares issued (1,372,017 shares)	\$ 1,372,017
Fair value of warrants	338
Professional fees incurred for RTO	184,528
Total consideration	\$ 1,556,883

Identifiable assets acquired

Cash	\$ 175,178
Accounts receivable	5,382
Accounts payable and accrued liabilities	(2,821)
Total identifiable assets acquired	177,739

Unidentifiable assets acquired

RTO transaction cost	1,379,144
Total net identifiable assets and RTO transaction cost	\$ 1,556,883

The fair value of 1,372,017 issued common shares was estimated using \$1 share from the concurrent private placement.

The Company is deemed to have assumed 31,000 warrants exercisable at a price of \$25 per share expiring on August 17, 2021 and 3,680 warrants exercisable at a price of \$25 per share expiring on September 7, 2021. The fair value of share-purchase warrants was \$338 estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	0.23%
Estimate life	0.88 to 0.94 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

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6. Marketable Securities

	Field Trip (i)	ATAI (ii)	Bionomics (iii)	SPV (iv)	Total
Balance, May 22, 2019	-	-	-	-	-
Additions	196,615	-	-	-	196,615
Balance, June 30, 2020	196,615	-	-	-	196,615
Additions	-	269,334	961,195	1,220,000	2,450,529
Proceeds on disposal	(711,079)	-	(633,672)	-	(1,344,751)
Realized gain loss	563,617	-	176,141	-	739,758
Unrealized fair value gain (loss)	220,965	578,029	163,286	-	962,280
Foreign currency gain (loss)	-	-	(48,502)	19,400	(29,102)
Balance, June 30, 2021	270,118	847,363	618,448	1,239,400	2,975,329

(i) On January 15, 2020, the Company acquired 166,666 common shares of Field Trip Psychedelics Inc., a private company, at a price of US\$0.90 per share for \$196,615. The shares are subject to lock-up restrictions whereby 25% of the shares will release on November 30, 2020 (released), 25% on January 29, 2021 (released), 25% on May 29, 2021 (released) and 25% on July 28, 2021 (subsequently released). On October 1, 2020, the Company's Field Trip Psychedelics Inc. commons shares were exchanged for common shares of Field Trip Health Ltd., a public company listed on the Toronto Stock Exchange under the symbol FTRP, in connection with a reverse takeover transaction. As at June 30, 2021, the Company held 41,666 (2020 – 166,666) common shares valued at \$270,118 (2020 - \$196,615). During the year ended June 30, 2021, the Company sold 125,000 common shares for proceeds of \$711,079, resulting in a gain on disposition of \$563,617.

(ii) During the year ended June 30, 2021, the convertible note of ATAI Life Science (“ATAI”) was converted into 43,856 common shares of ATAI (note 10). The shares are subject to lock-up restrictions and will be released on December 15, 2021. Upon conversion, the Company recorded a loss on conversion of \$24,569. Subsequently, the ATAI common shares started trading on the NASDAQ Exchange. As at June 30, 2021, the common shares are carried at \$847,363.

(iii) In February 2021, the Company acquired 6,657,933 shares of Bionomics Limited (“Bionomics”), a biopharmaceutical company listed on Australian Securities Exchange for \$961,195. During the year ended June 30, 2021, the Company sold 3,156,061 Bionomics shares for proceeds of \$633,672, resulting a gain on disposition of \$176,141. As at June 30, 2021, Bionomics shares were valued at \$618,448. During the year ended June 30, 2021, the Company recorded an unrealized gain on change in fair value of \$163,285.

(iv) During the year ended June 30, 2021, the Company acquired an investment in Alto Neuroscience, Inc., a clinical-stage biopharmaceutical company, via the purchase of 1,000,000 non-voting participating investor shares in a special purpose vehicle (the “SPV”) for \$1,220,000 (USD \$1 million). As at June 30, 2021, the investment in the SPV is valued at \$1,239,400 and the Company recorded a foreign currency gain of \$19,400. The fair value was determined based on observable market transaction close to June 30, 2021.

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7. Property and Equipment

Cost	Furniture and Equipment	Computer	Medical Equipment	Leasehold Improvements	Total
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Acquired on acquisition	74,597	-	679	-	75,276
Addition	19,574	11,001	-	895,591	926,166
Foreign exchange	(6,343)	(327)	(51)	(26,665)	(33,386)
Balance, June 30, 2021	\$ 87,828	\$ 10,674	\$ 628	\$ 868,926	\$ 968,056
Accumulated Amortization					
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	24,352	296	349	101,371	126,368
Foreign exchange	(723)	(9)	(10)	(3,990)	(4,732)
Balance, June 30, 2021	\$ 23,629	\$ 287	\$ 339	\$ 97,381	\$ 121,636
Net book value					
At June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
At June 30, 2021	\$ 64,199	\$ 10,387	\$ 289	\$ 771,545	\$ 846,420

8. Right-of-use Assets

Cost	Offices	TMS System	Total
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -
Additions upon acquisition	1,181,687	289,205	1,470,892
Additions	2,409,322	328,816	2,738,138
Foreign exchange	(159,733)	(31,334)	(191,067)
Balance, June 30, 2021	\$ 3,431,276	\$ 586,687	\$ 4,017,963
Accumulated amortization			
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -
Amortization	384,869	154,959	539,828
Foreign exchange	(11,449)	(4,610)	(16,059)
Balance, June 30, 2021	\$ 373,420	\$ 150,349	\$ 523,769
Net book value			
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -
Balance, June 30, 2021	\$ 3,057,856	\$ 436,338	\$ 3,494,194

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9. Goodwill and Intangible Assets

	Goodwill	Patient relationships	Brand name	Total intangible assets
Cost				
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -	\$ -
Additions upon acquisition	1,266,919	393,993	449,971	843,964
Foreign exchange differences	(94,413)	(29,361)	(33,533)	(62,894)
Balance, June 30, 2021	\$ 1,172,506	\$ 364,632	\$ 416,438	\$ 781,070
Accumulated amortization				
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -	\$ -
Amortization	-	70,426	80,432	150,858
Foreign exchange differences	-	(2,095)	(2,392)	(4,487)
Balance, May 22, 2019 and June 30, 2021	\$ -	\$ 68,331	\$ 78,040	\$ 146,371
Net book value				
Balance, June 30, 2020	\$ -	\$ -	\$ -	\$ -
Balance, June 30, 2021	\$ 1,172,506	\$ 296,301	\$ 338,398	\$ 634,699

The Company performed its annual goodwill impairment test at June 30, 2021. The Company has determined that the Cedar mental health clinics make-up one CGU ("Cedar CGU") that was acquired as part of the Cedar Acquisition. The recoverable amount of the Cedar CGU was determined based on a value in use calculation using the following key assumptions:

- (i) 5 year post-tax cash flow projections expected to be generated based on a financial forecast with a terminal growth rate of 2%;
- (ii) Budgeted cash flows calculated using a weighted average revenue growth rate of 12% and an EBITDA margin of 13% were estimated by management based on the Cedar CGU's past performance and future growth prospects as well as observed trends among comparable companies.
- (iii) Cash flows were discounted at the CGU's weighted average cost of capital of 20% based on peer group averages and adjusted for the risk of the CGU.

The most sensitive inputs to the value in use model are the growth and discount rates. All else being equal:

- A 1% increase in the discount rate would have resulted in a reduction to the recoverable amount of \$250,000.
- Changing the weighted average revenue growth rate to 2% (assuming only inflationary increases) would have resulted in a reduction to the recoverable amount of \$710,000,

Changing the above assumption did not indicate any impairment.

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10. Convertible Debenture Receivable

	Investment in Synthesis Convertible Loan	Investment in ATAI Convertible Note	Total
Balance, May 22, 2019	\$ -	\$ -	\$ -
Additions	1,121,575	-	1,121,575
Fair value gain (loss)	(8,285)	-	(8,285)
Foreign exchange differences	26,300	-	26,300
Balance, June 30, 2020	\$ 1,139,590	\$ -	\$ 1,139,590
Additions	-	232,320	232,320
Conversion	-	(288,675)	(288,675)
Unrealized fair value gain (loss)	465,951	53,857	519,808
Foreign currency gain (loss)	158,339	2,498	160,837
Balance, June 30, 2021	\$ 1,763,880	\$ -	\$ 1,763,880

On November 18, 2019, the Company entered into a convertible loan agreement with Synthesis Institute B.V. (“Synthesis”). The Company loaned a €750,000 (\$1,121,575) aggregate principal amount to Synthesis (the “Convertible Loan”). The Convertible Loan (i) has a maturity date of May 19, 2021; (ii) accumulates interest at an annual interest rate of 10%, calculated monthly and payable at maturity; and (iii), upon Synthesis completing an equity financing of not less than €5,000,000 to arm’s length parties (the “Synthesis Financing”), the Convertible Loan plus accrued interest shall convert into shares of Synthesis (“Synthesis Shares”) at the same terms as the Synthesis Financing at a 15% discount. On October 5, 2020, the Company entered into an amendment whereby the maturity date of the Convertible Loan was extended to October 15, 2021 and the conversion terms were amended as follow: upon the Synthesis Financing, the Convertible Loan principal and accrued interest shall convert into Synthesis Shares, whereby a valuation cap of €9,600,000 and a discount of 15% are applied to the price of the Synthesis Shares.

During April 2021, the Company started discussions with Synthesis with the objective of reaching an agreement whereby Synthesis would settle the Convertible Loan and whereby the Company would waive its rights pursuant to the Convertible Loan and the Synthesis Financing. On August 2, 2021, the Company signed an agreement whereby Synthesis will pay the Company €1,200,000 (\$1,763,880 as at June 30, 2021) as final settlement of the Convertible Loan, subject to Synthesis completing the Synthesis Financing. The fair value of the Convertible Loan as at June 30, 2021 was determined based on the amount (€1,200,000) expected to be recovered in accordance with the terms of the settlement agreement.

During the year ended June 30, 2021, the Company accrued interest income of \$110,251 and as at June 30, 2021, had an interest receivable of \$156,504.

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10. Convertible Debenture Receivable (continued)

On July 21, 2020, the Company entered into a convertible note purchase agreement (the “ATAI Investment Agreement”) with ATAI Life Sciences AG (“ATAI”). Pursuant to the ATAI Investment Agreement. The Company purchased a €150,000 principal amount convertible note (the “ATAI Convertible Note”). The ATAI Convertible Note has a maturity date of January 31, 2022 and accumulates interest at an annual interest rate of 5%, payable at maturity. The ATAI Convertible Note mandatorily converts (a “ATAI Mandatory Conversion Event”) (i) upon the sale of the issued and outstanding share capital of ATAI (the “ATAI Sale”), (ii) upon ATAI completing an equity financing of not less than €30,000,000 (the “ATAI Financing”), (iii) upon the completion of capital raising by ATAI, other than the ATAI financing, which is approved by 75% of the then outstanding ATAI Convertible Note holders (a “Non-Qualifying ATAI Financing”), or (iv) upon an event of default by ATAI pursuant to the terms of the ATAI Investment Agreement. Upon the occurrence of a Mandatory Conversion Event, the then outstanding ATAI Convertible Note principal and interest shall convert into ordinary bearer shares (no-par value shares) of ATAI (“ATAI Shares”), at a conversion price of, (i) in the event of an ATAI Sale, the price of the ATAI Shares being offered on such ATAI Sale, (ii) in the event of an ATAI Financing or Non-Qualifying ATAI Financing, the price of the ATAI Shares being offered pursuant to such ATAI Financing or Non-Qualifying ATAI Financing, or (iii) in the event of an event of default, €38 per ATAI Share.

During the year ended June 30, 2021, the Company converted the ATAI Convertible Note into 43,856 common shares of ATAI with the completion of a capital raising by ATAI at a raise price of \$6.14 per share. The Company recorded a loss on conversion of \$24,569 in the consolidated statement of loss and comprehensive loss during the year ended June 30, 2021. Subsequently, the ATAI common shares started trading on the NASDAQ Exchange. As at June 30, 2021, the fair value of ATAI shares was carried at \$847,363 (note 6).

During the year ended June 30, 2021, the Company accrued interest income of \$5,217 and as at June 30, 2021, had an interest receivable of \$nil.

11. Government Loan Payable

	June 30, 2021
Balance, June 30, 2020	\$ -
Additions upon acquisition	8,935
Accretion	4,136
Repayment	(12,774)
Foreign exchange	(297)
Balance, June 30, 2021	\$ -

The government loan payable consist of a US\$10,000 small business bridge loan (the “SBB Loan”) from the Governor’s Office of Economic Development of State of Utah.

The SBB Loan is unsecured, non-interest bearing and payable with a monthly instalment of US\$209 commencing on May 1, 2021 with the final payment due on April 1, 2025. During the year ended June 30, 2021, the Company repaid the loan of \$12,774 (US\$10,000) in full

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12. Lease Liabilities

The Company leases certain assets under lease agreements. The lease liabilities consist of leases of various clinical facilities with a term ranging from one to ten years and the TMS systems”) with a four-year term. The leases are calculated using an incremental borrowing rate of 9% per annum.

	Offices	TMS Systems	Total
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -	\$ -
Additions upon acquisition	1,181,687	289,205	1,470,892
Additions	2,409,322	324,984	2,734,306
Accretion	259,291	45,597	304,888
Lease payment	(331,755)	(176,495)	(508,250)
Foreign exchange	(157,578)	(27,326)	(184,904)
Balance, June 30, 2021	\$ 3,360,967	\$ 455,965	\$ 3,816,932
Allocated as:			
Current	259,060	156,204	415,264
Non-current	3,101,907	299,761	3,401,668
Balance, June 30, 2021	\$ 3,360,967	\$ 455,965	\$ 3,816,932

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis	June 30, 2021
Less than one year	\$ 743,292
One to three years	1,610,474
Four to five years	1,179,044
Greater than five years	1,768,428
Total undiscounted lease liabilities	5,301,238
Amount representing implicit interest	(1,484,306)
Lease liabilities	\$ 3,816,932

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13. Share Capital

a. Authorized

The Company is authorized to issue an unlimited number of common shares.

b. Issued and outstanding - Common Shares

(i) On September 30, 2019, the Company issued 7,875,000 common shares to related parties for consideration of \$630,000 (the "September Financing"). Out of the gross consideration the Company received cash proceeds of \$157,500 with the remainder of \$472,500 being recorded as share-based payments. The fair value of the shares was determined using the most recent private placement closed after the September Financing.

(ii) On October 18, 2019, the Company issued 5,625,000 common shares for proceeds of \$450,000.

(iii) On November 15, 2019, the Company issued 1,500,000 common shares for proceeds of \$300,000.

(iv) On January 8, 2020, the Company issued 2,237,500 common shares for proceeds of \$895,000. The Company incurred share issuance costs of \$64,588 and issued 156,624 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option pricing model with the following assumptions: one year expected life; 100% expected volatility; risk-free interest rate of 1.66%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$33,107.

(v) On March 20, 2020, the Company issued 1,781,250 common shares for proceeds of \$712,500. The Company incurred share issuance costs of \$49,875 and issued 124,688 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option pricing model with the following assumptions: two year expected life; 100% expected volatility; risk-free interest rate of 0.56%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$26,094.

(vi) On June 19, 2020, the Company issued 1,681,250 common shares for proceeds of \$672,500, \$12,500 of which was received subsequent to the period ended June 30, 2020. The Company incurred share issuance costs of \$47,075 and issued 117,688 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option pricing model with the following assumptions: two year expected life; 100% expected volatility; risk-free interest rate of 0.26%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$24,562.

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13. Share Capital (continued)

(b) Issued and outstanding - Common Shares (continued)

(vii) On June 29, 2020, the Company issued 2,726,250 common shares for proceeds of \$1,090,500, \$40,000 of which was received subsequent to the period ended June 30, 2020. The Company incurred share issuance costs of \$130,856 and issued 190,838 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option pricing model with the following assumptions: two year expected life; 100% expected volatility; risk-free interest rate of 0.29%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$39,838.

(viii) On July 14, 2020, the Company issued 2,640,000 common shares for proceeds of \$1,056,000, \$727,500 of which was received during the period ended June 30, 2020 as obligation to issue shares. The Company incurred share issuance costs of \$30,969 and issued 184,800 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option pricing model with the following assumptions: two year expected life; 100% expected volatility; risk-free interest rate of 0.29%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$38,578.

(ix) On November 16, 2020, the Company completed a private placement offering of 10,000,000 common shares for proceeds of \$10,000,000 (the "Financing").

In connection with the Financing, the Company paid cash finders' fees of \$612,286 and issued 590,539 broker warrants exercisable at \$1.00 for a period of three years. The fair value of the broker warrants was estimated at \$448,065 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.29%
Estimate life	2 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(x) In connection with the Cedar Acquisition on July 23, 2020, the Company issued 2,562,500 common shares on the date of acquisition; 1,281,250 common shares on January 23, 2021; and recorded 1,281,250 common shares to be issued on July 23, 2021. The fair value of the share consideration was determined to be \$1,768,125 on the acquisition date. See note 4.

(xi) In connection with the RTO, the Company assumed 31,000 share purchase warrants exercisable at a price \$25 per share expiring on August 17, 2021 and 3,680 share purchase warrants exercisable at a price of \$25 per share expiring on September 7, 2021. The fair value of share purchase warrants was \$338. See note 5.

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13. Share Capital (continued)

(b) Issued and outstanding - Common Shares (continued)

(xii) On December 23, 2020, the Company issued 284,034 purchase warrants pursuant to consulting agreements. The share purchase warrants are exercisable at an exercise price of \$1.00 per Common Share for 12 months from the date of issuance. The fair value of the share purchase warrants was estimated at \$142,050 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.22%
Estimate life	1 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(xiii) On December 23, 2020, the Company issued 200,000 common shares and 200,000 share purchase warrants pursuant to a consulting agreement. The fair value of the common shares was estimated at \$200,000 based on the price of the Novamind Ventures Financing. The share purchase warrants are exercisable at an exercise price of \$1.50 per Common Share for 24 months from the date of issuance. The fair value of the share purchase warrants was estimated at \$117,882 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.22%
Estimate life	2 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

The fair value of the common shares and warrants issued was recorded in consulting fees in the condensed statement of loss and comprehensive loss for the year ended June 30, 2021.

(xiv) In January and April 2021, the Company issued 23,877 common shares as a payment for consulting fees. The fair value of the common shares was estimated at \$33,900.

On January 26, 2021, the Company issued 100,000 share purchase warrants with exercisable at a price of \$1.65 per share for 12 months from the date of issuance as per service agreement with Venture North Capital Inc. and issued 400,000 share purchase warrants with exercise price of \$1.65 per share for 12 months from the date of issuance as per service agreement with Octagon Media Corp. The fair value of the share purchase warrants was estimated at \$413,015 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.12%
Estimate life	1 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

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14. Warrants

The following table reflects the continuity of warrants:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance, May 22, 2019	-	\$ -
Issued (Note 13)	589,838	1.30
Balance, June 30, 2020	589,838	\$ 1.30
Issued (Note 13)	1,794,042	1.64
Exercised	(34,394)	1.00
Balance, June 30, 2021	2,349,486	\$ 1.34

The following table reflects the warrants issued and outstanding as of June 30, 2021:

Expiry Date	Exercise Price (\$)	Remaining Weighted Average Contractual Life (years)	Broker Warrants Outstanding
January 8, 2022	0.40	0.53	156,624
March 20, 2022	0.40	0.72	124,688
June 19, 2022	0.40	0.97	117,688
June 29, 2022	0.40	1.00	190,838
July 14, 2022	0.40	1.04	184,800
August 17, 2021	25.00	0.05	31,000
September 7, 2021	25.00	0.19	3,680
December 23, 2021	1.00	0.48	284,023
December 23, 2022	1.50	1.48	200,000
November 16, 2023	1.00	2.38	556,145
January 26, 2022	1.65	0.58	500,000
	1.34	1.16	2,349,486

15. Stock options

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price
Balance, May 22, 2019 and June 30, 2020	\$ -	\$ -
Granted	3,946,052	0.53
Balance, June 30, 2021	\$ 3,946,052	\$ 0.53

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15. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2021:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Options Vested (Exercisable)
April 30, 2025	0.40	3.84	125,000	125,000
December 11, 2025	0.40	4.45	3,021,052	755,263
December 22, 2025	0.40	4.48	300,000	-
January 26, 2022	1.65	0.58	100,000	100,000
January 19, 2026	1.40	4.56	400,000	-
	0.53	4.35	3,946,052	980,263

(i) On April 30, 2020, the Company granted 125,000 stock options to a consultant. The options vest as to one-third on the date of grant, one-third on the one-year anniversary of the grant date and one-third on the two year anniversary of the grant date. During the year ended June 30, 2021, \$36,947 in stock-based compensation was recorded in relation to the vesting of these options. The fair value of the options was estimated at \$36,947 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.38%
Estimate life	5 years
Expected volatility	100%
Expected dividend yield	0%
Forfeiture rate	0%

(ii) On December 11, 2020, the Company granted 3,021,052 options exercisable at \$0.40 for a period of five years. The options will vest as follows: 25% vest 6 months from the grant date, 25% vest 12 months from the grant date, 25% vest 18 months from the grant date and 25% 24 months from the grant date. During the year ended June 30, 2021, \$1,543,143 in stock-based compensation was recorded in relation to the vesting of these options. The fair value of the options was estimated at \$2,780,859 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.44%
Estimate life	5 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

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15. Stock options (continued)

(iii) On December 22, 2020, the Company granted 300,000 options exercisable at \$1.00 for a period of five years. The options vest one year after the grant date and \$194,524 in stock-based compensation was recorded in relation to the vesting of these options during the year ended June 30, 2021. The fair value of the options was estimated at \$261,080 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.42%
Estimate life	5 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(iv) On January 19, 2021, the Company granted 400,000 options exercisable at \$1.65 for a period of five years. The options will vest as follows: 25% vest 6 months from the grant date, 25% vest 12 months from the grant date, 25% vest 18 months from the grant date and 25% 24 months from the grant date. \$228,013 in stock-based compensation was recorded in relation to the vesting of these options during the year ended June 30, 2021. The fair value of the options was estimated at \$491,014 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.41%
Estimate life	5 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(v) On January 26, 2021, the Company granted 100,000 options exercisable at \$1.65 for a period of one year. The options vested on the grant date. \$82,603 in stock-based compensation was recorded in relation to the vesting of these options during year ended June 30, 2021. The fair value of the options was estimated at \$82,603 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.12%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

The weighted average grant date fair value of options granted during the year ended June 30, 2021 was \$0.93 per option

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16. Fair Value and Financial Risk Factors

Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair Values

The Company has designated its cash and investment as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The carrying value of the Company's financial liabilities as at June 30, 2021 approximate their fair value due to their short terms to maturity.

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at June 30, 2021:

June 30, 2021	Level 1	Level 2	Level 3	Total
Cash	\$ 5,426,286	\$ -	-	\$ 5,426,286
Marketable securities	618,448	2,356,881	-	2,975,239
Convertible debenture receivable	-	1,763,880	-	1,763,880

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at June 30, 2021, management believes that the credit risk with respect to its financial assets is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. As at June 30, 2021, management believes that its liquidity risk is minimal.

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16. Fair Value and Financial Risk Factors (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors. The market risk factor that affects the Company is foreign currency risk.

(a) Interest rate risk

The Company has cash balances and convertible debentures receivable. The Company's current policy is to invest excess cash held as collateral in guaranteed investment certificates or interest bearing accounts of select major Canadian chartered banks. The Company regularly monitors its cash activities in compliance with its cash management policy.

As of June 30, 2021, the Company's interest rate risk mainly relates to the convertible debenture receivable but its interest rate risk is limited as the convertible debenture receivable is subject to a fixed interest rate.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. As of June 30, 2021, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would affect the reported comprehensive loss by approximately \$362,000; sensitivity to a plus or minus 10% change in Australian dollar foreign exchange rate would affect the reported comprehensive loss by approximately \$62,000 and sensitivity to a plus or minus 10% change in Euro foreign exchange rate would affect the reported comprehensive loss by approximately \$176,000.

17. Related Party Transactions

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), SVP, Operations, Chief Medical Officer ("CMO") and members of the Company's Board of Directors.

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17. Related Party Transactions (continued)

Compensation awarded to key management personnel is as follows:

	Year ended June 30, 2021	Period from May 22, 2019 (Date of incorporation) to June 30, 2020
Consulting fee - Emmcap Corp. (i)	\$ 220,000	\$ 221,960
Consulting fee - Seek Capital Management (ii)	109,286	145,000
Consulting fee- Bay Street Mercantile (iii)	109,286	145,000
Salaries (v)	697,385	-
Lease payments (vi)	133,744	-
Consulting fee - PCA (xi)	-	63,560
Consulting fee - VP of Business Development (iv)	128,472	47,500
Share-based compensation (i)(iii)(iv)(note 15(iii))	1,077,378	-
Total	\$ 2,475,551	\$ 623,020

(i) Emmcap Corp. is controlled by Yaron Conforti, the CEO of the Company. As at June 30, 2021, Emmcap Corp. was owed \$nil (June 30, 2020 - \$37,800) which was included in accounts payable and accrued liabilities. During the year ended June 30, 2021, Emmcap Corp. subscribed to 194,300 common shares of the Company for \$194,300 (period from incorporation on May 22, 2019 to June 30, 2020 - 4,387,500 shares for \$193,500). The Company recorded share-based compensation of \$184,828 (period from incorporation on May 22, 2019 to June 30, 2020 - \$157,500) to Emmcap Corp during the year ended June 30, 2021.

(ii) Seek Capital is controlled by Jesse Kaplan, a director of the Company. As at June 30, 2021, Seek Capital was owed \$34,286 (June 30, 2020 - \$96,050) which was included in accounts payable and accrued liabilities. During the year ended June 30, 2021, Seek Capital. subscribed to 200,000 common shares of the Company for \$200,000. The Company recorded share-based compensation of \$184,828 (period from incorporation on May 22, 2019 to June 30, 2020 - \$157,500) to Seek Capital during the year ended June 30, 2021.

(iii) Bay Street Mercantile is controlled by Yisroel Weinreb, a director of the Company. As at June 30, 2021, Bay Street Mercantile was owed \$34,286 (June 30, 2020 - \$50,850) which was included in accounts payable and accrued liabilities. During the year ended June 30, 2021, Bay Street Mercantile subscribed to 100,000 common shares of the Company for \$100,000 (period from incorporation on May 22, 2019 to June 30, 2020 - 4,387,500 shares for \$193,500). The Company recorded share-based compensation of \$184,828 (period from incorporation on May 22, 2019 to June 30, 2020 - \$157,500) to Bay Street Mercantile during the year ended June 30, 2021.

(iv) During the period from incorporation on May 22, 2019 to June 30, 2019, Jesse Kaplan, a director of the Company subscribed 4,387,500 common shares of the Company for \$193,500. The Company recorded share-based compensation of \$184,828 (period from incorporation on May 22, 2019 to June 30, 2020 - \$157,500) to the director during the year ended June 30, 2021.

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

17. Related Party Transactions and Balances (continued)

(v) During the year ended June 30, 2021, the Company paid total salaries of \$697,385 to Dr. Reid Robison and Seneca Anderson, both officers of the Company. As of June 30, 2021, the Company had a balance of \$nil (June 30, 2020 - \$nil) due to the officers.

(vi) During the year ended June 30, 2021, the Company made lease payments of \$133,744 (period from incorporation on May 22, 2019 to June 30, 2020 - \$nil) to a company controlled by Seneca Anderson, an officer of the Company for the use of an office space. As at June 30, 2021, the Company had a balance of \$nil (June 30, 2020 - \$nil) due to the company.

(vii) During the year ended June 30, 2021, the Company paid sub-contract fees of \$3,974 (period from incorporation on May 22, 2019 to June 30, 2020 - \$nil) to a company controlled by an Dr. Reid Robison, an officer of the Company. As at June 30, 2021, the Company had a balance of \$nil (June 30, 2020 - \$nil) due to the company.

(viii) During the year ended June 30, 2021, certain directors and officers of the Company (Dr. Reid Robison, Seneca Anderson and Chuck Rifici) subscribed to 35,000 common shares of the Company for \$35,000.

(ix) As of June 30, 2021, the loan payable to Seneca Anderson, an officer of the Company, is \$49,576 (June 30, 2020 - \$nil), which is unsecured, due on demand and non-interest bearing.

(x) As of June 30, 2021, the Company owed \$248,078 to Dr. Reid Robison and Seneca Anderson for consideration payable for Cedar Acquisition (note 4).

(xi) PCA is controlled by a director of the Company. As at June 30, 2021, PCA was owed \$nil (June 30, 2020 - \$nil).

18. Cost of Services

	Year ended June 30, 2021	Period from May 22, 2019 (Date of incorporation) to June 30, 2020
Salaries and wages to psychiatric service providers	\$ 1,803,465	\$ -
Depreciation of ROU	539,828	-
Total Cost of Services	\$ 2,343,293	\$ -

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

19. Segmented Information

The Company has two reportable segments related to its outpatient mental health clinics business which it operates in the United States and corporate administration in Canada. The disclosure with regards to the Company's aforementioned segments and locations are listed below:

Year ended June 30, 2021	Mental Health Clinics	Corporate	Consolidated
Revenue	\$ 6,069,247	\$ -	\$ 6,069,247
Cost of sales	2,108,831	-	2,108,831
Gross profit	3,960,416	-	3,960,416
Total expenses	5,333,558	6,987,750	12,321,308
Other income (expense)	(1,379,144)	2,419,281	1,040,137
Deferred tax recovery	(67,000)	-	(67,000)
Net loss	\$ (2,685,286)	\$ (4,568,469)	\$ (7,253,755)

As at June 30, 2021	Mental Health Clinics	Corporate	Consolidated
Non-current assets	\$ 6,147,819	\$ -	\$ 6,147,819
Total assets	\$ 7,385,976	\$ 9,765,292	\$ 17,151,268
Total liabilities	\$ 4,306,761	\$ 583,925	\$ 4,890,686

As at June 30, 2020 and during the period from May 22, 2019 to June 30, 2020, the Company had only one segment, that of corporate administration in Canada.

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

20. Income Taxes

Income tax is comprised of:

	Year Ended June 30, 2021	Period from May 22, 2019 (Date of incorporation) to March 31, 2020
Current:		
Current taxes for the period	\$ -	\$ -
Deferred:		
Origination and reversal of temporary differences	(67,000)	-
Income tax recovery	\$ (67,000)	\$ -

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended June 30, 2021	Period from May 22, 2019 (Date of incorporation) to June 30, 2020
Loss before income taxes	\$ (7,320,755)	\$ (1,329,494)
Statutory income tax rate:	26.5%	26.5%
Expected income tax recovery at statutory income tax rate	(1,940,000)	(352,000)
Permanent differences	1,201,000	125,000
Share issue costs	(170,000)	(15,000)
Other	174,000	(60,000)
Deferred tax assets not recognized	668,000	302,000
	\$ (67,000)	\$ -

Novamind Inc. (formerly Hinterland Metals Inc.)
Notes to the Consolidated Financial Statements
Year Ended June 30, 2021 and period from May 22, 2019 (date of incorporation)
to June 30, 2020
(Expressed in Canadian Dollars)

20. Income Taxes (continued)

Deferred income taxes

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets are presented below:

	June 30, 2021	June 30, 2020
Non-capital loss carry forwards	\$ 1,304,000	\$ 245,000
Share issuance costs	213,000	62,000
Property and equipment	70,000	-
Exploration and evaluation assets	127,000	-
Right of-use-asset	(988,000)	-
Lease liabilities	990,000	-
Intangible assets	(167,000)	-
Investment in convertible debentures	-	(5,000)
Deferred tax assets:	1,549,000	302,000
Less: deferred tax assets not recognized	(1,716,000)	(302,000)
Net deferred tax liabilities	\$ (167,000)	\$ -

Loss carry-forwards

As at June 30, 2021, the Company had total non-capital losses for Canadian income tax purpose of \$4,936,000 available to use against future taxable income. The non-capital losses expire in 2041.

21. Subsequent event

On July 22, 2021, the Company received a demand letter from a former employee claiming wrongful dismissal damages equal to approximately their annual salary, to be paid out in lump sum, and continuation of benefits for 6 months. The matter is in its infancy and no litigation has been commenced. At this stage, management is not able to reasonably assess a likely outcome or financial impact.

The Company entered into a lease agreement whereby the Company leased a clinical facility located in Murray, Utah for 7 years commencing in August 2021. The Company's lease commitments over the term are USD828,772 (excluding any tenant improvement allowance). In addition, the Company is entitled to a tenant improvement allowance of USD141,787 (the "Tenant Improvement Allowance") either in the form of reduced rent or cost to be incurred by the Landlord to construct the necessary improvements as set out in the lease agreement.

Schedule “B”
Unaudited Interim Financial Statements of Novamind
[see attached]

Novamind Inc.
Condensed Interim Consolidated Financial Statements
For the Three and Nine Months Ended March 31, 2022
(Expressed in Canadian Dollars)
(Unaudited)

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

As at:	March 31, 2022	June 30, 2021
Assets		
Current Assets		
Cash	3,503,162	5,426,286
Accounts receivable	903,739	500,502
Interest receivable (note 10)	-	156,504
Prepaid expenses	108,154	180,948
Marketable securities (note 6)	1,757,166	2,975,329
Convertible debenture receivable (note 10)	-	1,763,880
Receivable from related party (note 19)	2,465	-
Total Current Assets	6,274,686	11,003,449
Long-term investment (note 6)	624,800	-
Property and equipment (note 7)	1,992,888	846,420
Right-of-use-asset (note 8)	5,218,782	3,494,194
Intangible assets (note 9)	950,237	634,699
Goodwill (note 9)	1,951,314	1,172,506
Total Assets	17,012,707	17,151,268
Liabilities and Shareholders' Equity		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	1,170,491	857,178
Loan payable to a related party (note 19)	-	49,576
Lease liabilities (note 11)	965,821	415,264
Deferred revenue (note 12)	158,925	-
Loans payable (note 13)	50,807	-
Total Current Liabilities	2,346,044	1,322,018
Deferred tax liability	283,000	167,000
Lease liabilities (note 11)	4,899,498	3,401,668
Deferred revenue (note 12)	102,322	-
Loans payable (note 13)	227,022	-
Total Liabilities	7,857,886	4,890,686
Shareholders' Equity		
Share capital (note 14)	18,880,942	17,464,514
Obligation to issue shares (note 4)	-	230,625
Warrants (note 15)	4,703,261	1,257,433
Contributed surplus (note 16)	3,067,756	2,085,230
Accumulated other comprehensive loss	(186,122)	(193,971)
Deficit	(17,311,016)	(8,583,249)
Total Shareholders' Equity	9,154,821	12,260,582
Total Liabilities and Shareholders' Equity	17,012,707	17,151,268

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

Nature of Operations and Going Concern (note 1)

Subsequent Events (note 22)

On Behalf of the Board:

"Yaron Conforti"
Director

"Sruli Weinreb"
Director

Novamind Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars - Unaudited)

	Three months ended March 31, 2022	Three months ended March 31, 2021	Nine months ended March 31, 2022	Nine months ended March 31, 2021
Revenues				
Service fee income	3,049,699	1,800,397	7,245,342	4,219,568
Clinical trial income	138,466	45,735	235,697	99,678
Consulting fee income	39,187	-	56,603	-
	3,227,352	1,846,132	7,537,642	4,319,246
Cost of services (note 20)	2,206,094	523,573	5,483,060	1,704,674
Gross margin	1,021,258	1,322,559	2,054,582	2,614,572
Expenses				
Consulting fees (note 19)	577,980	240,229	1,183,705	1,181,552
Amortization (notes 7 and 9)	130,984	108,307	281,374	258,656
Interest expense and bank charges	139,249	151,323	371,623	302,043
Professional fees	238,813	1,244,639	974,393	1,985,433
Office and general	426,610	319,978	1,286,978	607,639
Advertising and promotion	273,608	715,633	586,992	1,053,346
Share-based compensation (notes 16, 17 and 19)	76,039	958,726	982,526	1,163,608
Filing fees	9,491	2,420	18,125	23,070
Salaries and wages (note 19)	1,728,951	545,926	4,464,146	1,050,259
Software license fees	201,140	93,874	444,664	214,054
Investor relations	-	179,141	-	179,141
Total Expenses	3,802,865	4,560,196	10,594,526	8,018,801
Other Income (Expense)				
RTO transaction cost (note 3)	-	-	-	(1,379,144)
Foreign exchange	1,085	(134,661)	(145,798)	(119,750)
Unrealized (loss) gain of marketable securities and convertible debentures (note 6 and 10)	339,541	1,064,396	(920,080)	1,264,617
Realized gain (loss) on settlement of convertible debenture (note 10)	-	(24,569)	479,321	(24,569)
Realized gain on disposition of marketable securities (note 6)	47,285	373,900	364,734	373,900
Interest income (note 10)	-	32,717	-	97,125
Loss before income taxes	(2,393,696)	(1,925,854)	(8,761,767)	(5,192,050)
Income tax recovery	(18,000)	-	(34,000)	(67,000)
Net loss for the period	(2,375,696)	(1,925,854)	(8,727,767)	(5,125,050)
Other comprehensive loss				
Foreign currency translation adjustment	(58,458)	(30,280)	7,849	(176,603)
Net loss and comprehensive loss for the period	(2,434,154)	(1,956,134)	(8,719,918)	(5,301,653)
Basic and diluted net loss per share	(0.05)	(0.05)	(0.20)	(0.16)
Weighted average number of common shares outstanding, basic and diluted	47,571,590	41,528,180	43,954,563	31,230,558

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

Novamind Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Expressed in Canadian Dollars - Unaudited)

	Share Capital		Obligation to issue shares	Warrant reserves	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total
	Number	Amount						
Balance, June 30, 2020	23,426,249	4,334,505	727,500	123,601	-	-	(1,329,494)	3,856,112
Shares issued in private placements	12,640,000	11,056,000	(727,500)	-	-	-	-	10,328,500
Share issuance costs	-	(1,115,384)	-	486,643	-	-	-	(628,741)
Shares issued and to be issued in the Cedar Acquisition	3,843,750	1,537,500	230,625	-	-	-	-	1,768,125
Reverse take-over transaction	1,372,017	1,372,017	-	338	-	-	-	1,372,355
Shares and warrants issued for consulting services	211,770	216,950	-	117,882	-	-	-	334,832
Shares issued upon exercise of warrants	34,394	60,490	-	(26,096)	-	-	-	34,394
Warrants issued for consulting services	-	-	-	555,065	-	-	-	555,065
Share-based compensation	-	-	-	-	1,163,608	-	-	1,163,608
Net loss and comprehensive loss for the period	-	-	-	-	-	(176,603)	(5,125,050)	(5,301,653)
Balance, March 31, 2021	41,528,180	17,462,078	230,625	1,257,433	1,163,608	(176,603)	(6,454,544)	13,482,597
Balance, June 30, 2021	41,540,287	17,464,514	230,625	1,257,433	2,085,230	(193,971)	(8,583,249)	12,260,582
Shares issued for consulting services	14,364	16,949	-	-	-	-	-	16,949
Shares issued in the Cedar Acquisition	1,281,250	230,625	(230,625)	-	-	-	-	-
Shares issued in the FFC Acquisition	441,261	187,536	-	-	-	-	-	187,536
Shares issued in private placement	4,750,000	1,733,750	-	3,265,475	-	-	-	4,999,225
Share issuance costs	-	(752,432)	-	180,353	-	-	-	(572,079)
Share-based compensation	-	-	-	-	982,526	-	-	982,526
Net loss and comprehensive loss for the period	-	-	-	-	-	7,849	(8,727,767)	(8,719,918)
Balance, March 31, 2022	48,027,162	18,880,942	-	4,703,261	3,067,756	(186,122)	(17,311,016)	9,154,821

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

Novamind Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Nine months Ended March 31, 2022	Nine months Ended March 31, 2021
Operating activities		
Net loss for the period	(8,727,767)	(5,125,050)
Items not affecting cash used in operating activities:		
Unrealized loss (gain) on marketable securities and convertible debenture receivable	920,080	(1,264,617)
Loss (gain) on foreign exchange	132,138	92,748
Amortization	964,068	641,367
Interest expense	367,362	267,157
Deferred income tax recovery	(34,000)	(67,000)
Share-based compensation	982,526	1,163,608
Consulting fees	16,949	889,897
Gain on settlement of convertible debenture receivable	(479,321)	24,569
Gain on disposition of marketable securities	(364,734)	(373,900)
RTO transaction cost	-	1,379,144
	(6,222,699)	(2,372,077)
Changes in non-cash working capital:		
Accounts receivable	(385,633)	(673,702)
Interest receivable	-	(67,435)
Prepaid expenses	82,083	(31,862)
Accounts payable and accrued liabilities	456,935	(283,518)
Deferred revenue	261,247	-
Cash flows used in operating activities	(5,808,067)	(3,428,594)
Investing activities		
Purchase of property and equipment	(1,640,353)	(326,308)
Proceeds from settlement of convertible debentures	1,757,400	-
Leasehold improvement allowance	404,238	-
Investment in convertible debentures	-	(232,320)
Cash obtained upon Cedar Acquisition	-	429,436
Cash paid for Cedar Acquisition	(250,000)	(750,000)
Cash obtained upon RTO	-	175,178
Proceeds from sale of marketable securities	1,190,884	472,209
Purchase of marketable securities	(642,700)	(961,195)
Cash paid for FFC Acquisition	(539,075)	-
Repayment of loans payable	(19,951)	-
Cash flows provided by (used in) investing activities	260,443	(1,193,000)
Financing activities		
Shares issued in private placements, net of share issuance cost	4,427,146	9,752,259
Shares issued upon exercise of warrants	-	34,394
Amount paid to related party	(52,041)	-
Payment on lease liabilities	(747,540)	(334,103)
Cash flows provided by financing activities	3,627,565	9,452,550
Change in cash	(1,920,059)	4,830,956
Impact of foreign exchange on cash	(3,065)	(59,026)
Cash, beginning of period	5,426,286	2,845,018
Cash, ending of period	3,503,162	7,616,948

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

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months Ended March 31, 2022 (Expressed in Canadian Dollars - Unaudited)

1. Nature of Operations and Going Concern

Novamind Inc. (the "Company"), incorporated under the Canada Business Corporations Act, is a mental health company enabling safe access to psychedelic medicine through a network of psychiatry clinics and clinical research sites. The Company's common shares are listed under the symbol "NM" on the Canadian Securities Exchange. The head office and registered office of the Company is located at 10 Wanless Ave Suite 201, Toronto, ON, Canada, M4N 1V6.

On November 12, 2020, the Company entered into a business combination agreement with Novamind Ventures Inc. ("Novamind Ventures"), a private Ontario company incorporated on May 22, 2019, whereby the Company acquired all issued and outstanding shares of Novamind Ventures on December 22, 2020, by exchanging outstanding and issued shares of Novamind Ventures to the shares of the Company on a 4 to 1 ratio (the "RTO") (note 3). The RTO was structured as a three-cornered amalgamation pursuant to which Novamind Ventures amalgamated with a wholly-owned subsidiary of the Company, 2784326 Ontario Inc. to form an amalgamated entity. Novamind Ventures is deemed to be the acquirer for the accounting purposes. The consolidated financial statements are considered a continuation of Novamind Ventures. All reference to shares, per share amount, and warrants in these condensed interim consolidated financial statements have been retroactively restated to reflect the conversion ratio.

On July 22, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Psychiatry Inc. and Cedar Clinical Research Inc. (collectively "Cedar Group") pursuant to a stock purchase agreement dated July 22, 2020 and amended on November 19, 2020 (the "Cedar Acquisition") (note 4).

On January 17, 2022, the Company acquired 100% of the issued and outstanding shares of Foundations for Change Inc. ("FFC") pursuant to a stock purchase agreement dated December 22, 2021 (the "FFC Acquisition") (note 5).

The condensed interim consolidated financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company has incurred losses since the inception of its business and as of March 31, 2022, the Company's accumulated deficit was \$17,311,016. These circumstances indicate that material uncertainties exist that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenue and expenses, and the condensed interim statement of financial position classification used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months Ended March 31, 2022 (Expressed in Canadian Dollars - Unaudited)

2. Basis of Presentation

Statement of Compliance

The condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 – Interim Financial Reporting.

These condensed interim consolidated financial statements do not include all of the information required for full IFRS financial statements and therefore should be read in conjunction with the Company’s most recent audited consolidated financial statements for the year ended June 30, 2021, which were prepared in accordance with IFRS as issued by IASB.

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company’s most recent audited consolidated financial statements for the year ended June 30, 2021.

The preparation of these condensed interim consolidated financial statements in conformity with IFRS also requires management to make estimates and judgements that may have a significant impact on these condensed interim consolidated financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates. The critical accounting judgements and estimates were presented in the Company’s most recent audited consolidated financial statements for the year ended June 30, 2021 and are the same as those applied for the three and nine months ended March 31, 2022.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 30, 2022.

Basis of Presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed interim consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and Novamind Ventures is the Canadian dollar. The functional currency of Cedar Psychiatry Inc., Cedar Clinical Research Inc. and Foundations for Change Inc. is the US dollar.

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and all of its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain variable benefits from its power over the entity’s activities. Subsidiaries are included in the condensed interim consolidated financial results of the Company from the effective date of acquisition of control up to the effective date of disposal or loss of control.

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months Ended March 31, 2022 (Expressed in Canadian Dollars - Unaudited)

2. Basis of Presentation (continued)

Basis of Consolidation (continued)

Details of the Company's subsidiaries are as follows:

Entity	Country of Incorporation	Ownership interest
Novamind Ventures Inc.	Canada	100%
Cedar Psychiatry Inc.	USA	100%
Cedar Clinical Research Inc.	USA	100%
Foundations for Change Inc.	USA	100%

3. Reverse takeover

On December 22, 2020 ("RTO Date"), the Company completed a RTO with Novamind Ventures, whereby the Company acquired all the issued and outstanding common shares of Novamind Ventures in exchange for 38,628,749 shares of the Company. The Company did not constitute a business as defined under IFRS 3; therefore, the RTO is accounted under IFRS 2, where the difference between the consideration given to acquire the Company and the net asset value of the Company is recorded as RTO transaction costs to net loss. The accounting for this transaction resulted in the following:

1. The condensed interim consolidated financial statements are issued under the legal parent, Novamind Inc., but are considered a continuation of the financial statements of the legal subsidiary, Novamind Ventures.
2. As Novamind Ventures is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the condensed interim consolidated financial statements at their historical carrying values.

The fair value of the consideration given and charged to listing expense was comprised of:

Consideration

Fair value of shares issued (1,372,017 shares)	1,372,017
Fair value of warrants	338
Professional fees incurred for RTO	184,528
Total consideration	1,556,883

Identifiable assets acquired

Cash	175,178
Accounts receivable	5,382
Accounts payable and accrued liabilities	(2,821)
Total identifiable assets acquired	177,739
Unidentifiable assets acquired	
RTO transaction cost	1,379,144
Total net identifiable assets and RTO transaction cost	1,556,883

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended March 31, 2022

(Expressed in Canadian Dollars - Unaudited)

3. Reverse takeover (continued)

The fair value of 1,372,017 issued common shares was estimated using \$1 share from the concurrent private placement.

The Company is deemed to have assumed 31,000 warrants exercisable at a price of \$25 per share expiring on August 17, 2021 and 3,680 warrants exercisable at a price of \$25 per share expiring on September 7, 2021. The fair value of share-purchase warrants was \$338 estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Risk-free interest rate	0.23%
Estimate life	0.88 to 0.94 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

4. Acquisition of Cedar Group

On July 23, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Group. The consideration in connection with the Cedar Acquisition consisted of (i) the issuance of 5,125,000 of the shares of the Company: 2,562,500 on closing of the Cedar Acquisition; 1,281,250 issued six months after the closing of the Cedar Acquisition; and 1,281,250 issued 12 months after the closing of the Cedar Acquisition, and (ii) cash payments totaling \$1,000,000 paid according to the following schedule: \$500,000 on closing of the Cedar Acquisition; \$250,000 six months after closing of the Cedar Acquisition; and \$250,000 paid 12 months after closing of the Cedar Acquisition. During the year ended June 30, 2021, the Company paid \$750,000 and issued 3,843,750 common shares for Cedar Acquisition. As at June 30, 2021, the Company recorded \$248,221 consideration payable which was included in accounts payable and accrued liabilities and recorded \$230,625 for the shares to be issued.

During the nine months ended March 31, 2022, the Company paid \$250,000 and issued 1,281,250 common shares as final settlement of the consideration for the Cedar Acquisition.

The Company determined that the acquisition was a business combination under IFRS 3 - Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill.

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months Ended March 31, 2022****(Expressed in Canadian Dollars - Unaudited)**

4. Acquisition of Cedar Group (continued)

The purchase price allocation calculation is as follows:

Consideration - cash	958,824
Consideration - shares	1,768,125
Total consideration paid	2,726,949
Identifiable assets acquired	
Cash	430,641
Accounts receivable	485,147
Prepaid expenses	14,352
Property and equipment	75,276
Right-of-use assets	1,470,892
Accounts payable	(92,852)
Lease liabilities	(1,470,892)
Deferred tax liability	(234,000)
Loan payable to related party	(53,563)
Government loan payable	(8,935)
Patient relationship	449,971
Brand name	393,993
Total identifiable assets acquired	1,460,030
Total goodwill	1,266,919
	2,726,949

The value of the share consideration was estimated using a combination of the Finnerty put option model and Chaffe model to estimate the discount related to the shares to be issued six and twelve months after the acquisition. The key assumptions used are as follows:

	Shares issued 6 months after acquisition	Shares issued 12 months after acquisition
Volatility	131%	111%
Risk-free rate	0.14%	0.12%
Term	0.5 years	1 year

The cash payments due six and twelve months after the closing of the acquisition are discounted using an effective interest rate of 12%.

The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

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5. Acquisition of FFC

On January 17, 2022, the Company closed the acquisition of Arizona-based FFC, a mental health practice specialized in ketamine-assisted psychotherapy.

In connection with the FFC Acquisition, the Company issued 441,261 shares pursuant to the terms of debt settlement agreements entered into with certain holders of debt of FFC (the "Debtholders"). The shares are subject to a statutory hold period expiring on May 18, 2022, in accordance with applicable Canadian securities laws and the policies of the Canadian Securities Exchange (the "CSE"). The Company also paid cash consideration to the seller and the Debtholders in the amount of US\$89,484 and US\$336,955, respectively.

The Company determined that the acquisition was a business combination under IFRS 3 - Business Combinations and was accounted for by applying the acquisition method, whereby the assets acquired and liabilities assumed were recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill.

The Company has made a preliminary determination of the fair value of the tangible and intangible assets acquired and liabilities assumed in the acquisition. The fair value of the intangible assets has been measured provisionally and if new information obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of the acquisition identifies adjustments to the amounts then the accounting for the acquisition will be revised. The final allocation of the fair value of the net assets acquired and aggregate consideration may be significantly different from the preliminary allocation as presented below:

Consideration - cash	533,903
Consideration - shares	187,536
Total consideration paid	721,439
Identifiable assets acquired	
Bank indebtedness	(5,172)
Accounts receivable	17,604
Prepaid expenses	9,289
Property and equipment	58,264
Right-of-use assets	469,045
Accounts payable	(104,599)
Lease liabilities	(497,660)
Deferred tax liability	(150,000)
Loans payable	(292,989)
Patient relationship	330,707
Brand name	116,554
Total identifiable assets acquired	(48,957)
Total goodwill	770,396
	721,439

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5. Acquisition of FFC (continued)

The value of the share consideration was estimated using a combination of the Finnerty put option model and Chaffe model to estimate the discount for lack of marketability related to the shares issued subject to a statutory hold period expiring on May 18, 2022. The key assumptions used are as follows:

Volatility	90.86%
Risk-free rate	0.44%
Term	0.33 years

The goodwill recognized on the acquisition is primarily attributed to the assembled workforce and the synergies which will contribute to operational efficiencies within the Company.

Operating results have been included in the condensed interim consolidated financial statements from the date of the acquisition. FFC's revenue and net loss for the period from the date of acquisition to March 31, 2022 included in the condensed interim consolidated statement of loss and comprehensive loss are \$303,683 and \$77,004, respectively.

Additionally, subject to the seller's continued employment by the Company, the Company will pay to the seller three cash payments of US\$50,000 within 60 days of the following three anniversaries of the FFC Acquisition.

Additionally, subject to the seller's continued employment by the Company, the Company will issue to the seller an aggregate of US\$150,000 payable by way of the issuance of shares in the capital of the Company, as follows:

- (i) US\$50,000 of shares on the first anniversary of the FCC Acquisition, to be issued at a price per share equal to the five-day volume-weighted average trading price ("5-Day VWAP") of the shares calculated from the first anniversary of the FFC Acquisition;
- (ii) US\$50,000 of shares on the second anniversary of the FFC Acquisition, to be issued at a price per share equal to the 5-Day VWAP calculated from the second anniversary of the FCC Acquisition; and
- (iii) US\$50,000 of shares earned on the third anniversary of the FCC Acquisition, to be issued at a price per share equal to the 5-Day VWAP calculated from the third anniversary of the FFC Acquisition.

The amount payable and shares to be issued subject to the seller's continued employment are not considered to be part of the consideration paid for the FFC acquisition. As at March 31, 2022, the Company accrued \$25,336 related to the continued employment of the seller in accordance with the conditions above. The amount is included in accounts payable and accrued liabilities as at March 31, 2022 and salaries and wages for the three and nine months ended March 31, 2022.

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6. Marketable Securities and Long-term Investment

	Field Trip	ATAI	Bionomic s	SPV	Bienstar	Total
	(i)	(ii)	(iii)	(iv)	(v)	
Balance, June 30, 2020	196,615	-	-	-	-	196,615
Additions	-	269,334	961,195	1,220,000	-	2,450,529
Proceeds on disposal	(711,079)	-	(633,672)	-	-	(1,344,751)
Realized gain	563,617	-	176,141	-	-	739,758
Unrealized fair value gain	220,965	578,029	163,286	-	-	962,280
Unrealized foreign currency gain (loss)	-	-	(48,502)	19,400	-	(29,102)
Balance, June 30, 2021	270,118	847,363	618,448	1,239,400	-	2,975,329
Additions	-	-	-	-	642,700	642,700
Proceeds on disposal	(287,445)	(316,619)	(586,820)	-	-	(1,190,884)
Realized gain	238,292	47,285	79,157	-	-	364,734
Unrealized fair value (loss)	(220,965)	(578,029)	(163,286)	517,766	(17,900)	(462,414)
Unrealized foreign currency gain	-	-	52,501	-	-	52,501
Balance, March 31, 2022	-	-	-	1,757,166	624,800	2,381,966

(i) On January 15, 2020, the Company acquired 166,666 common shares of Field Trip Psychedelics Inc., a private company, at a price of US\$0.90 per share for \$196,615. The shares were subject to lock-up restrictions whereby 25% of the shares will release on November 30, 2020 (released), 25% on January 29, 2021 (released), 25% on May 29, 2021 (released) and 25% on July 28, 2021 (released). On October 1, 2020, the Company's Field Trip Psychedelics Inc. common shares were exchanged for common shares of Field Trip Health Ltd., a public company listed on the Toronto Stock Exchange under the symbol FTRP, in connection with a reverse takeover transaction. As at March 31, 2022, the Company held nil (June 30, 2021 – 41,666) common shares valued at \$nil (June 30, 2021 - \$270,118). During the year ended June 30, 2021, the Company sold 125,000 common shares for proceeds of \$711,079, resulting in a realized gain on disposition of \$563,617. During the nine months ended March 31, 2022, the company sold 41,666 (2020 – nil) common shares for proceeds of \$287,445, resulting in a realized gain on disposition of \$238,292.

(ii) During the year ended June 30, 2021, the convertible note of ATAI Life Science ("ATAI") was converted into 43,856 common shares of ATAI (note 10). Upon conversion, the Company recorded a loss on conversion of \$24,569. The shares were subject to lock-up restrictions and were released on December 15, 2021. The ATAI common shares trade on the NASDAQ Exchange. During the nine months ended March 31, 2022, the Company sold all 43,856 common shares for proceeds of \$316,619, resulting in a realized gain on disposition of \$47,285.

(iii) In February 2021, the Company acquired 6,657,933 shares of Bionomics Limited ("Bionomics"), a biopharmaceutical company listed on the Australian Securities Exchange for \$961,195. During the year ended June 30, 2021, the Company sold 3,156,061 Bionomics shares for proceeds of \$633,672, resulting in a realized gain on disposition of \$176,141. During the nine months ended March 31, 2022, the Company sold its remaining Bionomics shares for proceeds of \$586,820, resulting in a realized gain on disposition of \$79,157.

Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months Ended March 31, 2022 (Expressed in Canadian Dollars - Unaudited)

6. Marketable Securities and Long-term Investment (continued)

(iv) During the year ended June 30, 2021, the Company acquired an investment in Alto Neuroscience, Inc. ("Alto"), a clinical-stage biopharmaceutical company, via the purchase of 1,000,000 non-voting participating investor shares in a special purpose vehicle (the "SPV") for \$1,220,000 (US\$1 million). As at March 31, 2022, the investment in the SPV is valued at \$1,757,166 (June 30, 2021 - \$1,239,400). The fair value was determined based on the net asset value per share of the SPV, as determined by the SPV administrator, which incorporates the fair value of the underlying investment in Alto, as determined by the SPV investment manager.

(v) During the nine months ended March 31, 2022, the Company acquired an investment in Bienstar Wellness Corp. ("Bienstar"), an early-stage private mental health company, via the purchase of 2,000,000 common shares for \$642,700 (US\$ 500,000). As at March 31, 2022, the investment in Bienstar is valued at \$624,800, determined based on observable market transactions and there was no change in the value (in US\$) since the acquisition in November 2021. The investment in Bienstar has been classified as a long-term investment.

7. Property and Equipment

Cost	Furniture and Equipment	Computer Equipment	Medical Equipment	Leasehold Improvements	Total
Balance, June 30, 2020	-	-	-	-	-
Acquired on acquisition	74,597	-	679	-	75,276
Addition	19,574	11,001	-	895,591	926,166
Foreign exchange	(6,343)	(327)	(51)	(26,665)	(33,386)
Balance, June 30, 2021	87,828	10,674	628	868,926	968,056
Addition	205,496	7,307	3,540	1,424,010	1,640,353
Acquired on acquisition	30,939	6,284	21,041	-	58,264
Leasehold improvement allowance	-	-	-	(404,238)	(404,238)
Foreign exchange	(1,388)	3	(71)	(3,030)	(4,486)
Balance, March 31, 2022	322,875	24,268	25,138	1,885,668	2,257,949
Accumulated Amortization					
Balance, June 30, 2020	-	-	-	-	-
Amortization	24,352	296	349	101,371	126,368
Foreign exchange	(723)	(9)	(10)	(3,990)	(4,732)
Balance, June 30, 2021	23,629	287	339	97,381	121,636
Amortization	36,396	2,775	1,561	103,129	143,861
Foreign exchange	(170)	(25)	(13)	(228)	(436)
Balance, March 31, 2022	59,855	3,037	1,887	200,282	265,061
Net Book Value					
At June 30, 2021	64,199	10,387	289	771,545	846,420
At March 31, 2022	263,020	21,231	23,251	1,685,386	1,992,888

Novamind Inc.

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8. Right-of-use Assets

Cost	Offices	TMS System	Total
Balance, June 30, 2020	-	-	-
Additions upon acquisition	1,181,687	289,205	1,470,892
Additions	2,409,322	328,816	2,738,138
Foreign exchange	(159,733)	(31,334)	(191,067)
Balance, June 30, 2021	3,431,276	586,687	4,017,963
Additions	1,922,758	-	1,922,758
Additions upon acquisition	361,881	107,164	469,045
Foreign exchange	8,351	4,623	12,974
Balance, March 31, 2022	5,724,266	698,474	6,422,740
Accumulated Amortization			
Balance, June 30, 2020	-	-	-
Amortization	384,869	154,959	539,828
Foreign exchange	(11,449)	(4,610)	(16,059)
Balance, June 30, 2021	373,420	150,349	523,769
Amortization	554,746	127,948	682,694
Foreign exchange	(2,465)	(40)	(2,505)
Balance, March 31, 2022	925,701	278,257	1,203,958
Net book value			
Balance, June 30, 2021	3,057,856	436,338	3,494,194
Balance, March 31, 2022	4,798,565	420,217	5,218,782

9. Goodwill and Intangible Assets

Cost	Goodwill	Brand Name	Patient Relationships	Total Intangible Assets
Balance, June 30, 2020	-	-	-	-
Additions upon acquisition	1,266,919	393,993	449,971	843,964
Foreign exchange	(94,413)	(29,361)	(33,533)	(62,894)
Balance, June 30, 2021	1,172,506	364,632	416,438	781,070
Additions upon acquisition	770,396	330,707	116,554	447,261
Foreign exchange	8,412	2,366	3,204	5,570
Balance, March 31, 2022	1,951,314	697,705	536,196	1,233,901
Accumulated Amortization				
Balance, June 30, 2020	-	-	-	-
Amortization	-	70,426	80,432	150,858
Foreign exchange	-	(2,095)	(2,392)	(4,487)
Balance, June 30, 2021	-	68,331	78,040	146,371
Amortization	-	69,128	68,385	137,513
Foreign exchange	-	(168)	(52)	(220)
Balance, March 31, 2022	-	137,291	146,373	283,664
Net book value				
Balance, June 30, 2021	1,172,506	296,301	338,398	634,699
Balance, March 31, 2022	1,951,314	560,414	389,823	950,237

10. Convertible Debentures Receivable

	Synthesis	ATAI	Total
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Novamind Inc.

Notes to the Condensed Interim Consolidated Financial Statements Three and Nine Months Ended March 31, 2022 (Expressed in Canadian Dollars - Unaudited)

	Convertible Loan	Convertible Note	
Balance, June 30, 2020	1,139,590	-	1,139,590
Additions	-	232,320	232,320
Conversion	-	(288,675)	(288,675)
Unrealized fair value gain	465,951	53,857	519,808
Unrealized foreign currency gain	158,339	2,498	160,837
Balance, June 30, 2021	1,763,880	-	1,763,880
Additions	-	-	-
Settlement	(1,600,896)	-	(1,600,896)
Realized gain	479,321	-	479,321
Unrealized fair value loss	(457,666)	-	(457,666)
Unrealized foreign currency loss	(184,639)	-	(184,639)
Balance, March 31, 2022	-	-	-

On November 18, 2019, the Company entered into a convertible loan agreement with Synthesis Institute B.V. ("Synthesis"). The Company loaned a €750,000 (\$1,121,575) aggregate principal amount to Synthesis (the "Convertible Loan"). The Convertible Loan (i) had a maturity date of May 19, 2021; (ii) accumulated interest at an annual interest rate of 10%, calculated monthly and payable at maturity; and (iii), upon Synthesis completing an equity financing of not less than €5,000,000 to arm's length parties (the "Synthesis Financing"), the Convertible Loan plus accrued interest shall convert into shares of Synthesis ("Synthesis Shares") at the same terms as the Synthesis Financing at a 15% discount. On October 5, 2020, the Company entered into an amendment whereby the maturity date of the Convertible Loan was extended to October 15, 2021, and the conversion terms were amended as follow: upon the Synthesis Financing, the Convertible Loan principal and accrued interest shall convert into Synthesis Shares, whereby a valuation cap of €9,600,000 and a discount of 15% are applied to the price of the Synthesis Shares.

During April 2021, the Company started discussions with Synthesis with the objective of reaching an agreement whereby Synthesis would settle the Convertible Loan and whereby the Company would waive its rights pursuant to the Convertible Loan and the Synthesis Financing. During the nine months ended March 31, 2022, the Company and Synthesis reached an agreement whereby Synthesis paid the Company €1,200,000 (\$1,757,400) as final settlement of the Convertible Loan and accrued interest of \$156,504. The settlement resulted in a gain on settlement of \$479,321.

During the three and nine months ended March 31, 2022, the Company accrued interest income of \$nil (2021 - \$23,412 and \$82,572, respectively).

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months Ended March 31, 2022****(Expressed in Canadian Dollars - Unaudited)**

10. Convertible Debenture Receivable (continued)

On July 21, 2020, the Company entered into a convertible note purchase agreement (the “ATAI Investment Agreement”) with ATAI Life Sciences AG (“ATAI”). Pursuant to the ATAI Investment Agreement, the Company purchased a €150,000 principal amount convertible note (the “ATAI Convertible Note”). The ATAI Convertible Note has a maturity date of January 31, 2022 and accumulates interest at an annual interest rate of 5%, payable at maturity. The ATAI Convertible Note mandatorily converts (a “ATAI Mandatory Conversion Event”) (i) upon the sale of the issued and outstanding share capital of ATAI (the “ATAI Sale”), (ii) upon ATAI completing an equity financing of not less than €30,000,000 (the “ATAI Financing”), (iii) upon the completion of capital raising by ATAI, other than the ATAI financing, which is approved by 75% of the then outstanding ATAI Convertible Note holders (a “Non-Qualifying ATAI Financing”), or (iv) upon an event of default by ATAI pursuant to the terms of the ATAI Investment Agreement. Upon the occurrence of a Mandatory Conversion Event, the then outstanding ATAI Convertible Note principal and interest shall convert into ordinary bearer shares (no-par value shares) of ATAI (“ATAI Shares”), at a conversion price of, (i) in the event of an ATAI Sale, the price of the ATAI Shares being offered on such ATAI Sale, (ii) in the event of an ATAI Financing or Non-Qualifying ATAI Financing, the price of the ATAI Shares being offered pursuant to such ATAI Financing or Non-Qualifying ATAI Financing, or (iii) in the event of an event of default, €38 per ATAI Share.

During the year ended June 30, 2021, the Company converted the ATAI Convertible Note and accrued interest into 43,856 common shares of ATAI with the completion of a capital raising by ATAI at \$6.14 per share (note 6).

During the three and nine months ended March 31, 2022, the Company accrued interest income of \$nil (2021 – \$nil and \$5,217, respectively).

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11. Lease Liabilities

The Company leases certain assets under lease agreements. The lease liabilities consist of leases of various clinical facilities with a term ranging from one to ten years and the TMS Systems with a four-year term. The leases are calculated using an incremental borrowing rate of 9% per annum.

	Offices	TMS Systems	Total
Balance, June 30, 2020	-	-	-
Additions upon acquisition	1,181,687	289,205	1,470,892
Additions	2,409,322	324,984	2,734,306
Accretion	259,291	45,597	304,888
Lease payments	(331,755)	(176,495)	(508,250)
Foreign exchange	(157,578)	(27,326)	(184,904)
Balance, June 30, 2021	3,360,967	455,965	3,816,932
Additions	1,922,758	-	1,922,758
Additions upon acquisition	361,881	135,779	497,660
Accretion	334,971	25,408	360,379
Lease payments	(601,975)	(145,565)	(747,540)
Foreign exchange	10,438	4,692	15,130
Balance, March 31, 2022	5,389,040	476,279	5,865,319
Allocated as:			
Current	732,414	233,407	965,821
Non-current	4,656,626	242,872	4,899,498
Balance, March 31, 2022	5,389,040	476,279	5,865,319

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis	March 31, 2022
Less than one year	1,453,054
One to three years	2,530,924
Three to five years	974,675
Greater than five years	2,796,842
Total undiscounted lease liabilities	7,755,495
Amount representing implicit interest	(1,890,176)
Lease liabilities	5,865,319

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12. Deferred Revenue

On November 22, 2021, the Company entered into an advisory service agreement with Bienstar (Note 6). Services are to be provided over a two-year term and include providing advice related to best practices for developing clinics, advising on the selection of software for clinic management, and arranging site visits and access to senior executives of the Company. The Company received a one-time payment of \$317,850 (US\$250,000) as payment for the services to be provided over the two-year term. Consulting revenue from this agreement is recognized over time in line with the satisfaction of the performance obligations. During the three and nine months ended March 31, 2022, the Company recognized \$39,187 and \$56,603, respectively as consulting fee income and the remaining \$261,247 as deferred revenue.

13. Loans Payable

On March 3, 2021, FFC received a US\$150,000 Covid-19 Economic Injury Disaster Loan through the U.S. Small Business Administration Agency (the "SBA Loan"). On August 26, 2021, FFC received an additional advance of US\$49,600. The Company assumed the SBA Loan on January 17, 2022 as part of the FFC Acquisition (Note 5). The SBA Loan bears interest at a rate of 3.75% per annum on the outstanding principal balance only (i.e. no compounding of interest). Payments on the SBA Loan were initially deferred for 18 months, followed by monthly payments of \$999 commencing on September 3, 2022. The SBA Loan had an initial term of 30 years with the remaining principal and accrued interest due at maturity on March 3, 2051. The loan is secured by general business assets of FFC.

The initial fair value of the SBA Loan (Note 5) was determined to be \$138,965 using an effective interest rate of 9.99%.

In addition, as part of the FFC Acquisition (Note 5), the Company assumed a loan payable to Bankers Healthcare Group, LLC with an outstanding balance of US\$123,023 on January 17, 2022 (the "BHG Loan"). The loan bears interest at a rate of 9.99% per annum and the Company is required to make minimum monthly payments of US\$3,676 until maturity on January 5, 2025.

	SBA Loan	BHG Loan	Total
Balance, June 30, 2020 and 2021	-	-	-
Assumed upon acquisition	138,965	154,024	292,989
Loan repayments	-	(19,951)	(19,951)
Accretion expense	858	-	858
Interest	1,967	2,379	4,346
Foreign exchange	(295)	(118)	(413)
Balance, March 31, 2022	141,495	136,334	277,829
Allocated as:			
Current	9,986	40,821	50,807
Non-current	131,509	95,513	227,022
Balance, March 31, 2022	141,495	136,334	277,829

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14. Share Capital

(a) *Authorized*

The Company is authorized to issue an unlimited number of common shares.

(b) *Issued and outstanding - Common Shares*

(i) On July 14, 2020, the Company issued 2,640,000 common shares for proceeds of \$1,056,000, \$727,500 of which was received during the period ended June 30, 2020, as obligation to issue shares. The Company incurred share issuance costs of \$30,969 and issued 184,800 broker warrants with each broker warrant exercisable into one common share of the Company at \$0.40 for two years from the issuance. The fair value of these broker warrants at the date of issuance was estimated using the Black-Scholes option-pricing model with the following assumptions: two year expected life; 100% expected volatility; risk-free interest rate of 0.29%; and an expected dividend yield of 0%. The fair value assigned to these broker warrants was \$38,578.

(ii) On November 16, 2020, the Company completed a private placement offering of 10,000,000 common shares for proceeds of \$10,000,000 (the "Financing").

In connection with the Financing, the Company paid cash finders' fees of \$612,286 and issued 590,539 broker warrants exercisable at \$1.00 for a period of three years. The fair value of the broker warrants was estimated at \$448,065 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.29%
Estimate life	2 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(iii) In connection with the Cedar Acquisition on July 23, 2020, the Company issued 2,562,500 common shares on the date of acquisition; 1,281,250 common shares on January 23, 2021; and 1,281,250 common shares on July 23, 2021 (which was recorded as obligation to issue shares as at June 30, 2021). The fair value of the share consideration was determined to be \$1,768,125 on the acquisition date. See note 4.

(iv) In connection with the RTO, the Company assumed 31,000 share purchase warrants exercisable at a price of \$25 per share expiring on August 17, 2021, and 3,680 share purchase warrants exercisable at a price of \$25 per share expiring on September 7, 2021. The fair value of share purchase warrants was \$338. See note 4.

(v) On December 23, 2020, the Company issued 284,034 share purchase warrants pursuant to consulting agreements. The share purchase warrants are exercisable at an exercise price of \$1.00 per Common Share for 12 months from the date of issuance. The fair value of the share purchase warrants was estimated at \$142,050 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.22%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

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(Expressed in Canadian Dollars - Unaudited)

14. Share Capital (continued)

(vi) On December 23, 2020, the Company issued 200,000 common shares and 200,000 share purchase warrants pursuant to a consulting agreement. The fair value of the common shares was estimated at \$200,000 based on the price of the Novamind Ventures Financing. The share purchase warrants are exercisable at an exercise price of \$1.50 per Common Share for 24 months from the date of issuance. The fair value of the share purchase warrants was estimated at \$117,882 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.22%
Estimate life	2 years
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

The fair value of the common shares and warrants issued was recorded in consulting fees in the condensed statement of loss and comprehensive loss for the year ended June 30, 2021.

Risk-free interest rate	0.12%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(vii) In January and April 2021, the Company issued 23,877 common shares as a payment for consulting fees. The fair value of the common shares was estimated at \$33,900.

(viii) On January 26, 2021, the Company issued 100,000 share purchase warrants with exercisable at a price of \$1.65 per share for 12 months from the date of issuance as per service agreement with Venture North Capital Inc. and issued 400,000 share purchase warrants with exercise price of \$1.65 per share for 12 months from the date of issuance as per service agreement with Octagon Media Corp. The fair value of the share purchase warrants was estimated at \$413,015 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	0.12%
Estimate life	1 year
Expected volatility	135%
Expected dividend yield	0%
Forfeiture rate	0%

(ix) On July 16, 2021, the Company issued 14,364 common shares as payment for consulting fees. The fair value of the common shares was estimated at \$16,949.

(x) On January 17, 2022, the company issued 441,261 common shares in connection with the FFC Acquisition. The fair value of the share consideration was determined to be \$187,536 on the acquisition date. See note 5.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended March 31, 2022
(Expressed in Canadian Dollars - Unaudited)

14. Share Capital (continued)

(xi) On January 26, 2022, the Company closed a private placement of its common shares and warrants to purchase common shares for gross proceeds to the Company of \$4,999,225. Pursuant to the private placement, the Company issued 4,750,000 common shares, 7,750,000 pre-funded warrants exercisable into common shares at an exercise price of \$0.0001 per share (the "Pre-Funded Warrants") and warrants to purchase up to an aggregate of 12,500,000 common shares (the "Common Warrants"). Each common share and associated Common Warrant was issued at an offering price of \$0.40, for gross proceeds of \$1,900,000, and each Pre-Funded Warrant and associated Common Warrant was issued at an offering price of \$0.3999, for gross proceeds of \$3,099,225. Each Common Warrant entitles the holder to purchase common shares at an exercise price of \$0.50 per common share at any time on or prior to January 26, 2027.

The fair value of the 4,750,000 Common Warrants issued in connection with the 4,750,000 common shares was estimated at \$166,250, which was calculated as the difference between the offering price for each common share and Common Warrant and the trading price of the Company's common shares on the date of issuance.

As a result, the Company recorded the remaining \$1,733,750 of the gross proceeds of \$1,900,000 to share capital. The remaining \$3,265,475 of the total gross proceeds of \$4,999,225, was recorded in warrant reserves and consists of the fair value of the Common Warrants and the Pre-Funded Warrants.

The agent for the private placement received (i) a cash commission of \$400,000 (equal to 8.0% of the gross proceeds of the Private Placement) and (ii) 1,000,000 compensation warrants (the "Agent Warrants"). The Agent Warrants are exercisable at an exercise price of \$0.50 per common share at any time on or before January 27, 2025. The fair value of the Agent Warrants was estimated at \$180,353 using the Black Scholes valuation model with the following assumptions:

Risk-free interest rate	1.42%
Estimate life	3 years
Expected volatility	88%
Expected dividend yield	0%
Forfeiture rate	0%

The company also incurred addition share issuance cost of \$172,079 for total share issuance cost (including cash commission and the fair value of the Agent Warrants) of \$752,432.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
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15. Warrants

The following table reflects the continuity of warrants (excluding Pre-Funded Warrants):

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, June 30, 2020	589,838	1.30
Issued (Note 14)	1,794,042	1.64
Exercised	(34,394)	1.00
Balance, June 30, 2021	2,349,486	1.34
Issued (Note 14)	13,500,000	0.50
Expired	(1,100,015)	1.90
Balance, March 31, 2022	14,749,471	0.53

The following table reflects the warrants issued and outstanding as of March 31, 2022 (excluding Pre-Funded Warrants):

Expiry Date	Exercise Price (\$)	Contractual Life (years)	Warrants Outstanding
June 19, 2022	0.40	0.47	117,688
June 29, 2022	0.40	0.49	190,838
July 14, 2022	0.40	0.53	184,800
December 23, 2022	1.50	0.98	200,000
November 16, 2023	1.00	1.88	556,145
January 27, 2025	0.50	2.83	1,000,000
January 26, 2027	0.50	4.83	12,500,000
	0.53	4.36	14,749,471

As at March 31, 2022, the Company also had 7,750,000 Pre-Funded Warrants outstanding (Note 14) with an exercise price of \$0.0001 and no expiry date.

16. Stock options

The Company issued stock options to acquire common shares as follows:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, June 30, 2020	-	-
Granted	3,946,052	0.58
Balance, June 30, 2021	3,946,052	0.58
Expired	(100,000)	1.65
Forfeited	(200,000)	1.40
Cancelled	(200,000)	1.40
Balance, March 31, 2022	3,446,052	0.45

The following table reflects the actual stock options issued and outstanding as of March 31, 2022:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Options Vested (Exercisable)
April 30, 2025	0.40	3.08	125,000	125,000
December 11, 2025	0.40	3.70	3,021,052	1,510,526
December 22, 2025	1.00	3.73	300,000	300,000
	0.45	3.68	3,446,052	1,935,526

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended March 31, 2022
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16. Stock options (continued)

During the three and nine months ended March 31, 2022, \$71,976 and \$978,463 in share-based compensation was recorded relating to the vesting of these stock options (2021 - \$958,726 and \$1,163,608).

17. Restricted Share Units (“RSUs”)

On March 11, 2022, the Company granted 325,000 RSUs to employees and officers of the Company which expire on December 1, 2024 and vest as follows: 25% vesting on September 11, 2022, 25% vesting on March 11, 2023, 25% vesting on September 11, 2023, and 25% vesting on March 11, 2024.

The following table reflects the continuity of RSUs:

	Number of RSUs	Weighted Average Issuance Price (\$)
Balance, June 30, 2020 and 2021	-	-
Granted	325,000	0.22
Balance, March 31, 2022	325,000	0.22

During the three and nine months ended March 31, 2022, \$4,063 and \$4,063 in share-based compensation was recorded related to the vesting of these RSUs (2021 - \$nil and \$nil).

18. Fair Value and Financial Risk Factors

Risk Management

In the normal course of business, the Company is exposed to a number of risks that can affect its operating performance. These risks, and the actions taken to manage them, are as follows:

Fair Values

The Company has designated its cash and investment as FVTPL which are measured at fair value. Fair value of cash is determined based on transaction value and is categorized as a Level One measurement.

- Level One - includes quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level Two - includes inputs that are observable other than quoted prices included in Level One.
- Level Three - includes inputs that are not based on observable market data.

The carrying value of the Company’s financial liabilities as at March 31, 2022, approximates their fair value due to their short terms to maturity.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended March 31, 2022
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18. Fair Value and Financial Risk Factors (continued)

The following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at March 31, 2022:

March 31, 2022	Level 1	Level 2	Level 3	Total
Cash	3,503,162	-	-	3,503,162
Marketable securities	-	-	1,757,166	1,757,166
Long-term investment	-	624,800	-	624,800

Level 3 hierarchy:

As at March 31, 2022, the Company's investment in the SPV (note 5) is classified as Level 3 as it is measured at fair value utilizing non-observable market inputs. The fair value was determined based on the net asset value ("NAV") per share of the SPV, as determined by the SPV administrator, which incorporates the fair value of the underlying investment in Alto, as determined by the SPV investment manager.

The administrator determines the NAV per share by aggregating the value of the assets owned and deducting all of the liabilities of the SPV (including accrued liabilities and such provisions and allowances for contingencies as the administrator considers appropriate in respect of the costs and expenses payable by the SPV) and dividing such sum by the number of shares outstanding at the close of business on the valuation day.

The investment manager assumes responsibility for the valuation of the assets of the SPV, in accordance with the valuation policies and procedures of its valuation committee, which are in accordance with fair value principles. As at March 31, 2022, the underlying investment in Alto held by the SPV was determined using the price per share of the most recent financing that closed in close proximity to the period end.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2022 is shown below:

Description	Input	Sensitivity	March 31, 2022
Investment in the SPV	Net asset value	10%	\$ 175,717

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at March 31, 2022, management believes that the credit risk with respect to its financial assets is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying its financial obligations. The Company manages its liquidity risk by forecasting its operations and anticipating its operating and investing activities. As at March 31, 2022, management believes that its liquidity risk is minimal.

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended March 31, 2022
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18. Fair Value and Financial Risk Factors (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market risk factors. The market risk factor that affects the Company is interest rate risk and foreign currency risk.

(a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash held as collateral in guaranteed investment certificates or interest-bearing accounts of select major Canadian chartered banks. The Company regularly monitors its cash activities in compliance with its cash management policy.

As of March 31, 2022, the Company's interest rate risk mainly relates to the cash balances and was considered to be minimal.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. As of March 31, 2022, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would affect the reported comprehensive loss by approximately \$93,603.

19. Related Party Transactions

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's Officers (including VP's and SVP's) and members of the Company's Board of Directors.

Compensation awarded to key management personnel is as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021	Nine months ended March 31, 2022	Nine months ended March 31, 2021
Consulting fee - Emmcap Corp. (i)	-	15,000	-	220,000
Consulting fee - Seek Capital Management (ii)	-	-	-	90,000
Consulting fee- Bay Street Mercantile (iii)	-	-	-	90,000
Salaries	317,628	178,592	1,485,074	502,417
Director fees	15,000	-	106,429	-
Lease payments (iv)	39,132	40,420	117,006	111,933
Sub-contractor fees (v)	-	-	-	3,974
Share-based compensation	58,729	502,478	880,251	652,941
Total	430,489	736,490	2,588,760	1,671,265

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months Ended March 31, 2022****(Expressed in Canadian Dollars - Unaudited)**

19. Related Party Transactions (continued)

(i) Emmcap Corp. is controlled by the CEO of the Company. During the nine months ended March 31, 2022, Emmcap Corp. subscribed to nil common shares of the Company (2021 - 194,300 common shares of the Company for \$194,300).

(ii) Seek Capital is controlled by a director of the Company. During the nine months ended March 31, 2022, Seek Capital. subscribed to nil common shares of the Company (2021 - 200,000 common shares of the Company for \$200,000). As at March 31, 2022, Seek Capital was owed \$nil for director fees (June 30, 2021 - \$34,286) which was included in accounts payable and accrued liabilities.

(iii) Bay Street Mercantile is controlled by a director of the Company. During the nine months ended March 31, 2022, Bay Street Mercantile subscribed to nil common shares of the Company (2021 - 100,000 common shares of the Company for \$100,000). As at March 31, 2022, Bay Street Mercantile was owed \$nil for director fees (June 30, 2021 - \$34,286) which was included in accounts payable and accrued liabilities.

(iv) During the three and nine months ended March 31, 2022, the Company made lease payments of \$39,132 and \$117,006, respectively (2021 - \$40,420 and \$111,933, respectively) to a company controlled by an officer of the Company for the use of an office space.

(v) During the nine months ended March 31, 2021, the Company paid sub-contract fees of \$3,974 to a company controlled by an officer of the Company.

(vi) During the nine months ended March 31, 2021, certain directors and officers of the Company subscribed to 35,000 common shares of the Company for \$35,000.

(vii) As of March 31, 2022, the receivable from related party, due from an officer of the Company, is \$2,465 (June 30, 2021 – loan payable to related party of \$49,576), which is unsecured, due on demand and non-interest bearing.

(viii) As of March 31, 2022, the Company owed \$nil (June 30, 2021 - \$248,078) to two officers for consideration payable for the Cedar Acquisition (note 4).

(ix) As at March 31, 2022, the CEO of the Company was owed \$3,783 for expense reimbursements (June 30, 2021 - \$nil) which was included in accounts payable and accrued liabilities.

(x) As at March 31, 2022, the SVP, Corporate Development of the Company was owed \$1,257 for expense reimbursements (June 30, 2021 - \$nil) which was included in accounts payable and accrued liabilities.

20. Cost of Services

	Three months ended March 31, 2022	Three months ended March 31, 2021	Nine months ended March 31, 2022	Nine months ended March 31, 2021
Salaries and wages to psychiatric service providers	1,848,117	343,320	4,525,598	1,295,379
Amortization of right-of-use-assets	255,331	169,011	682,694	382,711
Medical supplies and prescription drugs	102,646	11,242	274,768	26,584
Total	2,206,094	523,573	5,483,060	1,704,674

Novamind Inc.**Notes to the Condensed Interim Consolidated Financial Statements****Three and Nine Months Ended March 31, 2022****(Expressed in Canadian Dollars - Unaudited)**

21. Segmented Information

The Company has two reportable segments related to its outpatient mental health clinics business which it operates in the United States and corporate administration in Canada. The disclosure with regards to the Company's aforementioned segments and locations are listed below:

Three months March 31, 2022	Mental Health Clinics	Corporate	Consolidated
Revenue	3,188,165	39,187	3,227,352
Cost of sales	2,206,094	-	2,206,094
Gross profit	982,071	39,187	1,021,258
Total expenses	2,271,100	1,531,765	3,802,865
Other income (expense)	-	387,911	387,911
Deferred tax recovery	(18,000)	-	(18,000)
Net loss	(1,271,029)	(1,104,667)	(2,375,696)

Three months March 31, 2021			
Revenue	1,846,132	-	1,846,132
Cost of sales	523,573	-	523,573
Gross profit	1,322,559	-	1,322,559
Total expenses	1,363,038	3,197,158	4,560,196
Other income (expense)	-	1,311,783	1,311,783
Current tax expense	-	-	-
Net loss	(40,479)	(1,885,375)	(1,925,854)

Nine months March 31, 2022	Mental Health Clinics	Corporate	Consolidated
Revenue	7,481,039	56,603	7,537,642
Cost of sales	5,483,060	-	5,483,060
Gross profit	1,997,979	56,603	2,054,582
Total expenses	5,698,928	4,895,598	10,594,526
Other income (expense)	-	(221,823)	(221,823)
Deferred tax recovery	(34,000)	-	(34,000)
Net loss	(3,666,949)	(5,060,818)	(8,727,767)

Novamind Inc.
Notes to the Condensed Interim Consolidated Financial Statements
Three and Nine Months Ended March 31, 2022
(Expressed in Canadian Dollars - Unaudited)

21. Segmented Information (continued)

Nine months March 31, 2021	Mental Health Clinics	Corporate	Consolidated
Revenue	4,319,246	-	4,319,246
Cost of sales	1,704,674	-	1,704,674
Gross profit	2,614,572	-	2,614,572
Total expenses	3,067,377	4,951,424	8,018,801
Other expense	(1,379,144)	1,591,323	212,179
Deferred tax recovery	(67,000)	-	(67,000)
Net loss	(1,764,949)	(3,360,101)	(5,125,050)

As at March 31, 2022	Mental Health Clinics	Corporate	Consolidated
Non-current assets	10,113,221	624,800	10,738,021
Total assets	11,563,332	5,449,375	17,012,707
Total liabilities	7,088,187	769,699	7,857,886

As at June 30, 2021			
Non-current assets	6,147,819	-	6,147,819
Total assets	7,385,976	9,765,292	17,151,268
Total liabilities	4,306,761	583,925	4,890,686

22. Subsequent events

On April 11, 2022, the Company entered into a definitive arrangement agreement with Numinus Wellness Inc. ("Numinus") in which Numinus shall acquire all the issued and outstanding common shares of the Company. The transaction is an all-share transaction where 0.84 of a Numinus share shall be issued for each of the Company's shares outstanding. The transaction is expected to close in June 2022 pending shareholder and regulatory approvals.

On April 13, 2022, the holder of the Pre-Funded Warrants exercised 3,450,000 in exchange for common shares and paid gross proceeds of \$345 to the Company.

Schedule “C”
Unaudited Pro Forma Financial Statements
[see attached]

NUMINUS WELLNESS INC.

Pro Forma Condensed Consolidated Interim Statement of Financial Position

As at May 31, 2022

(Unaudited - Expressed in Canadian Dollars)

	Numinus Wellness Inc.	Novamind Inc.	Pro Forma Adjustments	Pro Forma Consolidated
Current assets				
Cash and cash equivalents	\$ 41,786,204	\$ 2,005,367	\$ -	\$ 43,791,571
Trade and other receivables	385,705	1,059,668	-	1,445,373
Inventories	3,231	-	-	3,231
Prepaid expenses	1,446,175	172,110	-	1,618,285
	43,621,315	3,237,145	-	46,858,460
Non-current assets				
Property and equipment	7,268,836	7,504,310	-	14,773,146
Deposits	347,211	-	-	347,211
Long-term investments	-	2,435,530	-	2,435,530
Goodwill and other intangible assets	537,277	2,922,964	13,729,753 (b)	17,189,994
Total assets	\$ 51,774,639	\$ 16,099,949	\$ 13,729,753	\$ 81,604,341
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,757,142	\$ 1,263,484	\$ -	\$ 3,020,626
Current portion of deferred revenue	39,868	158,925	-	198,793
Current portion of loan payable	-	59,448	-	59,448
Current portion of lease obligations	728,124	923,059	-	1,651,183
Contingent consideration payable	187,077	-	-	187,077
	2,712,211	2,404,916	-	5,117,127
Non-current liabilities				
Contingent consideration payable	657,054	-	-	657,054
Deferred Revenue	-	71,407	-	71,407
Loan payable	-	218,606	-	218,606
Deferred tax liability	-	276,000	-	276,000
Lease obligations	4,485,352	5,316,798	-	9,802,150
Total liabilities	\$ 7,854,617	\$ 8,287,727	\$ -	\$ 16,142,344
Shareholders' equity				
Share capital	91,609,249	18,915,187	32,644,940 (c)	124,254,189
	-	-	(18,915,187) (d)	-
Warrants	-	4,703,261	-	4,703,261
Obligation to issue equity	249,816	-	-	249,816
Reserves	13,988,940	3,402,114	-	17,391,054
Deficit	(61,927,983)	(19,208,340)	-	(81,136,323)
Total equity	\$ 43,920,022	\$ 7,812,222	\$ 13,729,753	\$ 65,461,997
Total liabilities and shareholders' equity	\$ 51,774,639	\$ 16,099,949	\$ 13,729,753	\$ 81,604,341

NUMINUS WELLNESS INC.

Pro Forma Consolidated Statement of Loss and Comprehensive Loss

For the year ended August 31, 2021

(Unaudited - Expressed in Canadian Dollars)

	Numinus Wellness Inc.	Novamind Inc.	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	\$ 1,513,670	\$ 6,914,764	\$ -	\$ 8,428,434
Cost of revenue	1,595,208	2,575,248	-	4,170,456
Gross profit (loss)	(81,538)	4,339,516	-	4,257,978
Expenses				
General and administration	9,868,079	9,174,738	-	19,042,817
Share-based compensation	1,821,508	2,610,929	-	4,432,437
Sales and marketing	2,223,676	1,425,528	-	3,649,204
Depreciation	445,186	302,218	-	747,404
Research and development	1,401,194	-	-	1,401,194
Write-off of assets	897,303	-	-	897,303
Impairment of goodwill	1,581,210	-	-	1,581,210
Business acquisition costs	265,618	1,379,144	-	1,644,762
Total expenses	18,503,774	14,892,557	-	33,396,331
Loss before other items	(18,585,312)	(10,553,041)	-	(29,138,353)
Interest expense and other finance cost	114,174	295,162	-	409,336
Interest and other finance income	-	(124,826)	-	(124,826)
Gain on debt settlement	(10,000)	-	-	(10,000)
Other (expenses)/income	34,459	107,411	-	141,870
Revaluation of contingent consideration payable	50,000	-	-	50,000
Unrealized gain on marketable securities and convertible debentures	-	(537,679)	-	(537,679)
Gain on conversion of convertible debenture	-	(454,752)	-	(454,752)
Gain on disposition of marketable securities	-	(1,057,207)	-	(1,057,207)
Loss before income taxes	\$ (18,773,945)	\$ (8,781,150)	\$ -	\$ (27,555,095)
Deferred income tax recovery	-	55,728	-	55,728
Loss and comprehensive loss for the period	\$ (18,773,945)	\$ (8,725,422)	\$ -	\$ (27,499,367)
Loss per share, basic and diluted	\$ (0.11)			\$ (0.11)
Weighted average number of common shares outstanding, basic and diluted	164,940,392		74,193,046 (a)	239,133,438

NUMINUS WELLNESS INC.

Pro Forma Condensed Consolidated Interim Statement of Loss and Comprehensive Loss
For the Nine Months Ended May 31, 2022
(Unaudited - Expressed in Canadian Dollars)

	Numinus Wellness Inc.	Novamind Inc.	Pro Forma Adjustments	Pro Forma Consolidated
Revenue	\$ 2,316,785	\$ 8,920,595	\$ -	\$ 11,237,380
Cost of revenue	1,856,216	6,283,103	-	8,139,319
Gross profit (loss)	460,569	2,637,492	-	3,098,061
Expenses				
General and administration	13,732,709	9,131,416	-	22,864,125
Share-based compensation	2,242,779	791,185	-	3,033,964
Sales and marketing	1,631,887	613,139	-	2,245,026
Depreciation	353,868	562,780	-	916,648
Research and development	1,311,805	-	-	1,311,805
Transaction costs	521,669	-	-	521,669
Total expenses	19,794,717	11,098,520	-	30,893,237
Loss before other items	(19,334,148)	(8,461,028)	-	(27,795,176)
Interest expense and other finance cost	(353,900)	(484,774)	-	(838,674)
Interest and other finance income	81	-	-	81
Gain on debt settlement	-	-	-	-
Other (expenses)/income	(8,785)	(12,008)	-	(20,793)
Revaluation of contingent consideration payable	(503,051)	-	-	(503,051)
Unrealized loss on marketable securities and convertible debentures	-	77,893	-	77,893
Gain on disposition of marketable securities	-	47,285	-	47,285
Loss before income taxes	\$ (20,199,803)	\$ (8,832,632)	\$ -	\$ (26,557,917)
Deferred income tax recovery	-	36,000	-	36,000
Loss and comprehensive loss for the period	\$ (20,199,803)	\$ (8,796,632)	\$ -	\$ (26,521,917)
Loss per share, basic and diluted	\$ (0.10)			\$ (0.09)
Weighted average number of common shares outstanding, basic and diluted	207,754,844		74,193,046 (a)	281,947,890

Notes to the Unaudited Pro Forma Consolidated Financial Statements

Arrangement Agreement with Novamind Inc.

On April 12, 2022, Numinus Inc. (“Numinus”, the “Company”) announced that it had entered into a definitive arrangement agreement (the “Agreement”), dated April 11, 2022, pursuant to which the Company will acquire all of the issued and outstanding common shares of Novamind Inc. (“Novamind”), in an all-share transaction, by way of a court-approved plan of arrangement, for total consideration of approximately \$26.2 million on a fully diluted in-the-money basis. Up to an aggregate of 74,193,438 to be issued as fully paid and non-assessable to the former Novamind shareholders. Upon issuance, each of the Numinus shares issued to the former Novamind shareholders shall be issued at a deemed price equal to \$0.44 per share or such other prices as may be determined at the close of the transaction.

Basis of Presentation

The unaudited pro forma condensed consolidated financial information has been prepared by management of the Company to give effect to the completion of the acquisition of Novamind. The unaudited pro forma condensed consolidated interim statement of financial position as at May 31, 2022, the unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended August 31, 2022, and the unaudited condensed consolidated interim statement of loss and comprehensive loss for the nine-month period ended May 31, 2022 were prepared by the Company and Novamind in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The unaudited pro forma condensed consolidated financial information does not include all information and disclosures required by IFRS for annual financial statements. In the opinion of Management, these unaudited pro forma condensed consolidated financial statements contain all adjustments required to ensure fair presentation.

Accounting Policies

The unaudited pro forma condensed consolidated interim statement of financial position as at May 31, 2022, the unaudited pro forma consolidated statement of loss and comprehensive loss for the year ended August 31, 2021, and the unaudited condensed consolidated interim statement of loss and comprehensive loss for the nine-month period ended May 31, 2022 have been prepared in accordance with Note 2 Significant Accounting Policies of the Company’s May 31, 2022 condensed consolidated interim financial statements.

Pro Forma Adjustments

Pro Forma Adjustments to the Consolidated Statement of Loss and Comprehensive Loss

- a) Numinus common shares issued as consideration for the acquisition of Novamind

Pro Forma Adjustments to the Condensed Consolidated Interim Statement of Financial Position

- b) Goodwill and intangible assets recognized on acquisition (preliminary estimate)
- c) Value of common shares issued as consideration for acquisition of Novamind
- d) Elimination of equity balances of Novamind