NOVAMIND INC.
(Formerly Hinterland Metals Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six Months Ended December 31, 2020

(Expressed in Canadian Dollars)

Dated: March 1, 2021

INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") of the Company for the three and six months ended December 31, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the period from May 22, 2019 (date of incorporation) to June 30, 2020, the Company's fiscal year end.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A and audited annual consolidated financial statements of the Company for the period from May 22, 2019 (date of incorporation) to June 30, 2020, together with the notes thereto, and unaudited condensed consolidated financial statements of the Company for the three and six months ended December 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated financial statements have been prepared in accordance with International Standard 34, Financial Reporting. Accordingly, information contained herein is presented as of March 1, 2021 unless otherwise indicated.

Further information about the Company and its operations can be obtained from the offices of the Company.

CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

This MD&A contains forward-looking information and statements ("forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Forward-looking statements reflect the current expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the actual results, performance or events to be materially different from any future results, performance or events that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section of this MD&A. Although the Company has attempted to identify important factors that could cause actual results, performance or events to differ materially from those described in the forward-looking statements, there could be other factors unknown to management or which management believes are immaterial that could cause actual results, performance or events to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or events may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These factors should be considered carefully, and readers should not place undue reliance on the forward-looking statements. Forward-looking statements contained herein are made as of the date of this MD&A and the Company assumes no responsibility to update forward looking statements, whether as a result of new information or otherwise, other than as may be required by applicable securities laws.

All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

OVERVIEW

Novamind Ventures Inc. ("Novamind" or "the Company" or "the Corporation") was incorporated under the name "The Psychedelic Pharma Company Inc." pursuant to the OBCA on May 22, 2019. On October 15, 2019, Novamind changed its name to "Novamind Ventures Inc." The head office and registered office of the Corporation is located at 10 Wanless Ave Suite 201, Toronto, ON, Canada, M4N 1V6.

Novamind Inc. (formerly Hinterland Metals Inc. ("Hinterland")), incorporated under the Canada Business Corporations Act, is a junior mining exploration company operating in Canada.

On December 22, 2020, the Company completed a reverse takeover ("RTO") of Hinterland, whereby Hinterland acquired all the issued and outstanding common shares of the Company on the basis of one Hinterland share for every four common shares of the Company (the "Transaction"). Subsequent to the Transaction, Hinterland changed its name to Novamind Inc.

Novamind is a leading mental health company enabling safe access to psychedelic medicine through a network of clinics, retreats, and clinical research sites. Novamind provides ketamine-assisted psychotherapy and other novel treatments through its network of Cedar Psychiatry clinics and operates Cedar Clinical Research, a contract research organization specialized in clinical trials and evidence-based research for psychedelic medicine. Both Cedar Psychiatry and Cedar Clinical Research are wholly-owned subsidiaries of Novamind.

BUSINESS OF THE COMPANY

The Corporation provides mental health services through its subsidiary, Cedar Psychiatry, a specialized provider of outpatient mental health services, and provides clinical trial services through its other subsidiary, Cedar Clinical Research ("CCR"), which manages and hosts third-party clinical trials and participates in internally and externally organized Research Studies ("Research Studies").

Cedar Psychiatry

In 2019, Cedar Psychiatry acquired the business of Noetic Psychiatry LLC, which had been in operation since 2016. Cedar Psychiatry was converted into a corporation under the name "Cedar Psychiatry, Inc." on June 20, 2020, in connection with the Cedar Acquisition. Cedar Psychiatry has established a growing network of outpatient mental health clinics in the Greater Salt Lake City Area. Cedar Psychiatry has established itself as a provider of innovative, evidence-based mental healthcare services to patients of all ages. The primary services provided by Cedar Psychiatry are discussed in greater detail below.

Psychotherapy

Cedar Psychiatry offers multiple forms of psychotherapy including emotion-focused therapies, cognitive behavior therapy, dialectical behavior therapy, acceptance and commitment therapy, mindfulness-based stress reduction, and couples therapy. Psychotherapy is intended to serve as a tool to cope with daily life and enable a person to better function with/or resolve traumas, relationship difficulties, loss, medical illnesses and mental disorders like anxiety and mood disorders.

Psychiatric Medication Management

Cedar Psychiatry offers services related to psychiatric medication management, the practice of offering evidence-based care to optimize safe, effective, appropriate drug therapy. Patients are provided with individualized plans for the medication they are prescribed. Patients are then informed of the potential risks and benefits of their prescription(s). Following this, patients are monitored for the effectiveness of the medication over time.

Transcranial Magnetic Stimulation (TMS)

Cedar Psychiatry offers transcranial magnetic stimulation ("TMS"), a safe and well-tolerated procedure that can be effective for treating conditions including depression, especially in patients who have not benefitted from traditional medications or cannot tolerate medications due to side effects. The FDA permitted the marketing of TMS as a treatment for major depressive disorder ("MDD") in 2008 and expanded its use to include TMS for treating the pain associated with certain migraine headaches in 2013. TMS is a non-invasive method of brain stimulation that relies on electromagnetic induction using an insulated coil placed over the scalp, focused on an area of the brain thought to play a role in mood regulation. The coil generates brief magnetic pulses, which pass easily and painlessly through the skull and into the brain.

Ketamine-Assisted Psychotherapy

Cedar Psychiatry administers ketamine via a practice called ketamine-assisted psychotherapy ("KAP"), whereby ketamine is administered either intravenously, intramuscularly, orally, or nasally in conjunction with a regimen of pre and post-therapeutic support. Ketamine has been safely used as an FDA approved anesthetic since 1970 and has found use in psychiatry as a therapeutic for conditions including treatment-resistant depression ("TRD"). Ketamine has been shown to possess rapid antidepressant properties, with improved symptoms within two hours and duration of antidepressant effects for up to a week. Preliminary evidence suggests that when ketamine intervention is enhanced with therapeutic support, it may produce enduring benefits across a range of mental health disorders.

Additionally, Cedar Psychiatry physicians prescribe and administer Spravato™ (esketamine) CIII nasal spray, a derivative formulation of ketamine. Spravato™ was approved by the FDA in March 2019 for use in conjunction with oral antidepressants for adult patients with TRD and to treat adults with MDD experiencing acute suicidal ideation or behavior.

Cedar Clinical Research (CCR)

CCR is specialized in hosting phase I to phase IV clinical trials and research focused on emerging treatment options in neuropsychiatry on behalf of third party sponsors. CCR operates a dedicated research center in Springville, Utah, which provides select contract research organization ("CRO") services for pharmaceutical companies. CCR also participates in both internally and externally organized research that is unaffiliated with clinical trials. CCR is developing psychedelic-assisted psychotherapy treatment protocols to provide patients with novel evidence-based therapies and clinicians with a systematic way to deliver psychedelic medicine and accompanying psychotherapy. The first psychedelic treatment protocol to be developed by CCR via internal research studies is EF-KAP (Emotion-Focused Ketamine-assisted Psychotherapy), which provides a theoretically-informed and reproducible way for clinicians to deliver ketamine-assisted psychotherapy. It uses emotion-focused techniques to target problematic emotion processing, which is known to influence the onset and duration of numerous mental health conditions. Clinicians use EF-KAP to engage patients through targeted interventions that support emotion processing. As a critical component of treatment, patients' family members are provided with specific tools and skills needed to participate in their loved ones' treatment and recovery. The protocol's family-focused approach to care also provides healing opportunities that extend beyond the affected patient, addressing the needs of everyone involved.

CCR currently has seven contracted clinical trials with third-party sponsors. Each of these trials is at a different stage of execution, and some of them have not yet begun. There is limited upfront expenditure required on the part of CCR in these trials except for baseline staffing. The work required to execute the trials is fully covered by the third-party sponsors. CCR receives revenue for recruitment and enrollment of patients, as well as for management of patients through the trial process and submission of patient data to sponsors. The timing of each of these stages is highly variable, therefore it is difficult to forecast revenue flow over the short term. The Company monitors the progress of each trial on an ongoing basis to ensure allocation of adequate resourcing.

KEY HIGHLIGHTS AND CORPORATE UPDATES

The following are selected events that occurred during the six-month period ended December 31, 2020.

Investment in ATAI Life Sciences AG

On July 21, 2020, Novamind entered into a convertible note purchase agreement (the "ATAI Investment Agreement") with ATAI Life Sciences AG ("ATAI"). Novamind 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 (i) upon the sale of the issued and outstanding share capital of ATAI, (ii) upon ATAI completing an equity financing of not less than €30,000,000, (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, 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.

ATAI is a mental health biotech company that combines an emphasis on psychedelic compounds with non-psychedelics and artificial intelligence.

Acquisition of Cedar Group

On July 23, 2020, the Company completed the acquisition (the "Cedar Acquisition") of 100% of the shares of Cedar Psychiatry LLC and Cedar Clinical Research LLC (CCR) pursuant to a stock purchase agreement dated July 22, 2020 and amended on November 19, 2020, among the Company, Psychosomatics, LLC and Probatio, LLC. The consideration in connection with the Cedar Acquisition consisted of (i) the issuance of 20,500,000 of the Company Shares at a deemed price of $0.10 per share, to be issued on the following schedule: 10,250,000 on closing of the Cedar Acquisition; 5,125,000 payable six months after the closing of the Cedar Acquisition; and 5,125,000 payable 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 payable six months after closing of the Cedar Acquisition; and $250,000 payable 12 months after closing of the Cedar Acquisition.

Closing of $10 million Financing

On November 23, 2020, Novamind announced that it had closed an oversubscribed private placement of subscription receipts, raising aggregate gross proceeds of $10 million. In connection with the financing, Novamind issued 10,000,000 subscription receipts ("Subscription Receipts") at a price of CAD$1.00 per Subscription Receipt. Each Subscription Receipt entitled the holder to receive one common share of the Resulting Issuer. The gross proceeds of the Financing were held in escrow pending the completion of the reverse takeover of Hinterland Metals Inc. and conditional listing approval of the CSE.

Business Combination with Hinterland

On December 22, 2020, the Company completed a reverse takeover of Hinterland Metals Inc. whereby Hinterland acquired all the issued and outstanding common shares of the Company on the basis of one Hinterland share for every four common shares of the Company (the "Transaction"). The Transaction was structured as a three-corner amalgamation pursuant to which the Company amalgamated with a wholly owned subsidiary of Hinterland, 2784326 Ontario Inc., to form an amalgamated entity. As consideration for acquiring 100% of the outstanding common shares of the Company, Hinterland issued 38,628,749 common shares to the shareholders of the Company.

As a result of the share exchange between Hinterland and Novamind described above, the former shareholders of Novamind acquired control of the Company. Accordingly, the acquisition is accounted for as a reverse takeover of Hinterland, Hinterland does not constitute a business as defined under IFRS 3 Business Combination. The Transaction is accounted for under IFRS 2 Share-Based Compensation. As Novamind is deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations are included in the financial statements at their historical carrying value.

SUBSEQUENT EVENTS

The following are selected events that occurred after the close of the period ended December 31, 2020.

Canadian Stock Exchange Listing

On January 5, 2021 the Company officially started trading on the Canadian Stock Exchange ("CSE") under the symbol "NM".

Expansion and Optimization of the Layton Clinic

On January 13, 2021, the Company announced the expansion and optimization of the Layton, Utah clinic. The redesigned Layton Clinic now offers improved treatment rooms to accommodate a higher number of ketamine and Spravato™ (esketamine) treatments. The Layton Clinic expansion comes in response to a significant increase in demand for ketamine therapies across Novamind's mental health clinics. In 2020 alone, the Cedar Psychiatry clinic network facilitated over 20,000 client visits, an increase of over 100 percent compared to the same period in 2019.

Hiring of Pierre Bou-Manour as Chief Operating Officer

On January 19, 2021, Novamind announced the expansion of its leadership team with the appointment of Pierre Bou-Mansour, P.Eng., to the role of Chief Operating Officer. Mr. Bou-Mansour assumes the responsibility for ensuring operational excellence as Novamind develops its network of clinics, retreats, and research sites in 2021 and beyond. An accomplished senior executive and leader, he brings a wealth of experience managing large and complex healthcare organizations. Pierre served as the Chief Operating Officer of LifeLabs, a diagnostic laboratory services company he helped to scale into an industry leader with 5,700 employees and 370 patient access sites in Canada.Most recently, he served as the Chief Laboratory Operations Officer of Public Health Ontario, serving Canada's largest province with over 14 million residents. In this role, Bou-Mansour successfully led the expansion of Public Health Ontario's testing capacity for the COVID-19 response.

Milestones for Ketamine and Spravato™ Treatments

On January 28, 2021 Novamind announced that it had reached two significant milestones at its Cedar Psychiatry clinics: administering over 5,000 ketamine treatments its opening in 2016, and administering over 2,000 Spravato™ treatments since it became available in 2019.

Strategic Investment in Bionomics

On February 11, 2021, the Company announced that it has made a strategic investment of AU$827,486 (approximately CAN$810,000), in Bionomics Limited ("Bionomics") (ASX:BNO, OTCQB:BNOEF, Germany:AU000000BNO5), a biopharmaceutical company dedicated to developing better treatments for central nervous system disorders. In addition, Cedar Clinical Research, a wholly owned subsidiary of Novamind, will be evaluated by Bionomics as a clinical research site to conduct Bionomics' Phase IIb trial examining BNC210, a new drug that has received Fast Track Designation from the U.S. Food and Drug Administration for the treatment of post-traumatic stress disorder (PTSD).

MILESTONES AND AVAILABLE FUNDS

The Listing Statement of the Company dated December 30, 2020, which is available on SEDAR at www.sedar.com, identified certain business milestones of the Company expected to be accomplished over the following 12-month period. As of the date hereof, the Company has provided the status of these business milestones, the actual or revised estimated costs and the revised date of expected completion.

While there is no particular significant event or milestone that must occur for the Company's business objectives to be accomplished, the Company currently aims to achieve significant milestones in connection with the development of the Company's business. The table below outlines how the Corporation will achieve its business objectives over the next 12 months. However, there is no guarantee that the Company will meet its business objectives or milestones described below within the specified time periods, within the estimated costs or at all. The Company may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described below.

Business Objective	Milestones	Anticipated Cost as of Filing Statement	Actual/Revised Anticipated Cost	Anticipated Timing	Status
Expand the business of Cedar Psychiatry and the infrastructure for participation in additional clinical trials and research studies through CCR	Open and/or acquire additional mental health clinics in North America. Invest in physical infrastructure, staff training, and business development initiatives required for participation in clinical trials for psychedelic medicine	$6,500,000	$5,000,000	Q1-Q4 2021	In Progress

Total Funds Available

As at December 31, 2020, the Company had working capital of $9,192,334. The table below outlines the anticipated use of the available funds and any variances to such uses from what was described in the Filing Statement. The use of proceeds represents the anticipated costs for next 12 months from January 1, 2021 to December 31, 2021 and assumes that no additional funds will be raised by the Company. The variances identified do not have a material impact on the Company's ability to achieve its business objectives and milestones.

The Company has used, or intends to use, its available funds as follows:

Use of funds	Previous Use of Proceeds	Current Use of Proceeds	Variance
Development of additional Cedar Psychiatry Clinics and Infrastructure for participation in psychiatric clinical trials	$6,500,000	$5,000,000	($1,500,000)
Complete cash payments to Cedar Psychiatry and CCR founders to fulfill conditions acquisition	$500,000	$500,000	Nil
Marketing and business development	$750,000	$750,000	Nil
General and administrative	$2,250,000	$2,750,000	$500,000
Unallocated working capital	$309,461	$192,334	($117,127)
Total	**$10,309,461**	**$9,192,334**	**(1,117,127)**

The Company's business objective is to expand its footprint of outpatient mental health clinics and clinical trial site infrastructure through organic growth by opening of new clinics and trial sites, and through acquisitions. The pace and extent of this expansion is contingent on available capital, the ability to raise further funds by selling common shares or by using our common shares as currency to facilitate transactions. The variance in the available working capital of $1,117,127 between the amount reported in the Filing Statement of December 30, 2020 and the amount reported in this MD&A will not have a material impact on the Company achieving its business objectives and milestones.

SELECTED FINANCIAL RESULTS

Six months ended December 31, 2020

The Company reported a net loss of $4,061,497 for the six months ended December 31, 2020.

Revenue for the period was $2,162,109 including service fee income of $2,108,166 and clinical trial income of $53,943. Service fee income consists primarily of third-party insurance payments provided for mental health evaluations and treatments such as psychiatric diagnosis and medication management, psychotherapy, transcranial magnetic stimulation, and ketamine-assisted psychotherapy. Clinical trial income consists of payments received for the recruitment and management of patients for pharmaceutical company-sponsored psychiatric clinical trials.

Cost of services of $1,162,430 represents the salaries and wages of employees directly involved in providing mental health treatments and clinical trial services (psychiatrists, psychologists, psychotherapists, technicians, and trial coordinators) and depreciation of certain right-of-use assets and amortization of certain intangible assets. The majority of the expenses was comprised of $481,391 in consulting fees primarily paid to the officers, directors and consultants for their services. Professional fees of $726,460 were primarily for legal and accounting services. Office and general expenses of $287,661 was comprised of costs related to business development, as well as rent and other miscellaneous expenses. Advertising and promotion expenses were $337,713. Fees for press release filing and distribution were $20,650. Depreciation for property and equipment, right of use assets and intangible assets in the period was $169,020. Interest and bank charges were $150,720. During the six months ended December 31, 2020, the Company also incurred salaries and wages of $1,005,252, software license fees of $120,180, stock-based compensation of $664,814 and sub-contractor fees of $14,334. There was $1,379,144 in transaction costs related to the reverse takeover Transaction with Hinterland, a $200,221 unrealized gain on investment in convertible debenture receivable, $64,408 interest income from investment in convertible securities, related to the convertible debenture investment in the Synthesis Institute and ATAI and $14,911 foreign exchange gain. The Company also recorded income tax recovery of $16,623.

Six months ended December 31, 2019

The Company reported a net loss of $920,897 for the six months ended December 31, 2019 primarily due to $472,500 stock-based compensation, consulting fees of $383,917, advertising and promotion of $16,523 and office and general of $47,957.

The Company's net loss increased by $3,140,600 during the six months ended December 31, 2020 as compared to the six months ended December 31, 2019. The increase was mainly due to the increase of expenses of salaries and wages, professional fees, software license fees, depreciation and amortization, advertising and promotion, consulting fees, interest expense and bank charges and office and general due to the acquisition of Cedar Group in July 2020 and the expansion of the Company's business activities during the current period compared to the same period of last year. In addition, due to the RTO with Hinterland, the Company incurred $1,379,144 RTO transaction costs during the six months ended December 31, 2020. The above increases of expenses were offset by the increase of gross margin of $999,679 during the six months ended December 31, 2020 in comparison to the six months ended December 31, 2019. The gross margin represents total revenue of $2,162,109 comprised of service fee income of $2,108,166 and clinical trial income of $53,943 minus cost of services of $1,162,430. The increase of gross margin is also due to the acquisition of Cedar Group in July 2020.

Three months ended December 31, 2020

The Company reported a net loss of $3,567,883 for the three months ended December 31, 2020, as compared to a net loss of $493,614 for the prior quarter ended September 30, 2020.

Revenue for the period was $1,288,828 including service fee income of $1,236,568 and clinical trial income of $52,260. This compares with revenue of $873,281 including service fee income of $871,598 and clinical trial income of $1,683 reported in the prior quarter.

Service fee income consists primarily of third-party insurance payments provided for mental health evaluations and treatments such as psychiatric diagnosis and medication management, psychotherapy, transcranial magnetic stimulation, and ketamine-assisted psychotherapy. Clinical trial income consists of payments received for the recruitment and management of patients for pharmaceutical company-sponsored psychiatric clinical trials.

Cost of services of $698,202 ($464,228 prior quarter) represents the salaries and wages of employees directly involved in providing mental health treatments and clinical trial services (psychiatrists, psychologists, psychotherapists, technicians, and trial coordinators) and depreciation of certain right-of-use assets and amortization of certain intangible assets.

Fiscal second quarter expenses were comprised of $416,268 ($65,123 prior quarter) in consulting fees primarily paid to the officers, directors and consultant for their services. The higher amount reflects the additional work required to prepare for the Company's public listing transaction. Professional fees of $450,419 ($276,041 prior quarter) were for legal and accounting services. Office and general expenses of $87,368 ($200,293 prior quarter) was comprised of costs related to business development, as well as rent and other miscellaneous expenses. Advertising and promotion expenses were $236,650 ($101,063 prior quarter). Fees for press release filing and distribution were $15,000 ($5,650 prior quarter). Depreciation for property and equipment, right of use assets and intangible assets in the period was $114,843 ($54,177 prior quarter). Interest and bank charges were $91,351 ($59,369 prior quarter). During the three months ended December 31, 2020, the Company also incurred salaries and wages of $791,078 ($214,174 prior quarter), software license fees of $75,485 ($44,695 prior quarter), stock-based compensation of $664,814 and sub-contractor fees of $5,922 ($8,412 prior quarter). There was $1,379,144 (nil previous quarter) in transaction costs related to the reverse takeover Transaction with Hinterland, an $156,694 unrealized gain on investment in convertible debenture receivable, $32,339 ($32,069 previous quarter) interest income from investment in convertible securities, related to the convertible debenture investment in the Synthesis Institute and ATAI and $19,551 foreign exchange loss (versus a $32,069 foreign exchange gain in the previous quarter). The Company also recorded income tax recovery of $351 ($16,272 prior quarter).

<u>Three months ended December 31, 2019</u>

The Company reported a net loss of $402,654 for the three months ended December 31, 2019 primarily due to consulting fees of $343,917, advertising and promotion of $11,030 and office and general of $47,707.

The Company's net loss increased by $3,165,229 during the three months ended December 31, 2020 as compared to the three months ended December 31, 2019. The increase was mainly due to the increase of expenses of salaries and wages, professional fees, software license fees, depreciation and amortization, advertising and promotion, consulting fees, interest expense and bank charges and office and general due to the acquisition of Cedar Group in July 2020 and the expansion of the Company's business activities during the current period compared to the same period of last year. In addition, due to the RTO with Hinterland, the Company incurred $1,379,144 RTO transaction costs during the six months ended December 31, 2020. The above increases of expenses were offset by the increase of gross margin of $590,626 during the three months ended December 31, 2020 in comparison to the three months ended December 31, 2019. The gross margin represents total revenue of $1,288,828 comprised of service fee income of 1,236,568 and clinical trial income of $52,260 minus cost of services of $698,202. The increase of gross margin is also due to the acquisition of Cedar Group in July 2020.

Note regarding year-over-year variance

Since the acquisition of the Cedar group only occurred in July, 2020, and the Company had very limited operations in prior periods, a comparison of year-over-year results for the quarter ended December 31 is not meaningful.

LIQUIDITY AND CAPITAL RESOURCES

Although the Company does generate revenue to cover the costs of operating its mental health clinics, it is not profitable on a consolidated basis. Managing liquidity risk is dependent upon controlling expenditures and the ability of the Company to raise additional financing, as necessary. While management and the Board have been successful in raising the necessary capital, it cannot provide assurance that it will be able to execute on its business strategy or be successful in future financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

As at December 31, 2020, the Company had a cash balance of $10,868,742 to settle current liabilities of $2,288,178. This represents a working capital of $9,192,334. The Company has not yet realized profitable operations and has incurred losses to date resulting in a cumulative deficit of $5,390,991 as at December 31, 2020.

Management believes it has adequate capital to deliver on its business objectives as outlined in the "Milestones and Available Funds" section of this MD&A.

The Company has allocated approximately $5,000,000 towards the development of additional mental health clinics and infrastructure for participation in psychiatric clinical trials. The Company anticipates increasing its number of clinics and clinical research sites both through organic growth and through acquisitions. Estimated capital expenditure for new clinics is in the range of $100,000 to $150,000 per clinic. The Company anticipates that acquisitions will be made through a combination of cash and common shares.

The Company has allocated $500,000 as cash payments to the founders of Cedar Psychiatry and Cedar Clinical Research to fulfill its obligations as part of the agreement to acquire these entities.

The Company intends to spend approximately $750,000 on marketing and business development to increase awareness of the Cedar Psychiatry and Cedar Clinical Research operations and to drive patient traffic. Additionally, this expenditure will support the investor relations and public relations initiatives that are being implemented on behalf of the Company.

The Company anticipates general and administrative costs of $2,750,000, consisting primarily of salaries and professional fees.

RELATED PARTY TRANSACTIONS

Related parties include the directors, close family members, and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Names	Six Months Ended December 31, 2020 ($)	Period from May 22, 2019 (date of incorporation) to December 31, 2019 ($)
Consulting fee – Emmcap Corp. ("DSA") (i)	205,000	130,000
Consulting fee – Seek Capital Management (ii)	90,000	60,000
Consulting fee – Bay Street Mercantile (iii)	90,000	100,000
Salaries (v)	264,640	nil
Lease payments (vi)	71,514	nil
Sub-contractor fees (vii)	3,974	nil
Share-based compensation (i)(iii)(iv)	132,658	472,500
Total	**857,786**	**762,500**

Names	Three Months Ended December 31, 2020 ($)	Three Months Ended December 31, 2019 ($)
Consulting fee – Emmcap Corp. ("DSA") (i)	130,000	130,000
Consulting fee – Seek Capital Management (ii)	75,000	60,000
Consulting fee – Bay Street Mercantile (iii)	75,000	60,000
Salaries (v)	123,314	nil
Lease payments (vi)	44,225	nil
Sub-contractor fees (vii)	nil	nil
Share-based compensation (i)(iii)(iv)	132,658	nil
Total	**580,197**	**250,000**

(i) Emmcap Corp. is controlled by Yaron Conforti, the CEO of the Company. As at December 31, 2020, Emmcap Corp. was owed $16,950 (June 30, 2020 - $37,800) which was included in accounts payable and accrued liabilities. During the period ended December 31, 2020, Emmcap Corp. subscribed to 194,300 common shares of the Company for $194,300 (period from incorporation on May 22, 2019 to December 31, 2019 17,550,000 shares for $193,500). The Company recorded share-based compensation of $19,040 (three and six months ended December 31, 2019 - $nil and $157,500, respectively) to Emmcap Corp during the three and six months ended December 31, 2020.

(ii) Seek Capital is controlled by Jesse Kaplan, a director of the Company. As at December 31, 2020, Seek Capital was owed $nil (June 30, 2020 - $96,050) which was included in accounts payable and accrued liabilities. During the period ended December 31, 2020, Seek Capital. subscribed to 200,000 common shares of the Company for $200,000. The Company recorded share-based compensation of $19,040 (three and six months ended December 31, 2019 - $nil and $157,500, respectively) to Seek Capital during the three and six months ended December 31, 2020.

(iii) Bay Street Mercantile is controlled by Yisroel Weinreb, a director of the Company. As at December 31, 2020, Bay Street Mercantile was owed $nil (June 30, 2020 - $50,850) which was included in accounts payable and accrued liabilities. During the period ended December 31, 2020, Bay Street Mercantile subscribed to 100,000 common shares of the Company for $100,000 (period from incorporation on May 22, 2019 to December 31, 2019 17,550,000 shares for $193,500). The Company recorded share-based compensation of $19,040 (three and six months ended December 31, 2019 - $nil and $157,500, respectively) to Bay Street Mercantile during the three and six months ended December 31, 2020.

(iv) During the period ended June 30, 2020, a director of the Company subscribed to nil (period from incorporation on May 22, 2019 to June 30, 2019 - 17,550,000) common shares of the Company for $nil (period from incorporation on May 22, 2019 to June 30, 2019 - $193,500). The Company recorded share-based compensation of $19,040 (three and six months ended December 31, 2019 - $nil and $157,500, respectively) to the director during the three and six months ended December 31, 2020.

(v) During the three and six months ended December 31, 2020, the Company paid salaries of $123,314 and $264,640, respectively, to certain officers of the Company. As of December 31, 2020, the Company had a balance of $nil (June 30, 2020 - $nil) due to the officers.

(vi) During the three and six months ended December 31, 2020, the Company made lease payments of $44,225 and $71,514, respectively (three and six months ended December 31, 2020 - $nil) to a company controlled by an officer of the Company for the use of an office space. As at December 31, 2020, the Company had a balance of $nil (June 30, 2020 - $nil) due to the company.

(vii) During the three and six months ended December 31, 2020, the Company paid sub-contract fees of $nil and $3,974, respectively (three and six months ended December 31, 2020 - $nil) to a company controlled by an officer of the Company. As at December 31, 2020, the Company had a balance of $nil (June 30, 2020 - $nil) due to the company.

(viii) During the three and six months ended December 31, 2020, certain directors and officers of the Company subscribed to 35,000 common shares of the Company for $35,000.

(ix) As of December 31, 2020, the loan payable to an officer of the Company is $50,928 (June 30, 2020 - $nil), which is unsecured, due on demand and non-interest bearing.
(x) As of December 31, 2020, the Company owed $469,406 to certain officers of the Company for consideration payable for Cedar Acquisition (note 4).

ACQUISITION OF CEDAR GROUP

On July 22, 2020, the Company acquired 100% of the issued and outstanding shares of Cedar Group pursuant to a stock purchase agreement dated July 22, 2020. The consideration in connection with the Cedar Acquisition consisted of (i) the issuance of 20,500,000 of the Company Shares at a deemed price of $0.10 per share, to be issued on the following schedule: 10,250,000 on closing of the Cedar Acquisition; 5,125,000 payable six months after the closing of the Cedar Acquisition; and 5,125,000 payable 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 payable six months after closing of the Cedar Acquisition; and $250,000 payable 12 months after closing of the Cedar Acquisition. During the three months ended September 30, 2020, the Company paid $500,000 and issued 8,250,000 common shares for Cedar Acquisition. As at September 30, 2020, the Company recorded $469,406 consideration payable which was included in accrued liabilities and recorded $943,125 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	Amount ($)
Consideration - cash	958,824
Consideration - shares	1,768,125
Total consideration	**2,726,949**

Identifiable assets acquired	Amount ($)
Cash	429,436
Accounts receivable	368,561
Prepaid	8,035
Property and equipment	63,307
Right-of-use assets	1,470,892
Accounts payable	(92,737)
Lease liabilities	(1,470,892)
Deferred tax liability	(244,000)
Loan payable to related party	(53,563)
Government loan payable	(193,414)
Patient relationship	494,165
Brand name	393,993
Total identifiable assets acquired	**1,173,783**
Goodwill	1,553,166
	2,726,949

The common shares value 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	0.13%	0.12%
Term	0.5 years	1 year

The cash consideration due six and twelve months after year-end was 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 these unaudited condensed consolidated financial statements from the date of the acquisition. Cedar Group's revenue and net income for the period from the date of acquisition to December 31, 2020 included in the unaudited condensed consolidated statement of loss and comprehensive loss are $2,162,109 and $706,707, respectively. Had the above noted business combination occurred on July 1, 2020, Cedar Group's revenue and net income included in the unaudited condensed consolidated statement of loss and comprehensive loss would have been $2,478,212 and $633,968, respectively.

REVERSE TAKEOVER OF HINTERLAND

The share capital of each company prior to the RTO was as follows:

Hinterland	Number of Common Shares	Amount ($)
Balance, September 30, 2020	455,377	5,553,709
Conversion of convertible debentures	916,640	248,288
Balance, December 22, 2020, prior to the RTO	1,372,017	5,801,997

Novamind	Number of Common Shares	Amount ($)
Balance, September 30, 2020	28,128,749	6,147,548
Shares issued in private placement	10,000,000	8,960,782
Shares issued for the Cedar Acquisition	500,000	200,000
Balance, December 22, 2020, prior to the RTO	38,628,749	15,308,330

On December 22, 2020, the Company completed a reverse takeover ("RTO") of Hinterland, whereby Hinterland acquired all the issued and outstanding common shares of the Company on the basis of one Hinterland share for every four common shares of the Company. The Transaction was structured as a three-corner amalgamation pursuant to which the Company amalgamated with a wholly owned subsidiary of Hinterland, 2784326 Ontario Inc., to form an amalgamated entity. As consideration for acquiring 100% of the outstanding common shares of the Company, Hinterland issued 38,628,749 common shares to the shareholders of the Company. Subsequent to the Transaction, Hinterland changed its name to Novamind Inc.

As a result of the share exchange between Hinterland and Novamind described above, the former shareholders of Novamind acquired control of the Company. Accordingly, the acquisition is accounted for as a reverse takeover of Hinterland, Hinterland does not constitute a business as defined under IFRS 3 Business Combination. The Transaction is accounted for under IFRS 2 Share-Based Compensation. As Novamind is deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations are included in the financial statements at their historical carrying value.

Based on the unaudited condensed consolidated statement of financial position of Hinterland at the time of the RTO, the net assets at estimated fair value that were acquired by Novamind were $177,739 and the resulting transaction cost charged to the unaudited condensed consolidated statement of loss and comprehensive loss is as follows:

The allocation purchase price calculation is as follows:

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

Identifiable assets acquired	Amount ($)
Cash	175,178
Accounts receivable	5,382
Accounts payable	(2,821)
Total identifiable assets acquired	**177,739**
Unidentifiable assets acquired	
Transaction costs	1,379,144
	1,556,883

The fair value of 1,372,017 issued common shares of the Company was estimated using $1.00 per share.

The Company was deemed to have 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 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%

CAPITAL MANAGEMENT

The Company considers its capital to be its shareholders' equity. As at December 31, 2020, the Company had shareholders' equity of $13,162,611. The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a moderate to high tolerance for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including raising share capital or debt when required to fund opportunities as they arise. The Company may also return capital to shareholders through the repurchase of shares, pay dividends or reduce debt where it determines any of these to be an effective method of achieving the above objective. The Company does not use ratios in the management of its capital. There have been no changes to management's approach to managing its capital during the period ended December 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

CURRENT GLOBAL FINANCIAL CONDITIONS AND TRENDS

Management regularly monitors economic and financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Impact of COVID-19 Pandemic on Operations

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on service demand and labor and service provider availability;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain additional funding

At the date of this MD&A, the Canadian and United States governments have not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of Novamind in future periods.

Novamind has sufficient cash on hand to fund its operations for at least the next 12-months and meet its working capital requirements. To-date, the Company has not been significantly affected by the COVID-19 pandemic, and its clinic operations in Utah continue to operate as usual. Given the impact that the pandemic has had on the mental health of the population, our mental health clinics continue to experience significant demand for services.

Apart from these and the risk factors noted under the heading "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

FINANCIAL INSTRUMENTS AND 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 following table illustrates the classification of the Company's financial instruments recorded at fair value within the fair value hierarchy as at December 31, 2020:

December 31, 2020	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total
Cash	10,868,742	nil	nil	10,868,742
Marketable securities	nil	nil	253,384	253,384

Convertible debenture receivable	nil	nil	1,540,684	1,540,684
Interest receivable	Nil	Nil	113,406	113,406

Level 3 hierarchy:

The following table presents the changes in fair value measurement of financial instruments classified as Level 3. Each financial instrument is measured at fair value utilizing non-observable market inputs.

	Opening balance ($)	**Purchases ($)**	**Unrealized gain on investment ($)**	**Foreign exchange ($)**	**Ending balance at December 31, 2020 ($)**
Marketable securities	196,615	nil	56,769	nil	253,384
Investment in convertible securities	1,139,590	232,320	143,452	25,322	1,540,684
Interest receivable	48,169	64,377	Nil	860	113,406

Within Level 3, the Company includes marketable securities subject to a holding period and convertible debentures receivable and interest receivable. The key assumptions of marketable securities include the volatility of the share price of comparable listed companies. The critical assumptions of the convertible debentures and interest receivable include the market interest rates for similar loans and convertible debentures. The market interest rates were determined by taking into consideration similar instruments with corresponding maturity dates, plus a credit adjustment in accordance with the borrower's credit worthiness.

The following table presents the fair value, categorized by key valuation techniques and the unobservable inputs used within Level 3:

Investment name	**Valuation technique**	**Fair value ($)**	**Unobservable inputs**
Field Trip	Black-Scholes Model	253,384	Volatility
Convertible Loan	Comparable instruments	1,540,684	Comparable prices
Interest receivable	Comparable instruments	113,406	Comparable prices

As the valuation of investments for which market quotations are not readily available and are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments. As at December 31, 2020, a change in the transaction price of 5% would result in an increase/decrease in the fair value estimate of the investment of approximately $15,000, keeping all other variables constant.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at December 31, 2020, 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 it operations and anticipating its operating and investing activities.

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.

(a) Interest rate risk

The Company has cash balances and loan receivable. The Company's current policy is to invest excess cash 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 December 31, 2020, the Company's interest rate risk mainly relates to the convertible debentures receivable but its interest rate risk is limited as the convertible debentures 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 December 31, 2020, sensitivity to a plus or minus 10% change in US dollar foreign exchange rate would affect the reported comprehensive loss by approximately $25,000 and sensitivity to a plus or minus 10% change in Euro foreign exchange rate would affect the reported comprehensive loss by approximately $154,000.

RISK FACTORS

An investment in the Common Shares involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities. For a detailed description of risk factors associated with the Company, please refer to the "Risk Factors" section of the Annual Information Form, which is available on SEDAR at www.sedar.com. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.