

**BODY AND MIND INC.**  
**(formerly DEPLOY TECHNOLOGIES INC.)**

*(A Development Stage Company)*

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**

**31 October 2017**

**(Expressed in U.S. Dollars)**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of Body and Mind Inc. (formerly Deploy Technologies Inc.) for the three months ended 31 October 2017 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These consolidated interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these interim financial statements.

**Condensed Consolidated Interim Statements of Financial Position**

(Unaudited)

(U.S. Dollars)

<b>ASSETS</b>	As at 31 October 2017	As at 31 July 2017
<b>Current</b>		
Cash	\$ 4,681,156	\$ 366,584
Amounts receivable and prepaid	71,811	45,825
Available-for-sale securities	1	1
	<u>4,752,968</u>	<u>412,410</u>
<b>Investment in Nevada Medical Group LLC (Note 10)</b>	196,169	103,495
	<u>\$ 4,949,137</u>	<u>\$ 515,905</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade payables and accrued liabilities	\$ 381,007	\$ 188,677
Due to related parties (Note 5)	-	4,805
	<u>381,007</u>	<u>193,482</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Share Capital – Statement 3 (Note 6)</b>		
Authorized:		
300,000,000 Common Shares – Par Value \$0.0001		
20,000,000 Class A Preferred Shares – Par Value \$0.0001		
Issued and Outstanding:		
19,137,658 (31 July 2017 – 19,137,658) Common Shares	5,632	5,632
<b>Contributed Surplus</b>	4,290,070	4,290,070
<b>Subscription receipts</b>	4,769,943	-
<b>Foreign Currency Translation Reserve</b>	283,100	356,828
<b>Deficit</b>	(4,780,615)	(4,330,107)
	<u>4,568,130</u>	<u>322,423</u>
	<u>\$ 4,949,137</u>	<u>\$ 515,905</u>

**Nature and Continuance of Operations (Note 1)****Subsequent Events (Note 11)**

Approved and authorized for issue by the Board on 2 January 2018

ON BEHALF OF THE BOARD:

“Leonard Clough” , Director  
“Dong H. Shim” , Director

**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss**

(Unaudited)

(U.S. Dollars)

	Three Month Period Ended 31 October	
	2017	2016
<b>General and Administrative Expenses</b>		
Accounting and legal (Note 5)	\$ 226,733	\$ 4,744
Consulting fees	52,560	-
Depreciation	-	1,417
Management fees (Notes 5)	21,940	-
Office and miscellaneous	62,162	4,211
Regulatory, filing and transfer agent fees	10,850	-
Travel	2,472	-
<b>Loss Before Other Items</b>	(376,717)	(10,372)
<b>Other Items</b>		
Foreign exchange, net	(72,903)	(72,626)
Settlement of liabilities	-	4,176
Write off of amounts receivable	(888)	-
<b>Net Income (Loss) for the Period</b>	\$ (450,508)	\$ (78,822)
<b>Other Comprehensive Income</b>		
Foreign currency translation adjustment	(73,728)	76,001
<b>Comprehensive Loss for the Period</b>	\$ (524,236)	\$ (2,821)
<b>Loss per Share – Basic and Diluted</b>	\$ (0.02)	\$ (0.01)
<b>Weighted Average Number of Shares Outstanding</b>	19,137,658	6,557,973

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

Body and Mind Inc. (formerly Deploy Technologies Inc.)

(A Development Stage Company)

Statement 3

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficiency)

(Unaudited)

(U.S. Dollars)

	Share Capital				Subscription Receipts	Contributed Surplus	Foreign Currency Translation Reserve	Deficit	Total
	Common Shares		Class A Preferred Shares						
	Number	Amount	Number	Amount					
<b>Balance – 31 July 2016</b>	2,185,991	\$ 544	2,475,500	\$ 248	\$ -	\$ 3,358,082	\$ 266,749	\$ (3,973,039)	\$ (347,416)
Foreign currency translation adjustment	-	-	-	-	-	-	76,001	-	76,001
Loss for the period	-	-	-	-	-	-	-	(78,822)	(78,822)
<b>Balance – 31 October 2016</b>	2,185,991	544	2,475,500	248	-	3,358,082	342,750	(4,051,861)	(350,237)
Conversion of preferred shares	8,251,667	2,478	(2,475,500)	(248)	-	(2,230)	-	-	-
Private placements	8,700,000	2,610	-	-	-	982,333	-	-	984,943
Share issue costs	-	-	-	-	-	(48,115)	-	-	(48,115)
Foreign currency translation adjustment	-	-	-	-	-	-	14,078	-	14,078
Loss for the period	-	-	-	-	-	-	-	(278,246)	(278,246)
<b>Balance – 31 July 2017</b>	19,137,658	5,632	-	-	-	4,290,070	356,828	(4,330,107)	322,423
Private placements	-	-	-	-	4,769,943	-	-	-	4,769,943
Foreign currency translation adjustment	-	-	-	-	-	-	(73,728)	-	(73,728)
Loss for the period	-	-	-	-	-	-	-	(450,508)	(450,508)
<b>Balance – 31 October 2017</b>	19,137,658	\$ 5,632	-	\$ -	\$ 4,769,943	\$ 4,290,070	\$ 283,100	\$ (4,780,615)	\$ 4,568,130

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

**Body and Mind Inc. (formerly Deploy Technologies Inc.)***(A Development Stage Company)*

Statement 4

**Condensed Consolidated Interim Statements of Cash Flows**

(Unaudited)

*(U.S. Dollars)*

Cash Resources Provided By (Used In)	Three Month Period Ended 31 October	
	2017	2016
<b>Operating Activities</b>		
Loss for the period	\$ (450,508)	\$ (78,822)
Items not affecting cash:		
Accrued interest	-	679
Depreciation	-	1,417
Settlement of liabilities	-	(4,176)
Write off of amounts receivable	-	-
Foreign exchange	-	1,520
Amounts receivable and prepaid	(25,986)	(90)
Trade payables and accrued liabilities	192,330	(1,304)
Due to related parties	(4,805)	1,669
	<u>(288,969)</u>	<u>(79,107)</u>
<b>Investing Activities</b>		
Investment in Nevada Medical Group, LLC	(92,674)	-
	<u>(92,674)</u>	<u>-</u>
<b>Financing Activities</b>		
Subscription receipts <i>(Note 6)</i>	4,769,943	-
Short term loans	-	3,279
	<u>4,769,943</u>	<u>3,279</u>
Effect of exchange rate changes on cash and cash equivalents	(73,728)	76,001
<b>Net Increase in Cash and Cash Equivalents</b>	4,314,572	173
Cash and cash equivalents - Beginning of period	366,584	-
<b>Cash and Cash Equivalents - End of Period</b>	<u>\$ 4,681,156</u>	<u>\$ 173</u>

**Supplemental Disclosures with Respect to Cash Flows** *(Note 8)*

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

**Body and Mind Inc. (formerly Deploy Technologies Inc.)**

*(A Development Stage Company)*

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

*U.S. Dollars*

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**1. Nature and Continuance of Operations**

Body and Mind Inc. (the "Company") was originally incorporated on 5 November 1998 in the State of Delaware, USA, under the name Concept Development Group, Inc. In May 2004, the Company acquired 100% of Kaleidoscope Venture Capital, Inc. (formerly Vocalscape Networks, Inc.) ("Kaleidoscope") and changed its name to Vocalscape, Inc. In November 2005, the Company changed its name to Nevstar Precious Metals Inc. and in September 2008, the Company changed its name to Deploy Technologies Inc. In November 2017, the Company changed its name to Body and Mind Inc. (Note 11).

On 15 September 2010, the Company completed a merger with its incorporated and wholly-owned subsidiary, Deploy Acquisition Corp., a Nevada corporation, formed for the sole purpose of changing the Company's state of incorporation from the State of Delaware to the State of Nevada. Although Deploy Acquisition Corp. was the surviving corporation, upon the completion of the merger it assumed the name of the Company and all the assets, obligations and commitments of the Company. Concurrent with the merger, the authorized capital of the Company decreased to 10,000,000 pre-consolidation common shares from 50,000,000 pre-consolidation common shares.

The Company's Nevada Charter authorizes it to issue two classes of equity securities. Accordingly, on 29 September 2011, the Company increased its authorized capital to include 2,900,000 Class A Preferred Shares. On 2 July 2014, the Company revised the authorized Class A Preferred Shares from 2,900,000 to 20,000,000 with a par value of \$0.0001 per share.

On 11 April 2017, the Company revised the authorized capital of the Company to 900,000,000 pre-consolidation common shares with a par value of \$0.0001 (Note 6).

The head office and principal address of the Company is 750 – 1095 West Pender Street, Vancouver, B.C. V6E 2M6.

At 31 October 2017, the Company had cash and cash equivalents of \$4,681,156 (31 July 2017 – \$366,584) and a working capital of \$4,371,961 (31 July 2017 – \$218,928).

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the development stage, the Company has incurred operating losses since inception, is generating minimal revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its development activities. The Company's ability to continue as a going concern is dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in future.

If the going concern assumption were not appropriate for these consolidated financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the classifications on the statement of financial position used, and such adjustments would be material.

**Body and Mind Inc. (formerly Deploy Technologies Inc.)**

(A Development Stage Company)

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

U.S. Dollars

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**2. Basis of Preparation**

**a) Basis of Presentation**

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. These consolidated financial statements are presented in US dollars except where otherwise indicated.

**b) Statement of Compliance**

These financial statements, have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Therefore, these condensed interim financial statements comply with International Accounting Standards ("IAS") 34, "*Interim Financial Reporting*".

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 July 2017 prepared in accordance with and using accounting policies in full compliance with IFRS.

**c) Principles of Consolidation**

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, DEP Nevada Inc. ("Dep Nevada"), incorporated in the State of Nevada on 10 August 2017. All inter-company transactions are eliminated upon consolidation.

**d) New Standards Not Yet Adopted**

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, however is available for early adoption. In addition, the elements of IFRS 9 related to presentation of gains from changes in an entity's own credit risk can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

The IASB issued IFRS 15, Revenue Recognition, in June 2014. The objective of IFRS 15 is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains new disclosure requirements. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company is in the process of assessing the impact of IFRS 15 and has not yet determined when it will adopt the new standard.



**Body and Mind Inc. (formerly Deploy Technologies Inc.)***(A Development Stage Company)***Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017***U.S. Dollars***2. Basis of Preparation – Continued****d) New Standards Not Yet Adopted – Continued**

The IASB issued IFRS 16, Leases, in January 2016, which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier adoption is permitted, but only in conjunction with IFRS 15. The Company is in the process of assessing the impact of IFRS 16 and has not yet determined when it will adopt the new standard.

**3. Significant Accounting Policies**

These condensed consolidated interim financial statements follow the same accounting policies and methods of their application as the Company’s full annual financial statements prepared in accordance with IFRS and as such should be read in conjunction with the Company’s full annual financial statements for the year ended 31 July 2017. There have been no changes to the accounting policies and methods applied in the three month period ended 31 October 2017.

Certain comparative figures have been reclassified in accordance with the current period’s presentation.

**4. Fair Value of Financial Instruments****Categories of financial instruments**

	As at 31 October 2017	As at 31 July 2017
<b>FINANCIAL ASSETS</b>		
<b>FVTPL, at fair value</b>		
Cash	\$ 4,681,156	\$ 366,584
<b>Available-for-sale, at fair value</b>		
Kaleidoscope (5,694 common shares)	1	1
<b>Total financial assets</b>	<b>\$ 4,681,157</b>	<b>\$ 366,585</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Other liabilities, at amortized cost</b>		
Trade payables	\$ 381,007	\$ 179,335
Due to related parties	-	14,146
	<b>\$ 381,007</b>	<b>\$ 193,481</b>

**Fair value**

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the short term maturity of these instruments and the nature of the loans.

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

U.S. Dollars

**4. Fair Value of Financial Instruments – Continued**

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at 31 October 2017, the Company does not have any Level 3 financial instruments.

	Fair Value Measurement Classification	As at 31 October 2017	As at 31 July 2017
<b>Financial assets at fair value</b>			
Cash	Level 1	\$ 4,681,156	\$ 366,584
Available-for-sale	Level 1	1	1
<b>Total financial assets at fair value</b>		<b>\$ 4,681,157</b>	<b>\$ 366,585</b>

**Management of financial risks**

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Credit risk**

The Company is not exposed to credit risk as it does not hold cash in excess of federally insured limits, with major financial institutions.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company had a working capital of \$4,371,961 as at 31 October 2017. As such, the Company is not exposed to any significant liquidity risk.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the term deposits is limited.

**Currency risk**

The Company is exposed to currency risk by incurring expenditures and holding assets denominated in currencies in the Canadian dollar. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

**Body and Mind Inc. (formerly Deploy Technologies Inc.)**  
(A Development Stage Company)

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

U.S. Dollars

**4. Fair Value of Financial Instruments – Continued**

**Other risks**

The Company is not exposed to other risks unless otherwise noted.

**5. Related Party Balances and Transactions**

The key management personnel compensation for the three months ended 31 October 2017 and 2016 is as follows:

	31 October 2017	31 October 2016
Accounting fees	\$ 3,600	\$ 2,669
Management and consulting fees	45,940	-
Total	<u>\$ 49,540</u>	<u>\$ 2,669</u>

Except as disclosed elsewhere in these full annual financial statements, related party transactions for the three month period ended 31 October 2017 and 2016 are as follows:

- a) During the three months ended 31 October 2017, accounting fees of \$3,600 (2016 - \$2,669) were paid/accrued to the former Chief Executive Officer and a director of the Company.
- b) During the three months ended 31 October 2017, consulting fees of \$24,000 (2016 - \$Nil) were paid/accrued to a company controlled by the Chief Executive Officer of the Company.
- c) During the three months ended 31 October 2017, management fees of \$12,000 (2016 - \$Nil) were paid/accrued to the Chief Financial Officer of the Company.
- d) During the three months ended 31 October 2017, management fees of \$2,740 (2016 - \$Nil) were paid/accrued to the former Chief Executive Officer of the Company.
- e) During the three months ended 31 October 2017, management fees of \$7,200 (2016 - \$Nil) were paid/accrued to the former Chief Financial Officer of the Company.
- f) As at 31 October 2017, the Company owed \$Nil (31 July 2017 - \$4,805) to the former Chief Executive Officer of the Company.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**6. Share Capital**

The Company's authorized share capital comprises 300,000,000 Common Shares, with a \$0.0001 par value per share, and 20,000,000 Class A Preferred Shares, with a \$0.0001 par value per share (Note 1). Each Class A Preferred Share entitles the holder to 10 votes each. Each Class A Preferred Share provides holders a right to receive dividends, as and if declared by the Company's board of directors, with the amount of such dividend determined by multiplying the dividend per share by 10 and a right to receive distributions, whether or not in liquidation, with the amount of such distribution determined by multiplying the distribution per share by 10.

Each Class A Preferred Share can also be converted into 10 Common Shares at the election of the Company or the holder any time after two years following the date of issuance.

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

U.S. Dollars

**6. Share Capital – Continued**

In connection with the Acquisition, on 14 November 2017, the Company eliminated its authorized Class A Preferred shares and completed a consolidation of its common shares on the basis of three (3) pre-Consolidation common shares to one (1) post-Consolidation common share. Unless otherwise noted, all figures in the financial statements are retroactively adjusted to reflect the consolidation (Note 11).

On 13 March 2017, a total of 150,000 Class A preferred shares were converted into 500,000 common shares of the Company.

On 19 April 2017, the Company closed a private placement issuing a total of 8,700,000 common shares for gross proceeds of CAD\$1,305,000. The Company paid share issue costs of CAD\$63,750 related to this private placement.

On 8 May 2017, the remaining 2,325,500 Class A preferred shares were converted into 7,751,667 common shares of the Company.

On 15 August 2017 and 16 August 2017, the Company closed the first two of four tranches of a non-brokered private placement and issued 8,276,294 Subscription Receipts (as defined below) at a price of CAD\$0.66 per Subscription Receipt for aggregate gross proceeds of CAD\$5,462,369.

On 31 October 2017, the Company closed a third tranche of a non-brokered private placement and issued 757,666 Subscription Receipts at a price of CAD\$0.66 per Subscription Receipt for aggregate gross proceeds of CAD\$500,060.

**7. Capital Disclosure**

The capital structure of the Company consists of loans payable and equity attributable to common shareholders, comprised of issued capital, contributed surplus, shares to be issued, foreign currency translation reserve and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages its capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

There were no changes in the Company's approach to capital management during the three months ended 31 October 2017. The Company is not subject to externally imposed capital requirements.

**8. Supplemental Disclosures with Respect to Cash Flows**

	<u>Three Month Period Ended 31 October</u>	
	2017	2016
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

**9. Segmented Information**

The Company conducts its business as a single operating segment in Canada. On completion of the Acquisition (Notes 10 and 11), the Company will have an operation in the United States.

**Body and Mind Inc. (formerly Deploy Technologies Inc.)**

(A Development Stage Company)

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

U.S. Dollars

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**10. Assignment Agreement**

On 15 May 2017, the Company entered into an assignment and novation agreement (the "Assignment Agreement") with Toro Pacific Management Inc. (the "Transferor") pursuant to which the Transferor assigned a letter of intent (the "LOI") effective 12 May 2017 to the Company in accordance with its terms. The Assignment Agreement and the LOI contemplate a business combination transaction (the "Acquisition") pursuant to which the Company will acquire all of the issued and outstanding securities of Nevada Medical Group LLC ("NMG"), an arm's length Nevada-based licensed producer of medical marijuana.

As consideration for the Assignment Agreement, the Company will issue to the Transferor 1,000,000 common shares of the Company, on a post-Consolidated basis, at a deemed price of \$0.66 per share.

In connection with the assignment of the LOI, the Company will pay a deposit of \$50,000 to NMG, which is refundable in the event a condition precedent to closing is not fulfilled or waived, and is further to be created against the cash purchase price at closing.

**Concurrent Financing**

The concurrent financing will consist of subscription receipts of the Company (the "Subscription Receipts"), at an issue price of \$0.66 per Subscription Receipt, with each Subscription Receipt being automatically converted, at no additional cost to the subscriber, upon the completion of the Acquisition for one common share and one share purchase warrant (the "Warrant") exercisable at a price of \$0.90 for a period of 24 months from the date of issuance. Each Warrant is subject to acceleration provisions following the six-month anniversary of the date of closing, if the closing trading price of the common shares is equal to or greater than \$1.20 for seven consecutive trading days, at which time the Company may accelerate the expiry date of the Warrants by issuing a press release announcing the reduced warrant term whereupon the Warrants will expire 21 calendar days after the date of such press release.

The concurrent financing must raise a minimum of \$4,000,000.

On 14 September 2017, the Company and Dep Nevada entered into a definitive agreement (the "Share Exchange Agreement") with NMG. Pursuant to the Share Exchange Agreement, Dep Nevada will acquire all of the issued and outstanding securities of NMG in exchange for the issuance of the Company's common shares and certain cash and other non-cash consideration, as further described below (the "Acquisition").

In November 2017, the Company completed the Acquisition with NMG (Note 11).

**11. Subsequent Events**

- a) On 1 November 2017, the Company closed a fourth and final tranche of a non-brokered private placement and issued 68,181 Subscription Receipts at a price of CAD\$0.66 per Subscription Receipt for aggregate gross proceeds of CAD\$45,000.
- b) On 14 November 2017, the Company closed its previously announced Acquisition. In connection with the closing of the Acquisition, the net proceeds of the Company's private placements of subscription receipts, which are noted above and are in support of the Acquisition, (the "Offering") have been released to the Company from escrow. Immediately prior to closing of the Acquisition, the Company completed a consolidation of its common shares (the "Consolidation") on the basis of three (3) pre-Consolidation common shares to one (1) post-Consolidation common share (each post-Consolidation common share, a "Common Share"), as well a name change, changing the name of the Company from Deploy Technologies, Inc. to Body and Mind Inc. The Company eliminated its authorized Class A Preferred shares (Note 7).

**Body and Mind Inc. (formerly Deploy Technologies Inc.)**

*(A Development Stage Company)*

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

*U.S. Dollars*

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**11. Subsequent Events – Continued**

***Acquisition***

Pursuant to a share exchange agreement dated 14 September 2017 amongst the Company, DEP Nevada, NMG and the NMG Members, the Company acquired all of the issued and outstanding membership units of NMG (the "Units") through DEP Nevada. In consideration for the Units, the Company issued to the NMG Members an aggregate of 16,000,000 Common Shares at a deemed value of CDN \$0.66 per Common Share as well as a cash payment of \$2,084,000 pro rata amongst the NMG Members and a promissory note to the NMG members in the aggregate amount of \$2,000,000. The Company also issued 2,037,879 Common Shares to TI Nevada, LLC, 212,121 Common Shares to Charles Fox, 47,000 Common Shares to Toro Pacific Management Inc., 60,000 Common Shares to Chris Hunt, and 470,000 Common Shares to Benjamin Rutledge in connection with the Acquisition. In connection with the Acquisition the Company paid the amount of \$225,000 to TI Nevada as repayment for a loan made by TI Nevada to NMG.

***Offering - Conversion of Subscription Receipts***

The Closing included the completion of an equity financing to raise minimum gross proceeds of \$4,000,000. As noted above, the Company issued 9,102,141 subscription receipts at a price of CDN \$0.66 per Subscription Receipt for aggregate gross proceeds of CDN \$6,007,429. On completion of the Acquisition, the Subscription Receipts were automatically exercised in accordance with their terms, and were exchanged for one unit (a "Unit") of the Company. Each Unit consists of one Common Share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to acquire one Common Share (a "Warrant Share") for an exercise price of CDN \$0.90 per Warrant Share for a period of 24 months from the issuance of such Warrant.

- c) On November 27, 2017, the Company issued an aggregate of 3,850,000 stock options in accordance with the Company's stock option plan at an exercise price of CDN \$0.66 per share for a five year term expiring November 24, 2022. The options were granted to officers, directors and consultants of the Company.
- d) On December 1, 2017, the Company closed a non-brokered private placement of 637,393 units at a price of CDN \$0.66 per unit for aggregate gross proceeds of CDN \$420,680. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of CDN \$0.90 per warrant for a period of 24 months from the closing.
- e) On December 18, 2017, the Company has reached an agreement with a real estate investment group, led by the Company's President, who will purchase a building adjacent to the existing facility and lease it back to a newly formed partnership called Pepper Lane North LLC ("PLN" or "Partnership") on a long-term basis with renewal options. PLN is a strategic partnership between the Company and one of the preeminent dispensary chains in the State of Nevada. The Company's partner will also transfer an active cultivation license to the facility and all expenditures under PLN will be funded on a 50/50 basis. The new facility will primarily consist of flowering rooms as production, packaging, distribution, and head office functions will remain at the existing facility. The Company has also earmarked approximately 4,000 square feet of frontage for a dispensary upon receipt of a retail license. It is contemplated that at least half of the sales under PLN will be sold to the Company's partner through their existing dispensary network. In addition, the Company has signed an operating and management agreement with PLN and will receive the greater of \$15,000/month or 10% of PLN's net profits.

**Body and Mind Inc. (formerly Deploy Technologies Inc.)**

*(A Development Stage Company)*

**Notes to Condensed Consolidated Interim Financial Statements**

(Unaudited)

**31 October 2017**

*U.S. Dollars*

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**11. Subsequent Events** – *Continued*

Under the Partnership, each party has provided an initial capital contribution to PLN in the amount of \$250,000. These funds will first be applied as a non-refundable deposit towards securing the building lease of approximately 30,000 square feet located in close proximity to the Company's current operations in Las Vegas, Nevada. The new facility will require renovations and build-out costs of approximately \$3,700,000. The renovation and build-out costs will be funded by PLN on an equity interest basis and the Company expects the new facility to be operational in the latter part of 2018.

- f) On December 21, 2017, the Company and Friday Night Inc. ("Friday Night" or "TGIF") announced a Letter of Intent ("LOI") contemplating an all-stock acquisition. The transaction is expected to be structured by way of an amalgamation between the Company and a wholly owned Nevada subsidiary of TGIF, in which the shareholders of the Company will receive common shares in the capital of TGIF (the "TGIF Shares") in exchange for their shares of the Company ("BAM Shares"). The Company's common shares issued and outstanding at the date of signing the LOI was 47,704,269. On December 20, 2017, the date the LOI was executed, the closing share price of Friday Night Inc. was CDN \$1.00 per share. The LOI contemplates TGIF issuing 115,000,000 common shares to the BAM shareholders plus such additional shares as may be issuable upon exercise of currently issued convertible securities of the Company. The final structure of the transaction will be subject to advice from the Company and TGIF tax, financial and legal advisors. The parties anticipate completing the Transaction on or about March 31, 2018. The agreement is subject to closing conditions normal for a transaction of this type, including due diligence, BAM shareholder and CSE approvals.
- a) Subsequent to the period end, the Company amended its authorized share capital to 900,000,000 Common Shares, with a \$0.0001 par value per share.