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

Form 51-102F4

Business Acquisition Report

Item 1 Identity of Corporation

1.1 Name and Address of the Company

Body and Mind Inc. (formerly Deploy Technologies Inc.) ("**Body and Mind**", "**the Company**")
750 – 1095 West Pender St.
Vancouver, BC V6E 2M6

1.2 Executive Officer

The following individual is knowledgeable about the particulars described in this business acquisition report:

Darren Tindale, CFO
Ph: 604-376-3567

Item 2 Details of Acquisition

2.1 Nature of the Business Acquired

The Company completed the acquisition of 100% of the issued and outstanding membership interests of Nevada Medical Group, LLC ("**NMG**"), a limited liability company organized under the laws of the State of Nevada, pursuant to the terms of a share exchange agreement dated September 14, 2017 (the "**Agreement**"). NMG was an early applicant in Nevada in 2014 and was awarded one of the first state medical licences for both cultivation and production of marijuana. NMG operates under its marquee brand name of Body & Mind Inc. and produces flower, oil extracts and edibles. Body and Mind Inc. products are available for sale in dispensaries in Nevada. As a result of the transaction, NMG has become a wholly-owned subsidiary of the Company.

2.2 Acquisition Date

Both the closing date and acquisition date for accounting purposes was November 14, 2017.

2.3 Consideration

In consideration for all of the issued securities of NMG, the NMG securityholders (collectively, the "**NMG Members**") received, on a pro rata basis, (a) 16,000,000 post-Consolidation Body and Mind Common Shares ("**Body and Mind Payment Shares**") at a deemed price of CDN $0.66 per share (the "**Share Exchange**"), (b) US$ 2,000,000 cash, and (c) a non-interest bearing promissory note in the original principal amount of US$ 2,000,000 (the "**Promissory Note**"). The Promissory Note was secured by a senior priority security interest in all assets of Body and Mind, to be paid at the earlier of fifteen (15) months from the closing date of the Acquisition or, if an equity or debt financing subsequent to the Concurrent Financing is closed in an aggregate amount of not less than US$5,000,000, then within 30 days of the closing date of such subsequent financing. Body and Mind assumed NMG's obligations pursuant to a loan in the amount of US$400,000, payable to TI Nevada, LLC, of which US$225,000 was paid on the Acquisition Date and the remaining US$175,000 will be paid within 15 months of the Acquisition Date. Further, Body and Mind reimbursed NMG (up to US$84,000) for expenditures incurred prior to the Acquisition Date which were related to the acquisition of production equipment.

2.4 Effect on Financial Position

Body and Mind Inc., through its operating subsidiary, will use its medical licences for both cultivation and production of marijuana as its principal business. Concurrent with the closing of the Acquisition, the Company raised CDN $6,007,429.89. After closing costs have been paid, the remaining funds on hand will be used for working capital purposes.

Subsequent to the Acquisition date, the Company announced a Letter of Intent ("LOI") with Friday Night Inc. ("TGIF") in an all-stock transaction whereby TGIF will acquire Body and Mind. The original LOI was amended and the current terms of the LOI contemplate that TGIF will issue 1.65 TGIF shares for each Body and Mind share. Convertible securities of Body and Mind such as options and warrants will be treated on similar terms. Body and Mind and TGIF believe the combined entity will provide increased product volumes and increase efficiencies through economies of scale.

2.5 Prior Valuations

Neither the Company, Body and Mind Inc., nor the target company, NMG, obtained a valuation opinion within the last 12 months nor were they required by securities legislation or a Canadian exchange or market.

2.6 Parties to Transaction

Not Applicable.

2.7 Date of Report

January 26, 2018

Item 3 Financial Statements

As required by Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations*, the following financial statements are attached hereto:

1. Audited annual Financial Statements of Body and Mind Inc. for the years ended July 31, 2017 and July 31, 2016;
2. Audited annual Financial Statements of Nevada Medical Group LLC for the years ended December 31, 2016 and December 31, 2015;
3. Unaudited Interim Financial Statements of Body and Mind Inc. for the quarter ended October 31, 2017;
4. Reviewed Interim Financial Statements of Nevada Medical Group LLC for the six months ended June 30, 2017

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

(A Development Stage Company)

FINANCIAL STATEMENTS

Year ended 31 July 2017

(Expressed in U.S. Dollars)

Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

UNIT 114B (2nd floor)
8988 FRASERTON COURT
BURNABY, BC, V5J 5H8

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INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Body and Mind Inc. (formerly Deploy Technologies Inc.)

I have audited the accompanying financial statements of Body and Mind Inc. (formerly Deploy Technologies Inc.) (the "Company"), which comprise the statements of financial position as at July 31, 2017 and July 31, 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended July 31, 2017 and July 31, 2016 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audits is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2017 and July 31, 2016, and its financial performance and its cash flows for the years ended July 31, 2017 and July 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
November 24, 2017

Body and Mind Inc. (formerly Deploy Technologies Inc.) Statement 1

(A Development Stage Company)

Statements of Financial Position

(U.S. Dollars)

ASSETS		As at 31 July 2017		As at 31 July 2016
Current				
Cash	$	366,584	$	-
Amounts receivable and prepaid		45,825		7,355
Available-for-sale securities		1		1
		412,410		7,356
Property, plant and equipment		-		5,099
Investment in Nevada Medical Group LLC *(Note 11)*		103,495		-
	$	515,905	$	12,455
LIABILITIES				
Current				
Trade payables and accrued liabilities	$	188,677	$	242,109
Due to related parties *(Note 5)*		4,805		41,714
Loans payable *(Note 6)*		-		76,048
		193,482		359,871
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share Capital – *Statement 3 (Note 7)*				
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 2016 – 2,185,991) Common Shares		5,632		544
Nil (31 July 2016 – 2,475,500) Preferred Shares		-		248
Contributed Surplus		4,290,070		3,358,082
Foreign Currency Translation Reserve		356,828		266,749
Deficit		(4,330,107)		(3,973,039)
		322,423		(347,416)
	$	515,905	$	12,455

Nature and Continuance of Operations *(Note 1)*
Subsequent Events *(Note 13)*

Approved and authorized for issue by the Board on 24 November 2017

ON BEHALF OF THE BOARD:

"Chris MacLeod" , Director

"Dong H. Shim" , Director

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

<u>Statement 2</u>

(A Development Stage Company)

Statements of Loss and Comprehensive Loss

(U.S. Dollars)

	Year Ended 31 July			
		2017		2016
General and Administrative Expenses				
Accounting and legal *(Note 5)*	$	44,929	$	29,977
Consulting fees		187,158		27,112
Depreciation		1,590		6,553
Management fees *(Notes 5)*		30,224		54,223
Office and miscellaneous		26,210		11,447
Regulatory, filing and transfer agent fees		13,906		-
Travel		48,267		-
Loss Before Other Items		(352,284)		(129,312)
Other Items				
Other income		-		949
Foreign exchange, net		(65,999)		(65,536)
Settlement of liabilities *(Note 6)*		62,054		651,053
Write off of amounts receivable		(839)		(1,063)
Net Income (Loss) for the Year	$	(357,068)	$	456,091
Other Comprehensive Income				
Foreign currency translation adjustment		90,079		74,285
Comprehensive Loss for the Year	$	(266,989)	$	530,376
Loss per Share – Basic and Diluted	$	(0.05)	$	0.21
Weighted Average Number of Shares Outstanding		6,628,958		2,185,991

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

Body and Mind Inc. (formerly Deploy Technologies Inc.) <u>Statement 3</u>

(A Development Stage Company)

Statements of Changes in Shareholders' Deficiency

(U.S. Dollars)

	Share Capital					Foreign Currency			
	Common Shares		Class A Preferred Shares		Contributed	Translation	Shares to be		
	Number	Amount	Number	Amount	Surplus	Reserve	Issued	Deficit	Total
Balance – 31 July 2015	2,185,991	$ 544	2,475,500	$ 248	$ 3,358,082	$ 192,464	$ 560	$ (4,429,130)	$ (877,232)
Reclassified as a liability	-	-	-	-	-	-	(560)	-	(560)
Foreign currency translation adjustment	-	-	-	-	-	74,285	-	-	74,285
Net income for the year	-	-	-	-	-	-	-	456,091	456,091
Balance – 31 July 2016	2,185,991	$ 544	2,475,500	$ 248	$ 3,358,082	$ 266,749	$ -	$ (3,973,039)	$ (347,416)
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	-	-	-	-	-	90,079	-	-	90,079
Loss for the year	-	-	-	-	-	-	-	(357,068)	(357,068)
Balance – 31 July 2017	19,137,658	$ 5,632	-	$ -	$ 4,290,070	$ 356,828	$ -	$ (4,330,107)	$ 322,423

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

Body and Mind Inc. (formerly Deploy Technologies Inc.) <u>Statement 4</u>

(A Development Stage Company)

Statements of Cash Flows

(U.S. Dollars)

	Year Ended 31 July	
Cash Resources Provided By (Used In)	**2017**	**2016**
Operating Activities		
Income (loss) for the year	$ (357,068)	$ 456,091
Items not affecting cash:		
Accrued interest *(Note 6)*	1,345	2,738
Depreciation	1,590	6,553
Settlement of liabilities	(62,054)	(651,053)
Write off of amounts receivable	839	
Foreign exchange	(5,474)	3,861
Amounts receivable and prepaid	(39,309)	(1,573)
Trade payables and accrued liabilities	(33,765)	9,689
Due to related parties	(36,909)	99,409
	(530,805)	(74,285)
Investing Activities		
Investment in Nevada Medical Group, LLC	(95,622)	-
	(95,622)	-
Financing Activities		
Shares issued, net of issuance costs *(Note 7)*	936,828	-
Short term loans	19,903	-
Loans repaid	(53,799)	-
	902,932	-
Effect of exchange rate changes on cash and cash equivalents	90,079	74,285
Net Increase (Decrease) in Cash and Cash Equivalents	366,584	-
Cash and cash equivalents – Beginning of year	-	-
Cash and Cash Equivalents - End of Year	$ 366,584	$ -

Supplemental Disclosures with Respect to Cash Flows *(Note 9)*

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 13).

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 7).*

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

At 31 July 2017, the Company had cash and cash equivalents of $366,584 (31 July 2016 – $Nil) and a working capital of $218,929 (31 July 2016 – working capital deficit of $352,515). The funds on hand at 31 July 2017 are not sufficient to meet the Company's planned corporate, administrative and development activities for the next 12 months. Additional financing will be required to meet the Company's obligations as they fall due. Because of this uncertainty, there is significant doubt about its ability to continue as a going concern.

These 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 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.

2. Basis of Preparation

a) Basis of Presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. These 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").

c) 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.

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

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

b) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of property, plant and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

• Automobile	4 years
• Tools and equipment	3-4 years
• Furniture and office equipment	5 years
• Website development	3 years

c) Financial Assets

Financial assets are classified as financial assets at fair value through profit or loss (“FVTPL”), held-to-maturity, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognized initially at fair value. The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at FVTPL

Financial assets are classified as held for trading and are included in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives, other than those designated as effective hedging instruments, are also categorized as held for trading. These assets are carried at fair value with gains or losses recognized in profit or loss. Transaction costs associated with financial assets at FVTPL are expensed as incurred. Cash and cash equivalents are included in this category of financial assets.

Held-to-maturity and loans and receivables

Held-to-maturity and loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the financial asset classified in this category are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in in this category of financial assets.

3. Summary of Significant Accounting Policies – *Continued*

c) Financial Assets – *Continued*

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are not classified as loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognized within other comprehensive income. Accumulated changes in fair value are recorded as a separate component of equity until the investment is derecognized or impaired. Transaction costs are included in the initial carrying amount of the asset. Available-for-sale assets include short term investments in equities of other entities.

The fair value is determined by reference to bid prices at the close of business on the reporting date. Where there is no active market, fair value is determined using valuation techniques. Where fair value cannot be reliably measured, assets are carried at cost.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

d) Impairment of Financial Assets

Financial assets, other than financial assets at FVTPL, are assessed for indicators of impairment at each period end.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Available-for-sale

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

3. Summary of Significant Accounting Policies – *Continued*

e) Financial Liabilities

Financial liabilities are classified as financial liabilities at FVTPL, derivatives designated as hedging instruments in an effective hedge, or as financial liabilities measured at amortized cost, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The measurement of financial liabilities depends on their classification, as follows:

Financial liabilities at FVTPL

Financial liabilities at FVTPL has two subcategories, including financial liabilities held for trading and those designated by management on initial recognition. Transaction costs on financial liabilities at FVTPL are expensed as incurred. These liabilities are carried at fair value with gains or losses recognized in profit or loss.

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables, due to related parties and loans payable are included in this category of financial liabilities.

Derivatives designated as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

f) De-recognition of Financial Assets and Liabilities

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. Summary of Significant Accounting Policies – *Continued*

g) Impairment of Non-Financial Assets

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

h) Foreign Currencies

The Company's presentation currency is the U.S. dollar and the functional currency of all of its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. All assets and liabilities are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses are translated at rates of exchange in effect during the period. Gains and losses on translation are included in equity as a separate component of other comprehensive income or loss.

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 profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

3. Summary of Significant Accounting Policies – *Continued*

i) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

j) Taxation

Deferred tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

k) Share-Based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

l) Comparative Figures

Certain comparative figures have been reclassified in accordance with the current year's presentation.

4. Fair Value of Financial Instruments

Categories of financial instruments

		As at 31 July 2017		As at 31 July 2016
FINANCIAL ASSETS				
FVTPL, at fair value				
Cash	$	366,584	$	-
Available-for-sale, at fair value				
Kaleidoscope (5,694 common shares)		1		1
Total financial assets	$	366,585	$	1
FINANCIAL LIABILITIES				
Other liabilities, at amortized cost				
Trade payables	$	179,335	$	168,276
Due to related parties		14,146		41,714
Loans payable		-		76,048
	$	193,481	$	286,038

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.

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 July 2017, the Company does not have any Level 3 financial instruments.

	Fair Value Measurement Classification		As at 31 July 2017		As at 31 July 2016
Financial assets at fair value					
Cash	Level 1	$	366,584	$	-
Available-for-sale	Level 1		1		1
Total financial assets at fair value		$	366,585	$	1

4. Fair Value of Financial Instruments – *Continued*

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 $218,929 as at 31 July 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.

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 year ended 31 July 2017 and 2016 is as follows:

		31 July 2017		31 July 2016
Accounting fees	$	16,321	$	18,074
Management and consulting fees		30,224		81,335
Total	$	46,545	$	99,409

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

a) During the year ended 31 July 2017, accounting fees of $16,321 (2016 - $18,074) were paid/accrued to the Chief Executive Officer of the Company.

b) During the year ended 31 July 2017, management fees of $18,890 (2016 - $Nil) were paid/accrued to the Chief Financial Officer of the Company.

c) During the year ended 31 July 2017, management fees of $11,334 (2016 - $Nil) were paid/accrued to the former Chief Executive Officer of the Company.

d) As at 31 July 2017, the Company owed $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. Loans Payable

During the year ended 31 July 2017, the Company repaid loans totalling $53,799 (CAD$71,200). The Company settled the loans without any interest payments and, as a result, recorded a settlement of liabilities of $18,345 (CAD$24,279).

During the year ended 31 July 2017, a former director of the Company agreed to repay a loan in the amount of $4,138 (CAD$5,476) to a third party and, as a result, the Company recorded a settlement of liabilities of $4,138 (CAD$5,476).

During the year ended 31 July 2017, the Company settled a loan in the amount of $19,903 (CAD$26,341) that was received during the year from a third party and recorded a settlement of liabilities of $19,903 (CAD$26,341).

7. 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.

7. 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 13).

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.

8. 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 year ended 31 July 2017. The Company is not subject to externally imposed capital requirements.

9. Supplemental Disclosures with Respect to Cash Flows

	Year Ended 31 July	
	2017	2016
Cash paid during the year for interest	$ -	$ -
Cash paid during the year for income taxes	$ -	$ -

10. Segmented Information

The Company conducts its business as a single operating segment in Canada. All assets are currently situated in Canada.

11. 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 CAD$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 CAD$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 CAD$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.

Subsequent to the year ended 31 July 2017, the Company completed the Acquisition with NMG (Note 13).

12. Income Taxes

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

		2017		2016
Net income (loss) for the year	$	(357,068)	$	456,091
Federal and state income tax rates		35%		35%
Expected income tax expense (recovery)	$	(124,974)	$	159,632
Change in estimates and others		3,325		45,888
Change in benefit not recognized		121,649		(205,520)
Total income tax recovery	$	-	$	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

		As at 31 July 2017		As at 31 July 2016
Deferred income tax assets				
Net income tax operating loss carry forward	$	2,792,313	$	2,444,745
Statutory federal income tax rate		35%		35%
Deferred income tax asset		977,310		855,661
		(977,310)		(855,661)
Net deferred income tax assets	$	-	$	-

12. Income Taxes – *Continued*

As at 31 July 2017, the Company has unused net operating losses for U.S. federal income tax purposes of approximately $2,792,313 that are available to offset future taxable income, which, if unutilized, will expire as follows:

2031	$	246,025
2032		1,270,743
2033		421,942
2034		254,585
2035		257,069
2037		341,949
Total	$	2,792,313

13. Subsequent Events

a) On 10 August 2017, the Company formed a wholly-owned Nevada State subsidiary, DEP Nevada Inc. (“Dep Nevada”).

b) 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.

c) 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”).

d) 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.

e) 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.

f) 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).

13. 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 CAD$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 CAD$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 CAD$0.90 per Warrant Share for a period of 24 months from the issuance of such Warrant.

NEVADA MEDICAL GROUP, LLC

Financial statements

December 31, 2016

(Expressed in U.S. Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of Nevada Medical Group, LLC

We have audited the accompanying financial statements of Nevada Medical Group, LLC, which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income (loss), changes in members' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Nevada Medical Group, LLC as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Nevada Medical Group, LLC's ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 5, 2017

NEVADA MEDICAL GROUP, LLC

Balance sheets
(Expressed in U.S. Dollars)

	December 31, 2016 $	December 31, 2015 $
ASSETS		
Current assets		
Cash	55,003	147,622
Accounts receivable	21,420	-
Biological assets (note 3)	328,289	-
Inventory (note 3)	126,664	-
	531,376	147,622
Property and equipment (note 4)	1,869,100	1,214,832
Total assets	2,400,476	1,362,454
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	58,302	18,575
Due to related parties (note 5)	51,772	8,062
Due to members (note 6)	166,100	-
Total liabilities	276,174	26,637
Members' equity		
Contributions	3,145,348	2,390,375
Deficit	(1,021,046)	(1,054,558)
Total members' equity	2,124,302	1,335,817
Total liabilities and members' equity	2,400,476	1,362,454

Nature of operations and continuance of business (Note 1)
Commitment (Note 7)
Subsequent events (Note 9)

The financial statements were authorized for issue on October 5, 2017 by the members of the Company.

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

NEVADA MEDICAL GROUP, LLC
Statements of operations and comprehensive income (loss)
(Expressed in U.S. dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
Revenue	1,631,316	-
Cost of sales (notes 4 and 5)	751,710	-
Gross profit	879,606	-
Operating expenses		
Advertising and promotion	114,806	22,386
Depreciation (note 4)	9,226	3,823
Professional fees	5,291	45,884
Office and administration	110,680	81,768
Consulting fees (note 5)	60,060	35,634
Rent (notes 5 and 7)	60,000	153,230
Repairs and maintenance	27,897	3,608
Salary and wages	422,178	315,463
Travel	5,113	2,163
Utilities	30,843	10,625
Total operating expenses	(846,094)	(674,584)
Net and comprehensive income (loss)	33,512	(674,584)

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

NEVADA MEDICAL GROUP, LLC
Statement of changes members' equity
(Expressed in U.S. dollars)

	Contributions $	Deficit $	Total $
Balance, December 31, 2014,	887,950	(379,974)	507,976
Contributions	1,502,425	-	1,502,425
Net and comprehensive loss for the year	-	(674,584)	(674,584)
Balance, December 31, 2015	2,390,375	(1,054,558)	1,335,817
Contributions	754,973	-	754,973
Net and comprehensive income for the year	-	33,512	33,512
Balance, December 31, 2016	3,145,348	(1,021,046)	2,124,302

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

NEVADA MEDICAL GROUP, LLC
Statements of cash flows
(Expressed in U.S. dollars)

	Year ended December 31, 2016 $	Year ended December 31, 2015 $
Operating activities		
Net income (loss) for the year	33,512	(674,584)
Non-cash items of net income for the year:		
Depreciation	91,436	3,823
Unrealized gain on change in fair value of inventory	(176,939)	-
Changes in non-cash working capital balances:		
Accounts receivable	(21,420)	-
Inventory	(233,745)	-
Accounts payable	12,279	-
Due to related parties	43,710	-
Net cash used in operating activities	(251,167)	(670,761)
Investing activities		
Purchase of property and equipment	(762,525)	(1,190,393)
Net cash used in investing activities	(762,525)	(1,190,393)
Financing activities		
Contributions	754,973	1,502,425
Due to members	166,100	-
Net cash provided by financing activities	921,073	1,502,425
Decrease in cash	(92,619)	(358,729)
Cash, beginning of year	147,622	506,351
Cash, end of year	55,003	147,622
Non-cash investing activity:		
Purchase of property and equipment in accounts payable	(44,269)	-

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

1. Nature of Operations and Continuance of Business

Nevada Medical Group, LLC. (the "Company") was incorporated on March 4, 2014 in accordance with Nevada Law Governing Limited Liability Companies . The Company is a supplier and grower of medical and recreational marijuana in the state of Nevada. It operates under its brand name of Body and Mind (BaM).

These financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the continued financial support from its members, the ability of the Company to obtain necessary equity or debt financing to continue operations, and the attainment of profitable operations. As at December 31, 2016, the Company has a working capital of $255,202 and has an accumulated deficit of $1,021,046 since inception. These factors indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to obtain additional funding by borrowing from its members and third parties.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements and related notes are presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, commercial accounts, trust accounts, and interest-bearing bank deposit. Items are considered to be cash equivalents if the original maturity is three months or less.

(d) Accounts Receivable

Accounts receivable represents amounts owed from customers for sale of medical marijuana. Amounts are presented net of the allowance for doubtful accounts, which represents the Company's best estimate of the amount of probable credit losses in the existing accounts receivable balance. The Company determines the allowance for doubtful accounts based on historical experience and current economic conditions. The Company reviews the adequacy of its allowance for doubtful account on a regularly basis. As at December 31, 2016 and 2015, the Company has no allowance for doubtful accounts.

(e) Revenue Recognition

The Company derives revenue primarily from sale of medical marijuana, and is recognized when the risks and rewards of ownership have transferred to the buyer, which normally occurs at delivery. Revenue is recognized only to the extent that the amount of revenue can be measured reliably and collection is considered probable.

2. Summary of Significant Accounting Policies (continued)

(f) Inventory

Inventory consists of raw materials, biological assets (live plants and plants in the drying process), finished goods and consumables. The Company values its raw materials and consumables at lower of cost or net realizable value. The Company values biological assets and finished goods at fair value. The Company periodically reviews its raw materials and consumables for obsolete and potentially impaired items. In calculating the value of the biological assets, management is required to make a number of estimates, including estimating the stage of growth of the cannabis up to the point of harvest, harvesting costs, selling costs, sales price, and wastage for the cannabis plant. At each reporting date, the value of finished goods is transferred to inventory.

(g) Income Taxes

The Company accounts for income taxes using the asset and liability method, which provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

(h) Foreign Currency Translation

The Company's functional currency is the United States dollar. The reporting currency is the United States dollar.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are translated at rates of exchange in effect at the date of the transaction. Average monthly rates are used to translate revenues and expenses. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income.

(i) Financial Instruments

Financial assets and financial liabilities are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at fair value.

Financial assets
The Company classifies its financial assets at initial recognition as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale, depending on the purpose for which the asset was acquired.

Fair value through profit or loss - This category comprises derivatives or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are recorded at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

2. Summary of Significant Accounting Policies (continued)

Held to maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, these assets are recorded at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available for sale - Non-derivative financial assets not included in the above categories are classified as available for sale. Subsequent to initial recognition, they continue to be recorded at fair value with changes in fair value recognized directly in equity. If there is no quoted price in an active market and fair value cannot be readily determined, available for sale investments are carried at cost. Where a decline in the fair value of an available for sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Transaction costs associated with financial assets at fair value through profit or loss are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities
The Company classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other financial liabilities, depending on the purpose for which the liability was incurred.

Fair value through profit or loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. Subsequent to initial recognition, they continue to be recorded in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - Financial liabilities other than those classified as fair value through profit or loss are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1 quoted prices in active markets for identical assets or liabilities

Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and

Level 3 inputs for the asset or liability that are not based upon observable market data.

The Company's financial instruments consist of cash, accounts receivable, accounts payable, amounts due to related parties and amounts due to members. Pursuant to IFRS 13, the fair value of cash is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

2. Summary of Significant Accounting Policies (continued)

(j) Property and Equipment

Leasehold improvement and equipment are stated at cost and are amortized over the estimated useful lives on a straight-line basis:

Office equipment	7 years
Cultivation equipment	7 years
Production equipment	7 years
Kitchen equipment	7 years
Vehicles	7 years
Vault equipment	7 years
Leasehold improvement	15 years

(k) Impairment of Long-Lived Assets

The Company tests long-lived assets for recoverability when events or changes in circumstance indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset, significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that asset will more likely than not be sold or disposed significantly before the end of its estimated useful life. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

(l) Income Taxes

No provision for federal, state or local taxes has been made in the accompanying financial statements as the members are responsible for the reporting and payment of the income taxes arising from the Company's taxable income.

(m) Recent Accounting Pronouncements

IFRS 16 "Leases" – This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. This standard has a proposed effective date of January 1, 2019.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

(Expressed in U.S. dollars)

3. Biological Assets and Inventory

The Company's biological assets consists of medical cannabis plants. The continuity of biological assets for the years ended March 31, 2017 and 2016 was as follows:

	2016 $	2015 $
Balance, beginning of year	-	-
Changes in fair value less costs to sell due to biological transformation	1,039,860	-
Transferred to inventory upon harvest	(711,571)	
Balance, end of year	328,289	-

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- wastage of plants based on their various stages;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

The fair value of biological assets is calculated using Level 3 inputs.

On average, the growth cycle is 20 weeks. All of the plants are to be harvested as agricultural produce (i.e., medical cannabis) and as at December 31, 2016, on average, were 66% complete, compared to 0% average stage of completion as at December 31, 2015. The Company estimates the harvest yields for the plants at various stages of growth. As of December 31, 2016, it is expected that the Company's biological assets will yield approximately 171 kg compared to 0 kg at December 31, 2015. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. As at December 31, 2016, the Company held 46 kg of dry cannabis (31 kg of which was finished goods and 15 kg awaiting release for sale), compared to 0 kg of dry cannabis held at December 31, 2015.

Inventory comprised the following items:

	2016 $	2015 $
Raw materials	2,726	-
Finished goods	80,470	-
Consumables	43,468	-
	126,664	-

(Expressed in U.S. dollars)

4. Property and Equipment

	Office Equipment	Cultivation Equipment	Production Equipment	Kitchen Equipment	Vehicles	Vault Equipment	Improvements	Total
	$	$	$	$	$	$	$	$
Cost								
Balance, December 31, 2014	-	-	-	-	-	-	1,624	1,624
Additions	19,149	173,495	40,313	-	34,375	2,244	947,455	1,217,031
Balance, December 31, 2015	19,149	173,495	40,313	-	34,375	2,244	949,079	1,218,655
Additions	2,238	80,695	79,625	16,794	19,882	-	590,739	789,973
Balance, December 31, 2016	21,387	254,190	119,938	16,794	54,257	2,244	1,539,818	2,008,628
Accumulated Depreciation								
Balance, December 31, 2014	-	-	-	-	-	-	-	-
Depreciation	1,368	-	-	-	2,455	-	-	3,823
Balance, December 31, 2015	1,368	-	-	-	2,455	-	-	3,823
Depreciation	2,896	30,549	11,447	1,200	6,331	- 320	82,962	135,705
Balance, December 31, 2016	4,264	30,549	11,447	1,200	8,786	- 320	82,962	139,528
Net Book Value								
As at December 31, 2015	**17,781**	**173,495**	**40,313**	**-**	**31,920**	**2,244**	**949,079**	**1,214,832**
As at December 31, 2016	**17,123**	**223,641**	**108,491**	**15,594**	**45,471**	**1,924**	**1,456,856**	**1,869,100**

During the year ended December 31, 2016, the Company allocated $126,479 (2015: $nil) of depreciation to cost of sales, of which $44,268 was included in the cost of inventory.

(Expressed in U.S. dollars)

5. Related Party Transactions

During the year ended December 31, 2016 and 2015, the following compensation was paid to directors, officers and companies controlled by them:

	2016 $	2015 $
Consulting fees	53,269	-
Management fees capitalized in property and equipment	-	18,086
Sales commission	7,269	-
Rent	150,000	135,000
	210,538	153,086

The amounts due to related parties are unsecured, non-interest bearing and are due on demand.

6. Due to members

During the year end December 31, 2016, the Company borrowed $166,100 (2015: $nil) from its members. The loans are unsecured, non-interest bearing and do not have a fixed term of repayment.

7. Commitment

On November 11, 2014, the Company entered into a five year lease for its premises. The Company has five options to extend the lease and each option is for five years. The monthly rent is $13,500. The lease commitments for 2017, 2018 and 2019 are $162,000, $162,000 and $141,750, respectively.

8. Financial instruments, financial risk management and capital management

The Company's risk exposure and impact on the Company's financial instruments are summarized below:

a. *Credit risk*
Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and accounts receivable. The Company limits its exposure to credit loss by placing its cash with major financial institutions. The Company is not subject to significant credit risk on cash as it is held on deposit with credit worthy financial institutions. The Company extends credit in the normal course of business. The Company's risk on accounts receivable was assessed as high due to potential non-payments.

b. *Liquidity risk*
All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its working capital, loans from related parties and contributions from members. Liquidity risk is assessed as high.

c. *Market risk*
i. *Interest rate risk*
The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash is not considered significant.

8. Financial instruments, financial risk management and capital management (continued)

ii. Price risk
The Company is not exposed to price risk.

iii. Currency risk
Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rate. The Company is not exposed to foreign currency exchange risk.

d. Fair value
The recorded value of the Company's financial assets and liabilities approximate their fair values due to their demand nature and their short term to maturity.

e. Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company does not expect any material movements in the underlying market risk variables over a three-month period.

f. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

The Company does not have sufficient capital resources to carry out all of its obligations and, accordingly, will attempt to raise additional capital when necessary. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

9. Subsequent events

a) On April 28, 2017, the Company terminated a consulting agreement with a party that has common officers, resulting in a termination fee of $160,000. The Company is obligated to pay the members of the party $10,000 per month beginning May 1, 2017. To date, the Company has paid $ 20,000.

b) On May 12, 2017, the Company entered into an assignment and novation agreement (the "Assignment Agreement") with Toro Pacific Management Inc. (the "Transferor", "Toro") and Deploy Technologies Inc. (the "Transferee", "Deploy") pursuant to which the Transferor assigned a letter of intent (the "LOI") effective May 12, 2017 to the Transferee in accordance with its terms.

   The Assignment Agreement and the LOI contemplate a business combination transaction (the "Acquisition") pursuant to which Deploy will acquire all of the issued and outstanding securities of the Company.

9. Subsequent events (continued)

In connection with the assignment of the LOI, Deploy paid a deposit of $50,000 to the Company, 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.

Pursuant to the Acquisition, it is anticipated that:

i. Deploy will consolidate its common shares on a 1 new for 3 old basis, subject to all required approvals;
ii. Deploy will issue 16,000,000 post- common shares of Deploy to the Company's current members, which will be subject to a voluntary pool vesting over 24 months;
iii. Deploy will pay the Company's current members $2,000,000 on Closing and issue a $2,000,000 promissory note to be paid at the earlier of 15 months from Closing or within 30 days of Deploy closing a financing of not less than $5,000,000;
iv. Deploy will assume loans of the Company in the amount of $400,000 of which $225,000 is payable on closing of the Acquisition (the "Closing") and $175,000 payable within 15 months of the Closing;
v. As consideration for the Assignment Agreement, Deploy will issue to Toro 1,000,000 post- common shares of Deploy; and
vi. Deploy with raise a minimum of $4,000,000 concurrent with the Acquisition ("Concurrent Financing").

Concurrent Financing

The concurrent financing will consist of subscription receipts of Deploy (the "Subscription Receipts"), at an issue price of CDN $0.22 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 CDN $0.30 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 CDN $0.40 for seven consecutive trading days, at which time Deploy 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.

c) The Company and Deploy have completed agreements with two other companies for the application of new medical licenses in Ohio and Arkansas.

i. Ohio Application – Deploy advanced $46,500 to the Company on a non-refundable and unsecured basis to cover a portion of the Ohio application expenses. In the event that the Ohio application is successful, the Company will retain a 30% interest in the license and will be the operator of the license. The Company will maintain a right of first refusal with respect to the remaining 70% interest.
ii. Arkansas Application – An in-state investor group ("Investor Group") has agreed to fund the Arkansas application. In the event the Arkansas application is successful, the Company and the Investor Group will endeavour to complete a definitive partnership and operating agreement.

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.

Body and Mind Inc. (formerly Deploy Technologies Inc.) Statement 1
(A Development Stage Company)

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)
(U.S. Dollars)

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

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

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

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

Statement 2

(A Development Stage Company)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited)

(U.S. Dollars)

	Three Month Period Ended 31 October	
	2017	2016
General and Administrative Expenses		
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	-
Loss Before Other Items	(376,717)	(10,372)
Other Items		
Foreign exchange, net	(72,903)	(72,626)
Settlement of liabilities	-	4,176
Write off of amounts receivable	(888)	-
Net Income (Loss) for the Period	$ (450,508)	$ (78,822)
Other Comprehensive Income		
Foreign currency translation adjustment	(73,728)	76,001
Comprehensive Loss for the Period	$ (524,236)	$ (2,821)
Loss per Share – Basic and Diluted	$ (0.02)	$ (0.01)
Weighted Average Number of Shares Outstanding	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.) <u>Statement 3</u>

(A Development Stage Company)

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

(Unaudited)

(U.S. Dollars)

	Share Capital								
	Common Shares		Class A Preferred Shares		Subscription	Contributed	Foreign Currency Translation		
	Number	Amount	Number	Amount	Receipts	Surplus	Reserve	Deficit	Total
Balance – 31 July 2016	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)
Balance – 31 October 2016	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)
Balance – 31 July 2017	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)
Balance – 31 October 2017	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.) | Statement 4

(A Development Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited)

(U.S. Dollars)

	Three Month Period Ended 31 October	
Cash Resources Provided By (Used In)	2017	2016
Operating Activities		
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
	(288,969)	(79,107)
Investing Activities		
Investment in Nevada Medical Group, LLC	(92,674)	-
	(92,674)	-
Financing Activities		
Subscription receipts *(Note 6)*	4,769,943	-
Short term loans	-	3,279
	4,769,943	3,279
Effect of exchange rate changes on cash and cash equivalents	(73,728)	76,001
Net Increase in Cash and Cash Equivalents	4,314,572	173
Cash and cash equivalents – Beginning of period	366,584	-
Cash and Cash Equivalents - End of Period	$ 4,681,156	$ 173

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

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

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.

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.

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

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.

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
Financial assets at fair value					
Cash	Level 1	$	4,681,156	$	366,584
Available-for-sale	Level 1		1		1
Total financial assets at fair value		$	4,681,157	$	366,585

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.

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	$	49,540	$	2,669

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.

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

	Three Month Period Ended 31 October	
	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.

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).

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.

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.

NEVADA MEDICAL GROUP, LLC

Interim Financial Statements

For the Six Months Ended June 30, 2017

(Unaudited - Expressed in U.S. Dollars)

NEVADA MEDICAL GROUP, LLC
Interim Balance Sheets
(Expressed in U.S. Dollars)

	June 30, 2017 $ (Unaudited)	December 31, 2016 $
ASSETS		
Current assets		
Cash	75,732	55,003
Accounts receivable	273,251	21,420
Prepaid expenses	71,433	-
Biological assets (note 3)	198,733	328,289
Inventory (note 3)	80,256	126,664
	699,405	531,376
Property and equipment (note 4)	1,965,070	1,869,100
Total assets	2,664,475	2,400,476
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable	270,032	58,302
Due to related parties (note 5)	186,959	51,772
Due to members (note 6)	640,050	166,100
Loan payable (note 8)	50,000	-
Total liabilities	1,147,041	276,174
Members' equity		
Contributions	3,145,348	3,145,348
Deficit	(1,627,914)	(1,021,046)
Total members' equity	1,517,434	2,124,302
Total liabilities and members' equity	2,664,475	2,400,476

Nature of operations and continuance of business (Note 1)
Commitment (Note 7)
Subsequent events (Note 10)

(The accompanying notes are an integral part of these interim financial statements.)

NEVADA MEDICAL GROUP, LLC

Interim Statements of Operations and Comprehensive Loss
(Unaudited - Expressed in U.S. Dollars)

	Three months ended June 30, 2017 $	Six months ended June 30, 2017 $
Revenue	519,576	846,404
Cost of sales (note 4)	447,729	916,027
Gross profit	71,847	(69,623)
Operating expenses		
Advertising and promotion	6,284	15,930
Consulting fees	6,057	6,057
Depreciation (note 4)	2,827	5,654
Insurance	5,765	9,269
Management fees (note 5)	20,000	21,322
Office and admin	31,443	78,271
Professional fees	4,715	5,652
Rent (notes 5 and 7)	12,000	22,500
Repairs and maintenance	-	-
Salary and wages	114,018	236,884
Travel	3,391	5,498
Utilities	14,601	18,696
Total operating expenses	(221,101)	(425,733)
Net loss before other items	(149,254)	(495,356)
Other items		
Other income (note 9)	46,296	48,482
Loss on contract termination (note 5)	(160,000)	(160,000)
	(113,704)	(111,518)
Net and comprehensive loss	(262,958)	(606,874)

Comparative financial information was not prepared as it was impracticable to do so.

(The accompanying notes are an integral part of these interim financial statements.)

NEVADA MEDICAL GROUP, LLC
Interim Statement of Changes in Members' Equity
(Unaudited - Expressed in U.S. Dollars)

	Contributions $	Deficit $	Total $
Balance, December 31, 2016	3,145,348	(1,021,046)	2,124,302
Net and comprehensive loss for the period	-	(606,874)	(606,874)
Balance, June 30, 2017	3,145,348	(1,627,914)	1,517,428

Comparative financial information was not prepared as it was impracticable to do so.

(The accompanying notes are an integral part of these interim financial statements.)

NEVADA MEDICAL GROUP, LLC
Interim Statement of Cash Flows
(Unaudited - Expressed in U.S. Dollars)

	Six months ended June 30, 2017 $
Operating activities	
Net loss for the period	(606,874)
Item not affecting cash:	
Depreciation	65,707
Unrealized loss on change in fair value of inventory	58,519
Loss on contract termination	160,000
Changes in non-cash working capital balances:	
Accounts receivable	(251,831)
Prepaid expenses	(71,433)
Inventory	141,880
Accounts payable	211,730
Due to related parties	(4,813)
Net cash used in operating activities	(297,109)
Investing activities	
Purchase of property and equipment	(186,112)
Net cash used in investing activities	(186,112)
Financing activities	
Due to members	453,950
Loan	50,000
Net cash provided by financing activities	503,950
Increase in cash	20,729
Cash, beginning of period	55,003
Cash, end of period	75,732

Comparative financial information was not prepared as it was impracticable to do so.

(The accompanying notes are an integral part of these interim financial statements.)

1. Nature of Operations and Continuance of Business

Nevada Medical Group, LLC. (“NMG”, the “Company”) was incorporated on March 4, 2014 in accordance with Nevada Law Governing Limited Liability Companies. The Company is a supplier and grower of medical and recreational marijuana in the state of Nevada. It operates under its brand name of Body and Mind (BaM).

These interim financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the continued financial support from its members, the ability of the Company to obtain necessary equity or debt financing to continue operations, and the attainment of profitable operations. As at June 30, 2017, the Company has a working capital deficit of $447,636 and has an accumulated deficit of $1,627,914 since inception. These factors raise substantial doubt regarding the Company’s ability to continue as a going concern. These interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Management intends to obtain additional funding by borrowing from its members and third parties.

2. Basis of Presentation

These interim financial statements and related notes are presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed interim financial statements comply with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed interim financial statements do not include all the information required of a complete set of financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016, which were prepared in accordance with IFRS as issued by the IASB.

(Unaudited - Expressed in U.S. Dollars)

3. Biological Assets and Inventory

The Company's biological assets consists of cannabis plants. The continuity of biological assets for the years ended March 31, 2017 and 2016 was as follows:

	June 30 , 2017 $	December 31, 2016 $
Balance, beginning of year	328,289	-
Changes in fair value less costs to sell due to biological transformation	78,594	1,039,860
Transferred to inventory upon harvest	(208,150)	(711,571)
Balance, end of year	198,733	328,289

The significant assumptions used in determining the fair value of cannabis plants are as follows:

- wastage of plants based on their various stages;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

The fair value of biological assets is calculated using Level 3 inputs.

On average, the growth cycle is 20 weeks. All of the plants are to be harvested as agricultural produce (i.e., cannabis) and as at June 30, 2017, on average, were 64% complete, compared to 66% average stage of completion as at December 31, 2016. The Company estimates the harvest yields for the plants at various stages of growth. As of June 30, 2017, it is expected that the Company's biological assets will yield approximately 121 kg compared to 171 kg at December 31, 2016. The Company's estimates are, by their nature, subject to change. Changes in the anticipated yield will be reflected in future changes in the gain or loss on biological assets. As at June 30, 2017, the Company held 22 kg of dry cannabis (4 kg of which was finished goods and 18 kg awaiting release for sale), compared to 46 kg of dry cannabis (31 kg of which was finished goods and 15 kg awaiting release for sale) held at December 31, 2016.

Inventory comprised the following items:

	June 30, 2017 $	December 31, 2016 $
Raw materials	10,899	2,726
Finished goods	7,672	80,470
Consumables	61,685	43,468
	80,256	126,664

(Unaudited - Expressed in U.S. Dollars)

4. Property and Equipment

	Office Equipment	Cultivation Equipment	Production Equipment	Kitchen Equipment	Vehicles	Vault Equipment	Improvements	Total
	$	$	$	$	$	$	$	$
Cost:								
Balance, December 31, 2015	19,149	173,495	40,313	-	34,375	2,244	949,079	1,218,655
Additions	2,238	80,695	79,625	16,794	19,882	-	590,739	789,973
Balance, December 31, 2016	21,387	254,190	119,938	16,794	54,257	2,244	1,539,818	2,008,628
Additions	7,030	24,177	85,215	458	-	-	69,232	186,112
Balance, June 30, 2017	28,417	278,367	205,153	17,252	54,257	2,244	1,609,050	2,194,740
Accumulated Depreciation:								
Balance, December 31, 2015	1,368	-	-	-	2,455	-	-	3,823
Depreciation	2,896	30,549	11,447	1,200	6,331	320	82,962	135,705
Balance, December 31, 2016	4,264	30,549	11,447	1,200	8,786	320	82,962	139,528
Depreciation	1,779	19,020	11,610	1,216	3,876	160	52,481	90,142
Balance, June 30, 2017	6,043	49,569	23,057	2,416	12,662	480	135,443	229,670
Net Book Value:								
As at December 31, 2016	**17,123**	**223,641**	**108,491**	**15,594**	**45,471**	**1,924**	**1,456,856**	**1,869,100**
As at June 30, 2017	**22,374**	**228,798**	**182,096**	**14,836**	**41,595**	**1,764**	**1,473,607**	**1,965,070**

During the six months ended June 30, 2017, the Company allocated $84,488 of depreciation to cost of sales, of which $24,435 was included in the cost of inventory.

(Unaudited - Expressed in U.S. Dollars)

5. Related Party Transactions

During the six months ended June 30, 2017, the following compensation was paid to directors, officers and companies controlled by them:

	2017 $
Management fees	20,000
Management termination fee	160,000
Rent ($52,500 was included in cost of sale)	70,000
	250,000

On April 28, 2017, the Company terminated a consulting agreement with a party that has common officers, resulting in a termination fee of $160,000. The Company is obligated to pay the members of the party $10,000 per month beginning May 1, 2017. To date, the Company has paid $ 20,000.

The amounts, except the termination fee payable, due to related parties are unsecured, non-interest bearing and are due on demand.

6. Due to Members

As at June 30, 2017, the Company has borrowed an aggregate of $640,050 (December 31, 2016: $166,100) from its members. The loans are unsecured, non-interest bearing and do not have a fixed term of repayment.

7. Commitment

On November 11, 2014, the Company entered into a five year lease for its premises. The Company has five options to extend the lease and each option is for five years. The monthly rent is $13,500. The lease commitments for 2017, 2018 and 2019 are $162,000, $162,000 and $141,750, respectively.

8. Assignment and Novation Agreement

On May 12, 2017, the Company entered into an assignment and novation agreement (the “Assignment Agreement”) with Toro Pacific Management Inc. (the “Transferor”, “Toro”) and Deploy Technologies Inc. (the “Transferee”, “Deploy”) pursuant to which the Transferor assigned a letter of intent (the “LOI”) effective May 12, 2017 to the Transferee. The Assignment Agreement and the LOI contemplate a business combination transaction (the “Acquisition”) pursuant to which Deploy will acquire all of the issued and outstanding securities of the Company. In connection with the assignment of the LOI, Deploy paid a deposit of $50,000 to the Company, which is refundable in the event a condition precedent to closing is not fulfilled or waived, and is further to be credited against the cash purchase price at closing. The deposit subsequently became non-refundable in the definitive share exchange agreement (the “Share Exchange Agreement”) on September 14, 2017 (Note 10).

Pursuant to the Acquisition, it is anticipated that:

i. Deploy will consolidate its common shares on a 1 new for 3 old basis, subject to all required approvals;
ii. Deploy will issue 16,000,000 post-consolidated common shares of Deploy to the Company’s current members, which will be subject to a voluntary pool vesting over 24 months;

8. Assignment and Novation Agreement (continued)

iii. Deploy will pay the Company's current members $2,000,000 on Closing and issue a $2,000,000 promissory note to be paid at the earlier of 15 months from Closing or within 30 days of Deploy closing a financing of not less than $5,000,000;
iv. Deploy will assume loans of the Company in the amount of $400,000 of which $225,000 is payable on closing of the Acquisition (the "Closing") and $175,000 payable within 15 months of the Closing;
v. As consideration for the Assignment Agreement, Deploy will issue to Toro 1,000,000 post-consolidated common shares of Deploy; and
vi. Deploy with raise a minimum of $4,000,000 concurrent with the Acquisition ("Concurrent Financing").

Concurrent Financing

The concurrent financing will consist of subscription receipts of Deploy (the "Subscription Receipts"), at an issue price of CDN $0.22 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 CDN $0.30 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 CDN $0.40 for seven consecutive trading days, at which time Deploy 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 was completed in August 2017 and closed at CDN $4,925,685.

9. Ohio and Arkansas Expansion

The Company and Deploy have completed agreements with two other companies for the application of new medical licenses in Ohio and Arkansas.

i. Ohio Application – Deploy advanced a non-refundable deposit of $46,500 to the Company to cover a portion of the Ohio application expenses. In the event that the Ohio application is successful, the Company will retain a 30% interest in the license and will be the operator of the license. The Company will maintain a right of first refusal with respect to the remaining 70% interest.
ii. Arkansas Application – An in-state investor group ("Investor Group") has agreed to fund the Arkansas application. In the event the Arkansas application is successful, the Company and the Investor Group will endeavour to complete a definitive partnership and operating agreement.

10. Subsequent Events

Pursuant to the Assignment Agreement, the Company entered into the Share Exchange Agreement with Deploy effective September 14, 2017, pursuant to which Deploy, through its wholly owned subsidiary DEP Nevada Inc. ("DEP Nevada"), will acquire all of the issued and outstanding membership units of the Company (Note 8).

The membership unit holders of the Company will receive16,000,000 post-consolidation common shares in the capital of the Deploy (the "Deploy Shares") at a deemed price of CDN $0.66 per Deploy Share on a pro-rata basis. In exchange for the Deploy Shares, DEP Nevada will receive 100% of the issued and outstanding membership interests in the Company (the "NMG Interests").

10. Subsequent Events (continued)

Subject to the fulfillment of conditions precedent of the Share Exchange Agreement, and approval of the Canadian Securities Exchange, the Acquisition is expected to close on or before October 31, 2017, or such date as Deploy and NMG may agree (Note 8).