UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **January 31, 2020**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission File Number: **000-55940**

BODY AND MIND INC.

(Exact name of registrant as specified in its charter)

NEVADA	**98-1319227**
(State or other jurisdiction of organization)	(I.R.S. employer identification no.)
750 – 1095 West Pender Street Vancouver, British Columbia, Canada	**V6E 2M6**
(Address of principal executive offices)	(Zip code)

(800) 361-6312
(Registrant's telephone number, including area code)

None
(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
(Do not check if a smaller reporting company)		Emerging growth company	☒

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 101,853,217 shares of common stock outstanding as of March 23, 2020.

BODY AND MIND INC.
FORM 10-Q
TABLE OF CONTENTS

PART 1. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Body and Mind Inc. Statement 1

Condensed Consolidated Interim Balance Sheets
(U.S. Dollars)

ASSETS	As at 31 January 2020 (Unaudited)	As at 31 July 2019
Current		
Cash and cash equivalents	$ 3,374,079	$ 9,004,716
Amounts receivable	1,094,449	939,909
Interests receivable *(Note 6)*	63,000	27,000
Prepaids	869,614	227,843
Inventory *(Note 5)*	1,522,260	1,390,419
Total Current Assets	6,923,402	11,589,887
Convertible Loan Receivable *(Note 6)*	948,310	52,225
Investment in NMG Ohio LLC *(Note 17)*	3,573,314	3,465,902
Investment in and advances to GLDH *(Note 18)*	11,886,379	7,373,036
Other investments *(Note 19)*	-	255,980
Property and Equipment *(Note 7)*	4,676,499	2,694,500
Brand and Licenses	8,172,000	8,172,000
Goodwill	2,635,721	2,635,721
TOTAL ASSETS	$ 38,815,625	$ 36,239,251
LIABILITIES		
Current		
Accounts payables	$ 941,736	$ 979,384
Accrued liabilities	95,070	95,234
Income taxes	239,358	239,358
Due to related parties *(Note 8)*	7,680	12,952
Lease liabilities *(Note 20)*	195,983	-
Total Current Liabilities	1,479,827	1,326,928
Lease Liabilities *(Note 20)*	905,715	-
Deferred Tax Liability	1,716,120	1,716,120
TOTAL LIABILITIES	4,101,662	3,043,048
STOCKHOLDERS' EQUITY		
Capital Stock– *Statement 3 (Note 11)*		
Authorized:		
900,000,000 Common Shares – Par Value $0.0001		
Issued and Outstanding:		
101,853,217 (31 July 2019 – 97,279,891) CommonShares	10,185	9,728
Additional Paid-in Capital	45,285,374	41,765,408
Shares to be Issued *(Notes 10, 11 and 14)*	1,232,548	1,118,815
Other Comprehensive Income	843,067	827,314
Deficit	(12,657,211)	(10,525,062)
TOTAL STOCKHOLDERS' EQUITY	34,713,963	33,196,203
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 38,815,625	$ 36,239,251

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

Body and Mind Inc. Statement 2

Condensed Consolidated Interim Statements of Operations
(Unaudited)
(U.S. Dollars)

	Three Month Period Ended 31 January		Six Month Period Ended 31 January	
	2020	**2019**	**2020**	**2019**
Sales	$ 1,572,284	1,195,745	$ 3,013,910	$ 2,521,723
Sales tax	(356,394)	(115,927)	(554,918)	(247,346)
Cost of sales	(686,691)	(575,948)	(1,609,664)	(1,313,569)
	529,199	503,870	849,328	960,808
General and Administrative Expenses				
Accounting and legal *(Note 8)*	356,491	218,899	400,684	297,280
Bad debt expense	46,931	-	46,931	-
Consulting fees *(Notes 8 and 16)*	135,953	107,687	356,180	110,287
Depreciation	5,331	3,348	10,206	6,488
Insurance	22,605	16,538	51,330	38,776
Lease expense	54,926	-	111,630	-
Licenses, utilities and office administration	239,576	325,527	544,300	410,619
Management fees *(Note 8)*	55,683	114,430	185,261	167,274
Regulatory, filing and transfer agent fees	22,598	41,853	39,334	49,049
Rent	8,092	18,000	20,457	36,362
Salaries and wages	453,807	188,965	937,858	383,140
Stock-based compensation *(Notes 8 and 11)*	369,437	870,808	659,015	870,808
Travel	41,436	11,703	92,337	13,726
	(1,812,866)	(1,917,758)	(3,455,523)	(2,383,809)
Loss Before Other Income (Expenses)	(1,283,667)	(1,413,888)	(2,606,195)	(1,423,001)
Other Income (Expenses)				
Foreign exchange, net	1,914	(24,393)	(81,006)	(95,949)
Interest expense	(131,850)	(202,065)	(131,850)	(202,017)
Interest income	278,688	-	556,688	-
Loss on settlement *(Note 19)*	(239,328)	-	(239,328)	
Management fee income	36,000	-	54,000	-
Other income	-	-	125,000	-
Write-off of assets	(1,008)	-	(1,008)	-
Equity in earnings (losses) *(Note 17)*	103,899	(23,939)	191,550	(31,559)
Net Loss for the Period Before Income Tax	$ (1,235,352)	(1,664,285)	$ (2,132,149)	$ (1,752,526)
Income tax expense	-	(99,394)	-	(222,948)
Net Loss for the Period	(1,235,352)	(1,763,679)	(2,132,149)	(1,975,474)
Other Comprehensive Income (Loss)				
Foreign currency translation adjustment	(103,440)	(120,725)	15,753	(26,314)
Comprehensive Loss for the Period	$ (1,338,792)	(1,884,404)	$ (2,116,396)	$ (2,001,788)
Loss per Share – Basic and Diluted	$ (0.01)	(0.03)	$ (0.02)	$ (0.03)
Weighted Average Number of Shares Outstanding	101,841,511	66,697,215	101,495,573	57,236,016

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

Body and Mind Inc. Statement 3

Condensed Consolidated Interim Statements of Changes in Stockholders' Equity
(Unaudited)
(U.S. Dollars)

	Share Capital		Additional			Other		
	Common Shares		paid-in	Shares to be	Subscriptions	comprehensive		
	Number	Amount	capital	issued	Receivable	income	Deficit	Total
Balance – 31 July 2018	47,774,817	$ 4,778	$ 16,918,082	$ 103,267	$	$ 532,405	$ (6,772,311)	$ 10,786,221
Foreign currency translation adjustment	-	-	-	-	-	94,411	-	94,411
Loss for the period	-	-	-	-	-	-	(211,795)	(211,795)
Balance – 31 October 2018	47,774,817	4,778	16,918,082	103,267	-	626,816	(6,984,106)	10,668,837
Private placement *(Note 10)*	16,000,000	1,600	4,882,240	-	-	-	-	4,883,840
Exercise of warrants *(Note 10)*	3,206,160	321	1,204,875	-	-	-	-	1,205,196
Issuance of escrowed shares *(Note 10)*	70,500	7	27,321	(27,328)	-	-	-	-
Share issue costs	322,581	31	(270,767)	-	-	-	-	(270,736)
Finance fee for promissory note *(Note 8)*	1,105,083	111	822,383	-	-	-	-	822,494
Investment agreement with Australis *(Note 15)*	1,768,545	177	786,946	-	(787,123)	-	-	-
Acquisition of NMG Ohio LLC *(Note 16)*	2,380,398	238	1,448,567	-	-	-	-	1,448,805
Equity component of convertible debenture *(Note 9)*	-	-	88,797	-	-	-	-	88,797
Stock-based compensation *(Note 10)*	-	-	870,808	-	-	-	-	870,808
Foreign currency translation adjustment	-	-	-	-	-	(120,725)	-	(120,725)
Loss for the period	-	-	-	-	-	-	(1,763,679)	(1,763,679)
Balance – 31 January 2019	72,628,084	7,263	26,779,252	75,939	(787,123)	506,091	(8,747,785)	17,833,637
Balance – 31 July 2019	97,279,891	9,728	41,765,408	1,118,815	-	827,314	(10,525,062)	33,196,203
Acquisition of GLDH *(Note 18)*	4,337,111	434	2,752,348	-	-	-	-	2,752,782
Exercise of warrants *(Note 11)*	143,230	14	75,535	-	-	-	-	75,549
Stock-based compensation *(Note 11)*	-	-	289,578	-	-	-	-	289,578
Share subscriptions received in advance	-	-	-	15,291	-	-	-	15,291
Foreign currency translation adjustment	-	-	-	-	-	119,193	-	119,193
Loss for the period	-	-	-	-	-	-	(896,797)	(896,797)
Balance – 31 October 2019	101,760,232	10,176	44,882,869	1,134,106	-	946,507	(11,421,859)	35,551,799
Exercise of warrants *(Note 11)*	22,485	2	15,289	-	-	-	-	15,291
Escrow release	70,500	7	17,779	(17,786)	-	-	-	-
Stock-based compensation *(Note 11)*	-	-	369,437	-	-	-	-	369,437
Share subscriptions received in advance	-	-	-	(15,291)	-	-	-	(15,291)
Accretion and interest on convertible debt	-	-	-	131,519	-	-	-	131,519
Foreign currency translation adjustment	-	-	-	-	-	(103,440)	-	(103,440)
Loss for the period	-	-	-	-	-	-	(1,235,352)	(1,235,352)
Balance – 31 January 2020	101,853,217	$ 10,185	$ 45,285,374	$ 1,232,548	$ -	$ 843,067	$ (12,657,211)	$ 34,713,963

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

Body and Mind Inc. Statement 4

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited)
(U.S. Dollars)

	Six Month Period Ended 31 January	
Cash Resources Provided By (Used In)	**2020**	**2019**
Operating Activities		
Loss for the period	$ (2,132,149)	$ (1,975,474)
Items not affecting cash:		
Accrued interest and accretion	131,850	207,222
Accrued interest income	(520,000)	-
Accrued management fee income	(54,000)	-
Depreciation	157,855	141,901
Foreign exchange	35,786	2,386
Income tax	-	222,948
(Gain) or loss of equity investee	(191,550)	31,559
Loss on settlement	239,328	-
Stock-based compensation	659,015	870,808
Amounts receivable and prepaids	(716,996)	(125,748)
Inventory	(131,841)	(615,174)
Trade payables and accrued liabilities	(37,812)	369,957
Due to related parties	(5,272)	(45,489)
	(2,565,786)	(915,104)
Investing Activities		
Repayment by (investment in) NMG Ohio, LLC	90,969	(612,619)
Investment in GLDH	(1,285,960)	(5,752,180)
Other investments	(334,348)	-
Purchase of property and equipment	(802,471)	(145,760)
Convertible loan receivable	(842,085)	-
	(3,173,895)	(6,510,559)
Financing Activities		
Issuance of shares, net of share issue costs	90,840	5,818,300
Loans obtained	-	5,202,579
Loans repaid	-	(1,175,000)
	90,840	9,845,879
Effect of exchange rate changes on cash	18,204	(26,314)
Net Increase (Decrease) in Cash	(5,630,637)	2,393,902
Cash– Beginning of Period	9,004,716	324,837
Cash– End of Period	$ 3,374,079	$ 2,718,739

Supplemental Disclosures with Respect to Cash Flows *(Note 13)*

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

1. Nature and Continuance of Operations

Body and Mind Inc. (the "Company") was 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 Vocalscape, Inc. and changed its name to Vocalscape, Inc. On October 28, 2005, the Company changed our name to Nevstar Precious Metals Inc. On October 23, 2008, the Company changed its name to Deploy Technologies Inc. ("Deploy Tech") and, on September 15, 2010, the Company incorporated a wholly-owned subsidiary, Deploy Acquisition Corp. ("Deploy") under the laws of the State of Nevada, USA. On September 17, 2010, the Company merged with and into Deploy under the laws of the State of Nevada. Deploy, as the surviving corporation of the merger, assumed all the assets, obligations and commitments of Deploy Tech, and we were effectively re-domiciled in the State of Nevada. Upon the completion of the merger, Deploy assumed the name "Deploy Technologies Inc.", and all of the issued and outstanding common stock of Deploy Tech was automatically converted into and became Deploy's issued and outstanding common stock.

On 14 November 2017, the Company acquired Nevada Medical Group, LLC ("NMG") and changed its name to Body and Mind Inc. The Company is now a supplier and grower of medical and recreational cannabis in the state of Nevada, and has retail operations in California, Ohio and Arkansas.

These unaudited condensed consolidated interim financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP").

These unaudited condensed consolidated interim financial statements do not include all information and footnotes required by GAAP for complete financial statements. Except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended 31 July 2019. The unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended 31 July 2019. In the opinion of management, all adjustments considered necessary for fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the six months ended 31 January 2020 are not necessarily indicative of the results that may be expected for the year ending 31 July 2020.

Principles of Consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries as follows:

Name	Jurisdiction	Ownership	Date of acquisition or formation
DEP Nevada Inc. ("DEP Nevada")	Nevada, USA	100%	10 August 2017
Nevada Medical Group LLC ("NMG")	Nevada, USA	100%	14 November 2017
NMG Retail LLC	Nevada, USA	75%	14 September 2018
NMG Long Beach LLC	California, USA	100%	18 December 2018
NMG Cathedral City LLC	California, USA	100%	4 January 2019
NMG Chula Vista LLC	California, USA	51%	10 January 2019
NMG San Diego LLC	California, USA	60%	30 January 2019

All inter-company transactions and balances are eliminated upon consolidation.

These consolidated financial statements include the following investments accounted for using the equity method of accounting:

Name	Jurisdiction	Ownership	Date of acquisition or formation
NMG Ohio LLC	Ohio, USA	30%	27 April 2017

2. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years beginning after 15 December 2019. The Company does not anticipate this amendment to have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-13, Disclosure Framework –Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after 15 December 2019. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

The Company does not believe other recently issued but not yet effective accounting standards, if currently adopted, would have a material effect on the consolidated financial position, statements of operations and cash flows.

3. Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these condensed consolidated interim financial statements.

Basis of presentation

These condensed consolidated interim financial statements and related notes are presented in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are expressed in U.S. dollars. The Company's fiscal year end is 31 July.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Amounts receivable

Amounts receivable represents amounts owed from customers for sale of medical and recreational cannabis and sales tax recoverable. 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 accounts on a quarterly basis. As at 31 January 2020 and 31 July 2019, the Company has no allowance for doubtful accounts.

3. Significant Accounting Policies – *Continued*

Revenue recognition

During the year ended 31 July 2018, the Company recognized revenue in accordance with ASC 605, "Revenue Recognition". Revenue was considered realized or realizable and earned when all of the following criteria were met: (1) persuasive evidence of an arrangement exists, (2) the sales price is fixed or determinable, (3) collectability is reasonably assured, and (4) products have been shipped and the customer has taken ownership and assumed risk of loss.

On 1 August 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers" and all of the related amendments, which are also codified into ASC 606. The Company elected to adopt this guidance using the modified retrospective method. The adoption of this guidance did not have a material effect on the Company's financial position, results of operations or cash flows. Under the new standard, the Company recognizes a sale as follows:

The Company recognizes revenue product sales when our customers obtain control of our products. This determination is based on the customer specific terms of the arrangement. Upon transfer of control, the Company has no further performance obligations.

Due to the nature of the Company's revenue from contracts with customers, the Company does not have material contract assets or liabilities that fall under the scope of ASC 606.

The Company's revenues accounted for under ASC 606, generally, do not require significant estimates or judgments based on the nature of the Company's revenue streams. The sales prices are generally fixed and all consideration from contracts from contracts is included in the transaction price. The Company's contracts do not include multiple performance obligations or material variable consideration.

Inventory

Inventory consists of raw material, work in progress (live plants and plants in the drying process), finished goods, and consumables. The Company values its raw material, finished goods and consumables at the lower of the actual costs or its current estimated market value less costs to sell. The Company values its work in progress at cost. The Company periodically reviews its inventory for obsolete and potentially impaired items. As at 31 January 2020 and 31 July 2019, the Company has no reserve for inventory.

Property and equipment

Property and equipment are stated at cost and are amortized over their estimated useful lives on a straight-line basis as follows:

Office equipment	7 years
Cultivation equipment	7 years
Production equipment	7 years
Kitchen equipment	7 years
Vehicles	7 years
Vault equipment	7 years
Leasehold improvements	shorter of 15 years or the term of the lease

3. Significant Accounting Policies – *Continued*

Brands and licenses

Intangible assets acquired from third parties are measured initially at fair value and either classified as indefinite life or finite life depending on their characteristics. Intangible assets with indefinite lives are tested for impairment at least annually and intangible assets with finite lives are reviewed for indicators of impairment at least annually. The Company's brands and licenses have indefinite lives; therefore no amortization is recognized.

Income taxes

Deferred income taxes are reported for timing differences between items of income or expense reported in the consolidated financial statements and those reported for income tax purposes in accordance with ASC 740, "Income Taxes", which requires the use of the asset/liability method of accounting for income taxes. Deferred income taxes and tax benefits are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and for tax losses and credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company provides for deferred taxes for the estimated future tax effects attributable to temporary differences and carry-forwards when realization is more likely than not.

Basic and diluted net loss per share

The Company computes net income (loss) per share in accordance with ASC 260, "Earnings per Share". ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excluded all dilutive potential shares if their effect is anti-dilutive.

Comprehensive loss

ASC 220, "Comprehensive Income", establishes standards for the reporting and display of comprehensive income/loss and its components in the condensed consolidated interim financial statements. As at 31 January 2020 and 31 July 2019, the Company reported foreign currency translation adjustments as other comprehensive income or loss and included a schedule of comprehensive income/loss in the consolidated financial statements.

Foreign currency translation

The Company's functional currency is the Canadian dollar and its reporting currency is the U.S. dollars. The Company's subsidiaries have a functional currency of U.S. dollars. The consolidated financial statements of the Company are translated to U.S. dollars in accordance with ASC 830, "Foreign Currency Matters". Exchange gains and losses on inter-company balances that form part of the net investment in foreign operations are included in other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate prevailing at the balance sheet date. Gains and losses arising on translation or settlement of foreign currency denominated transactions or balances are included in the determination of income.

3. Significant Accounting Policies – *Continued*

Stock-based compensation

The Company estimates the fair value of each stock option award at the grant date by using the Black-Scholes Option Pricing Model. The fair value determined represents the cost for the award and is recognized over the required service period, generally defined as the vesting period. The Company's accounting policy is to recognize forfeitures as they occur.

Fair value measurements

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. We categorize each of our fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments in active markets.

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques (e.g. the Black-Scholes model) for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit spreads, foreign exchange rates, and forward and spot prices for currencies.

- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. Our Level 3 assets and liabilities include investments in other private entities, and goodwill and intangible assets, when they are recorded at fair value due to an impairment charge. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

The Company measures equity investments without readily determinable fair values on a nonrecurring basis. The fair values of these investments are determined based on valuation techniques using the best information available, and may include quoted market prices, market comparables, and discounted cash flow projections.

Other current financial assets and current financial liabilities have fair values that approximate their carrying values.

Use of estimates and assumptions

The preparation of condensed consolidated interim financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

3. Significant Accounting Policies – *Continued*

Lease accounting

Under ASC 842, leases are separated into two classifications: operating leases and financial leases. Lease classification under ASC 842 is relatively similar to ASC 840. For a lease to be classified as a finance lease, it must meet one of the five finance lease criteria: (1) transference of title/ownership to the lessee, (2) purchase option, (3) lease term for major part of the remaining economic life of the asset, (4) present value represents substantially all of the fair value of the asset, and (5) asset specialization. Any lease that do not meet these criteria is classified as an operating lease. ASC 842 requires all leases to be recognized on the Company's balance sheet. Specifically, for operating leases, the Company recognize a right-of-use asset and a corresponding lease liability upon lease commitment.

Comparative figures

Certain comparative figures have been adjusted to conform to the current year's presentation.

4. Financial Instruments

The following table represents the Company's assets that are measured at fair value as of 31 January 2020 and 31 July 2019:

	As at 31 January 2020	As at 31 July 2019
Financial assets at fair value		
Cash	$ 3,374,079	$ 9,004,716
Convertible loan receivable	948,310	52,225
Total financial assets at fair value	$ 4,322,389	$ 9,056,941

Management of financial risks

The financial risk arising from the Company's operations include 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

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk related to cash and cash equivalents as it does not hold cash in excess of federally insured limits, with major financial institutions. Credit risk associated with the convertible loans receivable (including the investment in and advances to Green Light District Holdings, Inc.) arises from the possibility that the principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationship.

4. Financial Instruments – *Continued*

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 ensures, as far as reasonably possible, that it will have sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company has an accumulated deficit of $12,657,211, recurring losses of $2,132,149 and negative cash flows from operations of $2,565,786 for the six months ended 31 January 2020, and had a working capital of $5,443,575 as at 31 January 2020. There can be no assurance that the Company will be successful with generating and maintaining profitable operations or will be able to secure future debt or equity financing for its working capital and expansion activities.

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 Company is not exposed to interest rate risk as it does not hold financial instruments that will fluctuate in value due to changes in interest rates.

Currency risk

Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk by incurring expenditures and holding assets denominated in currencies other than its functional currency. 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 consolidated statement of operations.

5. Inventory

	31 January 2020	31 July 2019
Work in progress	$ 233,818	$ 208,417
Finished goods	652,121	615,108
Consumables	636,321	566,894
Total	$ 1,522,260	$ 1,390,419

6. Convertible loan receivable

Effective March 15, 2019, the Company, through its wholly owned subsidiaries, DEP Nevada and NMG, entered into a convertible loan agreement and a management agreement with Comprehensive Care Group LLC ("CCG"), an Arkansas limited liability company, with respect to the development of a medical cannabis dispensary facility in West Memphis, Arkansas.

Pursuant to the management agreement, NMG will provide operations and management services, including management, staffing, operations, administration, oversight, and other related services. Under the management agreement, NMG will be required to obtain approval from CCG for any key decisions as defined in the agreement and accordingly the Company does not control CCG. NMG will be paid a monthly management fee equal to 66.67% of the monthly net profits of CCG, subject to conversion of the convertible loan as discussed below upon which the monthly management fee shall be $6,000 per month, unless otherwise agreed by the parties in writing.

6. Convertible loan receivable – *Continued*

The convertible loan agreement is for an amount up to $1,250,000 from DEP to CCG with proceeds to be used to fund construction of a facility, working capital and initial operating expenses. The loan bears interest at a fixed rate of $6,000 per month until the parties mutually agree to increase the interest. Upon the latter of one year of granting of a medical cannabis dispensary license by the appropriate authorities or one year after entering into the convertible loan agreement, DEP may elect to convert the loan into preferred units of CCG equal to 40% of all outstanding units of CCG, subject to approval of the Arkansas Medical Marijuana Commission.

The Company evaluated the convertible loan receivable's settlement provisions and elected the fair value option in accordance with ASC 825 "Financial Instruments", to value this instrument. Under such election, the loan receivable is measured initially and subsequently at fair value, with any changes in the fair value of the instrument being recorded in the consolidated financial statements as a change in fair value of the financial instruments. The Company estimates the fair value of this instrument by first estimating the fair value of the straight debt portion, excluding the embedded conversion option, using a discounted cash flow model. The Company then estimates the fair value of the embedded conversion option using the Black-Scholes Option Pricing Model. The sum of these two valuations is the fair value of the loan receivable. Management believes that the accretion of the straight debt portion and embedded derivative related to the conversion option are not material. As at 31 January 2020, the Company had advanced $948,310 (31 July 2019 - $52,225) and accrued interest income of $18,000 (2019 - $Nil) and $36,000 (2019 - $Nil) for the three and six months ended 31 January 2020, respectively. As at 31 January 2020, total interest receivable was $63,000 (31 July 2019 - $27,000).

Body and Mind Inc.

Notes to Condensed Consolidated Interim Financial Statements
(Unaudited)
For the six months ended 31 January 2020
U.S. Dollars

7. Property and Equipment

	Office Equipment	Cultivation Equipment	Production Equipment	Kitchen Equipment	Vehicles	Vault Equipment	Leasehold Improvements	Right-of-use Assets	Total
Cost:									
Balance, 31 July 2018	$ 24,586	$ 435,109	$ 261,957	$ 27,694	$ 38,717	$ 1,644	$ 1,993,928	$ -	$ 2,783,635
Additions	7,491	28,647	36,004	23,414	-	528	272,078	-	368,162
Balance, 31 July 2019	32,077	463,756	297,961	51,108	38,717	2,172	2,266,006	-	3,151,797
Additions	40,869	-	247,762	9,022	-	-	740,503	-	1,038,156
ASC 842 adoption (Notes 13 and 20)	-	-	-	-	-	-	-	1,187,116	1,187,116
Balance, 31 January 2020	72,946	463,756	545,723	60,130	38,717	2,172	3,006,509	1,187,116	5,377,069
Accumulated Depreciation:									
Balance, 31 July 2018	3,177	41,169	25,446	2,554	5,500	228	89,663	-	167,737
Depreciation	5,119	73,597	44,547	4,546	7,751	358	153,642	-	289,560
Balance, 31 July 2019	8,296	114,766	69,993	7,100	13,251	586	243,305	-	457,297
Depreciation	4,276	38,132	24,188	4,253	3,907	200	82,899	-	157,855
Asset lease expense (Note 20)	-	-	-	-	-	-	-	85,418	85,418
Balance, 31 January 2020	12,572	152,898	94,181	11,353	17,158	786	326,204	85,418	700,570
Net Book Value:									
As at 31 July 2018	**21,409**	**393,940**	**236,511**	**25,140**	**33,217**	**1,416**	**1,904,265**	**-**	**2,615,898**
As at 31 July 2019	**23,781**	**348,990**	**227,968**	**44,008**	**25,466**	**1,586**	**2,022,701**	**-**	**2,694,500**
As at 31 January 2020	**$ 60,374**	**$ 310,858**	**$ 451,542**	**$ 48,777**	**$ 21,559**	**$ 1,386**	**$ 2,680,305**	**$ 1,101,698**	**$ 4,676,499**

8. Related Party Balances and Transactions

In addition to those disclosed elsewhere in these condensed consolidated interim financial statements, related party transactions paid/accrued for the three and six months ended 31 January 2020 and 2019 are as follows:

	For the three months ended 31 January 2020	For the three months ended 31 January 2019	For the six months ended 31 January 2020	For the six months ended 31 January 2019
A company controlled by the President and Interim Chief Executive Officer				
Management fees	$ 37,511	$ -	$ 79,378	$ -
A company controlled by the Chief Financial Officer and a director				
Management fees	25,232	-	47,900	-
Accounting fees	-	11,611	-	18,519
A company controlled by a former director and former President of NMG				
Management fees	8,333	66,992	16,666	100,646
A company controlled by the Corporate Secretary				
Management fees	25,322	7,476	30,989	18,990
Consulting fees	1,552	-	3,103	-
A company controlled by the former Chief Executive Officer and a former director				
Management fees	-	-	9,401	-
	$ 97,950	$ 86,079	$ 187,437	$ 138,155

Amounts owing to related parties as at 31 January 2020 and 31 July 2019 are as follows:

a) As at 31 January 2020, the Company owed $7,680 (31 July 2019 - $7,825) to the Interim Chief Executive Officer of the Company and a company controlled by him.

b) As at 31 January 2020, the Company owed $Nil (31 July 2019 - $5,127) to the Chief Financial Officer of the Company

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

9. Notes Payable

In connection with the investment of Green Light District Holdings, Inc. (“GLDH”) on 29 November 2018, the Company issued a promissory note in the amount of $4,000,000 to Australis Capital Inc. (“Australis”) (Notes 15 and 18). The promissory note bears interest at a rate of 15% per annum, is secured by the assets of the Company, matures in two years and requires semi-annual interest payments unless the Company elects to accrue the interest by adding it to the principal amount. The Company issued 1,105,083 common shares of the Company as a finance fee to Australis valued at $822,494 (Note 11). During the year ended 31 July 2019, the Company repaid the note in full. The Company also paid a prepayment penalty of $200,000 for repaying the note prior to the maturity date.

During the three and six months ended 31 January 2020, the Company accrued interest and accretion expense of $Nil (2019 - $176,090) and $Nil (2019 - $176,090), respectively.

10. Convertible Debenture

In connection with an investment agreement with Australis on 30 October 2018 (Notes 11, 15 and 16), the Company issued an unsecured convertible debenture in the amount of $1,217,547 (CAD$1,600,000) to Australis. The convertible debenture bears interest at a rate of 8% per annum. Repayment of the outstanding principal amount of the convertible debenture, together with any accrued and unpaid interest, is to be made on or prior to 30 October 2020. The convertible debenture is convertible at the option of Australis into common shares of the Company at a conversion price of CAD$0.55 per common share, subject to adjustment and acceleration in certain circumstances.

At the date of issue, a beneficial conversion feature of $88,797 (CAD$116,714) was recognized and the debt portion of the convertible debentures was recorded at a value of $1,128,750 (CAD$1,483,636). The value of the beneficial conversion feature was recorded in equity as additional paid-in capital. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at a rate of 11.3% per annum.

During the year ended 31 July 2019, the Company accrued interest and accretion expense of $98,392. The Company paid interest of $72,623 calculated up to July 31, 2019 and further paid interest of $88,821 in advance up to 30 June 2020. As consideration for receiving the interest in advance, Australis agreed to convert the debt into equity on July 1, 2020 and has given up the right to receive cash. The number of shares to be issued on conversion is fixed at 2,909,091 common shares and, accordingly, the debt is presented within equity as shares to be issued.

During the three and six months ended 31 January 2020, the Company accrued interest and accretion expense of $131,850 (2019 - $32,362) and $131,850 (2019 - $32,362), respectively.

11. Capital Stock

The Company's authorized share capital comprises 900,000,000 Common Shares, with a $0.0001 par value per share.

On 2 November 2018, the Company closed a non-brokered private placement of 16,000,000 units at a price of $0.30 (CAD$0.40) per unit for aggregate gross proceeds of $4,883,840 (CAD$6,400,000) (Note 10, 15 and 16). 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 CAD$0.50 per warrant for a period of two years. The Company paid cash of $152,720 and issued 322,581 common shares valued at $221,691 as finders' fees in relation to this private placement.

On 29 November 2018, the Company issued 1,105,083 common shares as a finance fee to Australis valued at $822,494 (Note 9).

On 30 November 2018, the Company issued 3,206,160 common shares upon exercise of 3,206,160 warrants by Australis at a price of CAD$0.50 per common share for aggregate proceeds of $1,205,196 (CAD$1,603,080).

On 31 January 2019, the Company issued 1,768,545 common shares to Australis for proceeds of $787,123 pursuant to the Investment Agreement (Note 16).

On 31 January 2019, the Company issued 2,380,398 common shares valued at $1,448,805 in relation to acquiring the remaining 70% of NMG Ohio LLC (Note 17).

On 14 May 2019, the Company issued 70,500 previously escrowed shares with a fair value of $22,689 to Toro Pacific Management Inc. in connection with the acquisition of NMG (Note 14).

On 17 May 2019, the Company closed a private placement of 11,780,904 units at a price of $0.93 (CAD$1.25) per unit for aggregate gross proceeds of $10,956,241 (CAD$14,726,130). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CAD$1.50 for a period of 48 months following the closing date, subject to adjustment in certain events. The agents received a cash commission of $589,499 (CAD$793,938). The agents also received as additional consideration 635,150 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one unit at an exercise price of CAD$1.25 per unit for a period of 48 months following the closing date. A corporate finance fee of $63,774 (CAD $84,750) was also paid.

On 28 May 2019, the Company issued 12,793,840 common shares upon exercise of 12,793,840 warrants by Australis at a price of CAD$0.50 per common share for aggregate proceeds of $4,746,515 (CAD$6,396,920). The proceeds were used, in part, to fully repay the outstanding senior secured note in the amount of $4,495,890 owing to Australis by the Company (Note 9).

On 16 July 2019, the Company issued 7,333 common shares upon exercise of 7,333 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $5,057 (CAD$6,600).

11. Capital Stock – *Continued*

On 12 August 2019, the Company issued a total of 4,337,111 common shares of the Company in connection with the Purchase Agreement, NMG SD Settlement Agreement and the Lease Assignment Agreement (Notes 13 and 18).

On 12 August 2019, the Company issued 81,591 common shares upon exercise of 81,591 warrants at a price of CAD$0.66 per common share for aggregate proceeds of $40,765 (CAD$53,850).

On 12 September 2019, the Company issued 38,912 common shares upon exercise of 38,912 warrants at a price of CAD$0.66 per common share for aggregate proceeds of $19,450 (CAD$25,682).

On 4 October 2019, the Company issued 22,727 common shares upon exercise of 22,727 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $15,360 (CAD$20,454).

On 14 November 2019, the Company issued 22,485 common shares upon exercise of 22,485 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $15,291 (CAD$20,236).

Stock options

The Company previously approved an incentive stock option plan, pursuant to which the Company may grant stock options up to an aggregate of 10% of the issued and outstanding common shares in the capital of the Company from time to time.

On 11 December 2018, the Company issued 2,050,000 stock options in accordance with the Company's stock option plan at an exercise price of CAD$0.57 per share for a five year term expiring 10 December 2023. The options were granted to current directors, officers, employees and consultants of the Company.

11. Capital Stock – *Continued*

Stock options – *Continued*

The fair value of the stock options was calculated to be $881,644 (CAD$1,165,117) using the Black-Scholes Option Pricing Model with the following assumptions:

Expected life of the options	5 years
Expected volatility	265 %
Expected dividend yield	0 %
Risk-free interest rate	2.03 %

On 21 August 2019, the Company issued 2,850,000 stock options with an exercise price of CAD$0.88 per share for a term of five years expiring on 21 August 2024. The options are subject to vesting provisions such that 25% of the options vest six months from the date of grant, 25% of the options vest twelve months from the date of grant, 25% of the options vest eighteen months from the date of grant and 25% of the options vest twenty-four months from the date of grant. Prior to vesting, on 16 October 2019, the Company cancelled 400,000 stock options previously granted to a director due to forfeiture, which had not vested, and on 23 January 2020, the Company cancelled 200,000 stock options previously granted to a director due to forfeiture, which had not vested.

The total fair value of the stock options granted was calculated to be $1,373,856 (CAD$1,818,232) using the Black-Scholes Option Pricing Model with the following assumptions:

Expected life of the options	5 years
Expected volatility	140 %
Expected dividend yield	0 %
Risk-free interest rate	1.28 %

During the three and six months ended 31 January 2020, the Company recorded a stock-based compensation of $327,879 (CAD$431,619) and $604,866 (CAD$798,398) related to these options, respectively.

On 1 October 2019, the Company issued 250,000 stock options with an exercise price of CAD$0.93 per share for a term of five years expiring on 1 October 2024. The options are subject to vesting provisions such that 25% of the options vest six months from the date of grant, 25% of the options vest twelve months from the date of grant, 25% of the options vest eighteen months from the date of grant and 25% of the options vest twenty-four months from the date of grant.

The total fair value of the stock options granted was calculated to be $145,045 (CAD$191,960) using the Black-Scholes Option Pricing Model with the following assumptions:

Expected life of the options	5 years
Expected volatility	140 %
Expected dividend yield	0 %
Risk-free interest rate	1.37 %

During the three and six months ended 31 January 2020, the Company recorded a stock-based compensation of $39,668 (CAD$52,316) and $52,259 (CAD$68,979) related to these options, respectively.

11. Capital Stock – *Continued*

Stock options – *Continued*

On 23 January 2020, the Company issued 200,000 stock options with an exercise price of CAD$0.88 per share for a term of five years expiring on 23 January 2025. The options are subject to vesting provisions such that 25% of the options vest six months from the date of grant, 25% of the options vest twelve months from the date of grant, 25% of the options vest eighteen months from the date of grant and 25% of the options vest twenty-four months from the date of grant.

The total fair value of the stock options granted was calculated to be $68,645 (CAD$90,608) using the Black-Scholes Option Pricing Model with the following assumptions:

Expected life of the options	5 years
Expected volatility	140 %
Expected dividend yield	0 %
Risk-free interest rate	1.43 %

During the three and six months ended 31 January 2020, the Company recorded a stock-based compensation of $1,890 (CAD$2,495) related to these options.

	Number of options		Weighted average exercise price	Weighted average contractual term remaining (in years)		Aggregate intrinsic value
Outstanding at 31 July 2018	4,025,000	CAD$	0.65	4.34	CAD$	-
Granted	2,050,000	CAD$	0.57			
Outstanding at 31 July 2019	6,075,000	CAD$	0.62	3.69	CAD$	1,675,750
Granted	3,300,000	CAD$	0.88			
Cancelled	(600,000)	CAD$	0.88			
Outstanding at 31 January 2020	8,775,000	CAD$	0.70	3.62	CAD$	1,750
Vested and fully exercisable at 31 January 2020	6,075,000	CAD$	0.62	3.18	CAD$	1,750

11. Capital Stock – *Continued*

Share purchase warrants and brokers' warrants

	Number of warrants	Weighted average exercise price	
Outstanding at 31 July 2018	10,106,820	CAD$	0.89
Issued	28,415,284	CAD$	0.93
Exercised	(16,007,333)	CAD$	0.50
Outstanding at 31 July 2019	22,514,771	CAD$	1.22
Exercised	(165,715)	CAD$	0.73
Expired	(9,933,772)	CAD$	0.89
Outstanding at 31 January 2020	12,415,284	CAD$	1.49

As at 31 January 2020, the following warrants are outstanding:

Number of warrants outstanding and exercisable		Exercise price	Expiry dates
11,780,134	CAD$	1.50	17 May 2023
635,150	CAD$	1.25	16 May 2023
12,415,284			

12. Segmented Information and Major Customers

The Company's activities are all in the one industry segment of medical and recreational cannabis. All of the Company's revenue generating activities and capital assets relate to this segment and are located in the USA. During the six months ended 31 January 2020, the Company relied on one major customer for 10% of its revenues (31 January 2019 – no major customer over 10%) and as at 31 January 2020, the total amount due from this major customer is $123,667.

13. Supplemental Disclosures with Respect to Cash Flows

	Three Month Period Ended 31 January		Six Month Period Ended 31 January	
	2020	2019	2020	2019
Cash paid during the period for interest	$ -	$ -	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -	$ -	$ -

On 30 November 2019, the Company entered into a Settlement Agreement with SD whereby the Company settled an aggregate receivable amount of $590,328 in exchange for $90,315 accounts receivable from future sale of Inventory, $25,000 future credit towards the Contribution Fee, and a production equipment valued at $235,685, resulting in a loss of $239,328 (Note 19).

On 12 August 2019, the Company issued a total of 4,337,111 common shares of the Company in connection with the Purchase Agreement, NMG SD Settlement Agreement and the Lease Assignment Agreement valued at $2,752,782 (Notes 11 and 18).

On adoption of ASC 842, Lease Accounting, the Company recognized right-of-use assets (Notes 7 and 20), and a corresponding increase in lease liabilities, in the amount of $1,187,116 which represented the present value of future lease payments using a discount rate of 12% per annum.

In connection with the closing of the business combination transaction to acquire all of the issued and outstanding securities of NMG, the net proceeds of the Company's private placements of certain subscription receipts was released to the Company from escrow in the amount of $17,786 (Note 14).

14. Business Acquisition

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 contemplated a business combination transaction (the "Acquisition") to acquire all of the issued and outstanding securities of NMG, an arm's length Nevada-based licensed producer of medical cannabis.

As consideration for the Assignment Agreement, the Company will issue to the Transferor 1,000,000 common shares of the Company. On 13 November 2017, the Assignment Agreement was amended, whereby the Company would issue the 1,000,000 common shares as follows:

a. 470,000 common shares to Benjamin Rutledge upon closing of the Acquisition (issued);
b. 60,000 common shares to Chris Hunt upon closing of the Acquisition (issued);
c. 470,000 common shares to the Transferor according to the following schedule:
   - 1/10 of the Transferor's shares upon closing of the Acquisition (issued);
   - 1/6 of the remaining Transferor's shares 6 months after closing the Acquisition (issued);
   - 1/5 of the remaining Transferor's shares 12 months after closing the Acquisition (issued);
   - 1/4 of the remaining Transferor's shares 18 months after closing the Acquisition (issued);
   - 1/3 of the remaining Transferor's shares 24 months after closing the Acquisition (issued);
   - 1/2 of the remaining Transferor's shares 30 months after closing the Acquisition (issued); and
   - the remaining Transferor's shares 36 months after closing the Acquisition.

The remaining 423,000 shares to be issued to the Transferor over the 36 month period are included in equity as shares to be issued with a total fair value of $135,202 as at 13 November 2017 (Note 11).

Intangible assets acquired from third parties are measured initially at fair value and either classified as indefinite life or finite life depending on their characteristics. The Company's brands and licenses have indefinite lives as long as the Company is in business. There are no indications of impairment as at 31 January 2020.

15. Commitments

a) In connection with the strategic investment agreement with Australis dated 30 October 2018 (the "Investment Agreement") (Notes 10, 11 and 16), the Company agreed to pay a monthly service fee of $10,000 to Australis. In connection with the Company's investment in GLDH and the promissory note provided by Australis (Note 9), the Company agreed to increase the monthly services fee to Australis to $16,500 per month for 5 years unless ownership held by Australis drops below 10% in which the fee will cease. Following the repayment of the promissory note, the monthly service fee to Australis was reduced to $12,000 commencing June 2019.

b) On 25 October 2017, NMG Ohio entered into a five-year lease agreement for the property located at 709 Sugar Lane, Elyria, Ohio, containing approximately 4,100 square feet. The monthly rent is $4,200.

c) On 13 June 2019, the five-year lease agreement dated 1 December 2018 for the property located at 7625 Carroll Road, San Diego, California, containing approximately 4,600 square feet was assigned to NMG San Diego. Under the terms of the assignment and first amendment to the original lease agreement dated 13 June 2019, the Company has three options to extend the lease and each option is for five years. The monthly base rent is currently $15,000. The guaranteed monthly rent is subject to a 1-6% increase on each anniversary date of the lease, based on increases in the Consumer Price Index for San Diego County.

d) On 8 March 2019, the five-year lease agreement dated 10 January 2017, as amended on 7 September 2018, for the property located at 3411 E. Anaheim St., Long Beach, California, containing approximately 1,856 square feet was assigned to NMG Long Beach. Under the terms of the amended lease agreement, the Company has one option to extend the lease for five years. The monthly base rent is $6,636.40 plus common area expenses, totaling $8,000 every month. The guaranteed minimum monthly rent is subject to a 5% increase on each anniversary date of the lease.

e) On 21 August 2019, the Company entered into new and updated management and consulting agreements with the following individuals:

- President and the Interim Chief Executive Officer – $12,500 per month;
- Chief Financial Officer – CAD$10,000 per month;
- Chief Operating Officer – $15,000 per month;
- Corporate Secretary – CAD$7,500 per month;
- President of NMG and a director – $16,666 per month increased to $25,000 per month on November 25, 2019; and
- Former Chief Executive Officer and an advisor - $12,500 per month.

16. Investment Agreement

On 30 October 2018, the Company entered into the Investment Agreement with Australis. Pursuant to the terms of the Investment Agreement, Australis will acquire (i) 16,000,000 units of the Company (Note 11), and (ii) CAD$1,600,000 principal amount 8% unsecured convertible debentures (Note 10).

Under the terms of the Investment Agreement, the parties agreed to negotiate in good faith a license agreement pursuant to which the Company will grant Australis an exclusive and assignable license to use the Body and Mind brand outside of the United States of America on commercially reasonable terms.

In addition, the Company will enter into a commercial advisory agreement with Australis Capital (Nevada) Inc. ("Australis Nevada"), a wholly-owned subsidiary of Australis, pursuant to which Australis Nevada will provide advisory and consulting services to the Company at $10,000 per month for a term ending on the date that is the earlier of: (i) five years following the closing of the transactions contemplated by the Investment Agreement, and (ii) the date Australis no longer holds 10% or more of the issued and outstanding Common Shares (Note 15). Subject to certain exceptions, Australis will be entitled to maintain its' pro rata interest in the Company until such time as it no longer holds 10% or more of the issued and outstanding Common Shares.

Subject to applicable laws and the rules of the Canadian Securities Exchange (the "CSE"), for as long as Australis owns at least 10% of the issued and outstanding common shares, Australis will be entitled to nominate one director for election to the Board of Directors of the Company (the "Board"). If Australis exercises all of the warrants and converts all of the debentures purchased, Australis will be entitled to nominate a second director for election to the Board.

On 2 November 2018, the Company executed the Investment Agreement and completed the sale of securities pursuant to the Investment Agreement.

On 31 January 2019, the Company issued 1,768,545 common shares to Australis for proceeds of $787,123 pursuant to the Investment Agreement whereby the Company granted Australis anti-dilution participation rights to allow Australis to maintain a 35.783% ownership interest in the Company (Note 11). During the three and six months ended 31 January 2020, the Company paid an advisory fee of $36,000 (2019 - $43,000) and $72,000 (2019 - $43,000), respectively.

17. Investment in NMG Ohio LLC

On 31 January 2019, the Company entered into a definitive agreement ("Definitive Agreement") to acquire 100% ownership of NMG Ohio. The Company will purchase the remaining 70% interest for total cash payments of $1,575,000 and issuance of 3,173,864 common shares of the Company). As at 31 July 2019 the Company had issued 2,380,398 of the 3,173,864 common shares with a fair value of $1,448,805. During the year ended 31 July 2019, the Company made cash payments of $1,181,250. At 31 January 2020, the Definitive Agreement had not closed.

The remaining cash payments totaling $393,750 and the remaining issuance of 793,466 common shares are expected to be paid and issued upon completion of the remaining Definitive Agreement closing items.

Until such time as the Definitive Agreement closes, the Company will continue to account for its 30% ownership interest in NMG Ohio as an investment using the equity method of accounting. During the six months ended 31 January 2020, NMG Ohio recorded net revenues of $2,095,008, expenses of $1,456,508 and a net income of $638,500. The Company recorded an equity in earnings of $191,550 relating to its 30% pro rata share of net income which was included in other items on the statement of operations.

	31 January 2020	31 July 2019
Opening balance	$ 3,465,902	$ 77,600
Acquisition costs: Common shares issued to vendors at fair value	-	1,448,805
Acquisition costs: Cash payments to vendors	-	1,181,250
Dispensary build-out related costs	20,429	573,633
License fees	-	100,000
Funds transferred	12,500	-
Funds repaid	(107,429)	-
Equity pickup	191,550	56,466
Foreign exchange	(9,638)	28,148
Total	$ 3,573,314	$ 3,465,902

17. Investment in NMG Ohio LLC – *Continued*

Summarized financial information for NMG Ohio is as follows:

	31 January 2020
Current assets	$ 862,653
Non-current assets	877,993
Total assets	1,740,646
Current liabilities	921,657
Non-current liabilities	-
Total liabilities	921,657
Revenues	2,095,008
Gross profit	910,349
Net income	638,500
Net income attributable to the Company	$ 191,550

18. Investment in and advances to GLDH

Interim Agreement – 28 November 2018

On 28 November 2018, the Company entered into a binding interim agreement (the "Interim Agreement") with GLDH, a private company incorporated under the laws of Delaware, and David Barakett ("Barakett") whereby the Company agreed to acquire 100% of the issued and outstanding common shares of GLDH in connection with the issuance of convertible notes (the "Transaction"). GLDH holds a number of assets relating to the production and sale of cannabis products in the United States of America. The Transaction will be contingent upon the Company completing its due diligence.

The terms of the Interim Agreement include the following:

The Company shall issue to Barakett common shares of the Company (the "Earn Out Shares") based on the CSE listed 5-day VWAP of the common shares of the Company and at the USD/CAD exchange rate at the close of market on 27 November 2018. The common shares of the Company had a 5-day VWAP of CAD$0.7439 at a USD/CAD exchange rate of 1.3296 and as a result the Company agreed to issue up to a maximum of 11,255,899 common shares with a maximum consideration of US$6,297,580 or CAD$8,373,263. Barakett will be eligible to receive Earn Out Shares for a period of 12 months on the following basis:

1. upon GLDH obtaining all of (i) the Long Beach Recreational License; (ii) the San Diego Medical License; (iii) the San Diego Recreational License; and (iv) the San Diego State License ("Milestone I"), the issuance of Earn Out Shares to Barakett totalling 5,627,950 shares (50% of the total Earn Out Shares);

2. upon GLDH achieving total attributable revenues of at least US$3,300,000 over a period of three consecutive months from each of the Long Beach dispensary, the San Diego dispensary and Las Vegas ShowGrow ("Milestone II"), the issuance of Earn Out Shares to Barakeet totalling 4,502,360 (40% of the total Earn Out Shares); and

3. prior to the completion of Milestone I and Milestone II, and upon completion of a certain audit of GLDH showing no taxes outstanding or any unknown material liabilities for GLDH, the issuance of Earn Out Shares to Barakett totalling 1,125,589 shares (10% of the total Earn Out Shares).

18. Investment in and advances to GLDH – *Continued*

Additionally, the Company made an investment into GLDH by way of a US$5,200,000 senior secured convertible note (the "Note") bearing interest at a rate of 20% per annum to be repaid to the Company on 28 November 2020 unless converted by the Company in accordance with the agreement. The Note is secured by a general security agreement and a UCC-1 financing statement in all U.S. states where GLDH has assets. Barakett provided a personal guarantee to the Company for the Note.

In order for the Company to fund the Note:

1. the Company entered into a loan agreement with Australis, whereby Australis provided the Company a two-year US$4,000,000 loan (Note 9); and

2. Australis exercised 3,206,160 warrants at a price of CAD$0.50 per common share for aggregate proceeds of approximately US$1,200,000 converted using an exchange rate of 0.7518 (Note 11).

Definitive Agreement (Superseding Interim Agreement)

On 3 July 2019, the Company entered into the following agreements with GLDH and other third parties:

1. a definitive asset purchase agreement (the "Purchase Agreement") between the Company's wholly owned subsidiary, NMG Long Beach, LLC ("NMG LB"), GLDH and Airport Collective, Inc. to acquire 100% ownership interest in GLDH's Long Beach, California dispensary;

2. a settlement agreement ("NMG SD Settlement Agreement") between the Company and its subsidiaries, and GLDH and its subsidiaries, to acquire a 60% ownership interest in GLDH's San Diego, California dispensary; and

3. a lease assignment (the "Lease Assignment Agreement") on the San Diego operation between the Company's 60%-owned subsidiary, NMG San Diego, LLC ("NMG SD"), Green Road, LLC, Show Grow San Diego, LLC ("SGSD"), and SJJR LLC.

The Purchase Agreement, NMG SD Settlement Agreement and Lease Assignment agreement supersede the Interim Agreement and are subject to certain closing conditions including receipt of applicable licences.

1. The Purchase Agreement was executed under the following terms:

   The purchase price is USD$6,700,000 (the "Purchase Price"). The consideration under the Purchase Agreement includes the following on closing:

   i. The USD$5,200,000 Note is to be applied towards the Purchase Price; and

   ii. USD$1,500,000 to be paid in common shares of the Company at a price of CAD$0.7439 per common share to a maximum of 2,681,006 common shares (the "Share Payment") (issued) (Note 11) upon NMG LB receiving the transfer of all licenses, permits and BCC authorizations for NMG LB to conduct medical and adult-use commercial cannabis retail operations. The Share Payment is subject to reduction in the event there are undisclosed liabilities by GLDH and Airport Collective.

18. Investment in and advances to GLDH – *Continued*

2. The NMG SD Settlement Agreement's consideration includes the following on closing:

   i. USD$500,000 to be paid in common shares (624,380 common shares issued) (Note 11) to SGSD at a share price equal to the maximum allowable discount pursuant to Canadian Securities Exchange policies, upon execution of the settlement agreement;

   ii. USD$750,000 to be paid in common shares to Barakett at a price of CAD$0.7439 per common share to a maximum of 1,340,502 Common Shares (the "DB Share Payment") upon NMG SD receiving all licenses, permits and authorizations for NMG SD to conduct medical commercial cannabis retail operations. The DB Share Payment is subject to reduction whereby the reduction is tied to Barakett agreeing to pay the Company 40% of the NMG SD start-up costs; and

   iii. USD$750,000 to be paid in common shares to Barakett at a price of CAD$0.7439 per common share to a maximum of 1,340,502 common shares (the "DB Additional Shares Payment") upon NMG SD receiving all licenses, permits and authorizations for NMG SD to conduct adult-use commercial cannabis retail operations. The DB Additional Shares Payment is subject reduction whereby the reduction is tied to Barakett agreeing to pay the Company 40% of the NMG SD start-up costs.

3. The Lease Assignment Agreement was executed under the following terms:

   The Company is required to issue cash and share payments totaling USD$2,283,765 to the landlord as follows:

   i. USD$750,000, payable in common shares (1,031,725 common shares issued) (Note 11) at a share price equal to the maximum allowable discount pursuant to Canadian Securities Exchange policies, upon execution of the assignment agreement;

   ii. USD$783,765, payable in cash, within 5 business days following execution of the assignment agreement (paid); and

   iii. USD$750,000, payable in cash, including interest at 5% per annum, upon receipt of the San Diego Conditional Use Permit allowing adult-use commercial cannabis retail operations.

Additionally:

1. The Company is to provide a loan to GLDH in the amount of USD$200,000 at an interest rate of 12% per annum, accrued and compounded quarterly and due within 3 years (provided);

2. The Company is to enter into a consulting agreement with Barakett through NMG LB to provide certain consulting and advisory services to NMG LB, agreeing to pay Barakett a total of USD$200,000 ($50,000 paid in fiscal 2019 and additional $90,000 paid during the period);

3. The Company will forgive approximately USD$800,000 for prior operating loans advanced by the Company to GLDH; and;

18. Investment in and advances to GLDH – *Continued*

4. The Company licenses certain intellectual property from Green Light District Management, LLC and GLDH (collectively referred to as "Licensor"). The Licensor grants the Company a perpetual license to utilize its operational intellectual property consisting of customer data, sales data, customer outreach strategies standard operating procedures, and other proprietary operational intellectual property. Licensor grants the Company a license for 2 years to utilize intellectual property such as trademarks and branding (the "Branding IP"). As consideration for the licenses, the Company has agreed to utilize the Branding IP until 19 June 2021 at the Company's premises and at the San Diego retail locations for a period of 2 years from operations commencing at that location. Additionally, the Company agreed to pay the Licensor 3% of gross receipts from sales at the Company's premises.

The total investment in GLDH at 31 January 2020 and 31 July 2019 is as follows:

	31 January 2020	31 July 2019
Opening balance	$ 7,373,036	$ -
Note receivable	-	5,200,000
Share issuances	2,750,000	-
Interest income accrued on the Note	520,000	693,333
Advances for working capital	1,285,960	666,876
Lease Assignment Agreement payment	-	783,765
Foreign exchange	(42,617)	29,062
Ending balance	$ 11,886,379	$ 7,373,036

19. Other Agreements

The Company and NMG Cathedral City ("NMG CC") entered into a management and administrative services agreement (the "Management Agreement") with Satellites Dip, LLC, ("SD"), a licensed cannabis business conducting commercial cannabis activity within the state of California. The one year Management Agreement commenced on 6 June 2019 and encompassed the following:

a. Management Fee: NMG CC will be paid a management fee of 30% of Net Profits or $10,000 per month, whichever is greater;

b. Brand Licensing: NMG CC shall work to broker commercial arrangements between SD and third-party cannabis brand owners whereby SD licenses commercial cannabis brands from third parties in connection with SD's commercial cannabis activity in exchange for a license fee;

c. Equipment and Capital: NMG CC shall furnish all equipment and machinery necessary for SD's manufacturing of the Branded Products. Any equipment provided by NMG CC to SD shall be owned by NMG CC in its entirety and, subject to SD's approval of the terms, leased to SD pursuant to an Equipment Lease Agreement entered into between NMG CC and SD, dated 6 June 2019; and

d. Loan: The Parties have entered into a certain secured loan agreement dated 6 June 2019 whereby NMG CC has loaned SD $250,000 (the "Loan") to be used solely in connection with SD's commercial cannabis activity. The Loan shall be due and payable on 6 June 2020 (the "Maturity Date") and shall bear interest at a rate of 12% per annum which shall be accrued, compounded quarterly and payable on the Maturity Date. The Loan is secured by a security interest in and to all of SD's assets.

19. Other Agreements – *Continued*

On 30 November 2019, NMG CC entered into a settlement and release agreement (the "Settlement Agreement") with SD whereby NMG CC and SD agreed to terminate the Management Agreement and to enter into a mutual release of any and all claims related to the Management Agreement, subject to the terms of the Settlement Agreement.

As of 30 November 2019, SD owed NMG CC management fees (the "Monies Owed") under the Management Agreement. In consideration of NMG CC's discharge of the Monies Owed, SD has agreed to pay NMG CC one-hundred percent (100%) of all proceeds received from the sale of all or any part of its inventory (the "Inventory") as of 1 November 2019. Pursuant to the Settlement Agreement, SD shall provide monthly updates of the remaining Inventory until the Inventory has been fully exhausted. NMG CC will determine the sale price for any item in Inventory subject to the Settlement Agreement.

Brand Director Agreement

On 30 November 2019, NMG CC entered into a brand director agreement (the "Brand Director Agreement") with SD. Pursuant to the Brand Director Agreement, SD has engaged NMG CC to provide certain advisory and brand director services in connection with SD's manufacture of Company-branded products, as well as certain other products (the "Managed Products") as agreed to by NMGCC (the "Brand Director Services"). The initial term of the Brand Director Agreement is six months and the parties may renew the Brand Director Agreement for successive three-month renewal periods.

The Brand Director Services include: (a) managing SD's production of the Managed Products; (b) payment of a reimbursement fee to SD equal to the amount of direct costs and direct taxes applicable to the Managed Products; (c) managing inventory of the Managed Products; and (d) directing SD to enter into distribution agreements and sale agreements with third-party commercial cannabis licensees for the distribution and sale of the Managed Products in accordance with applicable law. Pursuant to the Brand Director Agreement, NMG CC will pay a monthly fee (the "Contribution Fee") of $5,000 to SD. In connection with the Brand Director Agreement, as partial repayment for the principal and interest accrued under a certain loan agreement (the "Loan Agreement") between NMG CC and SD dated 6 June 2019, SD waives payment of the Contribution Fee for the first five (5) months of the Brand Direction Agreement.

In consideration for the Brand Director Services, SD (as the "Licensee") has agreed to pay NMG CC (in its capacity as the "Brand Director") a brand director fee for each calendar month during the term of the Brand Director Agreement, whereby Licensee shall pay to Brand Director a fee to be calculated as follows: (x) net revenue for a single calendar month, multiplied by, (y) seventy-five percent (75%); (z) plus any fees to be paid to NMG CC in connection with the equipment lease agreement (the "Equipment Lease Agreement") dated 6 June 2019 (the "Equipment Lease Fee") added to the product of (x) and (y), the (q) total amount shall be the fee paid to NMG CC. If the net revenue, minus the product of (x) and (y) is less than the Equipment Lease Fee in any given month, the difference shall carry over to the subsequent month, to be added to that month's Equipment Lease Fee, or the difference may be paid by Licensee at its sole option.

19. Other Agreements – *Continued*

Brand License Agreement

On 30 November 2019, DEP entered into a brand license agreement (the "License Agreement") with SD. Pursuant to the License Agreement, DEP granted SD a non-exclusive, non-transferable, and non-sub-licensable right (the "License") to use certain licensed marks in connection with or on licensed products, solely in connection with SD's commercial cannabis activity in California. In consideration for the License, SD will pay DEP a monthly fee equal to $100, payable on a quarterly basis.

During the term of the License Agreement, SD must remain in compliance with all state and local cannabis rules and regulations in California, and maintain valid commercial cannabis licenses. SD will follow the guidance of DEP and only utilize packaging and labelling materials purchased from (or at the direction of) DEP. The License Agreement will be in full force and effect for the duration of the Brand Director Agreement.

Equipment Purchase Agreement

On 30 November 2019, NMG CC and SD entered into an equipment purchase agreement (the "Equipment Purchase Agreement") pursuant to which NMG CC agreed to purchase certain equipment (the "Equipment") from SD. The aggregate purchase price for the Equipment is $235,685 and will be applied to the outstanding balance under the Loan Agreement.

First Amendment to the Equipment Lease Agreement

On 30 November 2019, NMG CC and SD entered into an amendment (the "First Amendment") to the Equipment Lease Agreement. Pursuant to the First Amendment, NMG CC and SD amended (i) the term of the Equipment Lease Agreement to be coterminous with the Brand Director Agreement; and (ii) to update the equipment being leased pursuant to the Equipment Lease Agreement and to update the monthly rental rate for the equipment being leased.

Release & Satisfaction of Loan Agreement

On 30 November 2019, NMG CC and SD entered into a release and satisfaction of loan agreement (the "Release Agreement"). Pursuant to the Release Agreement, NMG CC agreed that all indebtedness of SD to NMG CC arising from the Loan Agreement (and promissory note issued in connection with the Loan Agreement) is hereby satisfied and discharged in full. The release is granted based on SD's obligations and duties pursuant to the Equipment Purchase Agreement and its five (5) month waiver of the Contribution Fee under the Brand Director Agreement.

The Company recorded a loss of $239,328 related to the Settlement Agreement with SD.

20. Lease Liabilities

a) On 10 November 2017, NMG entered into a revised five-year lease agreement for the property located at 3375 Pepper Lane, Las Vegas, NV, containing approximately 18,000 square feet. The Company has four options to extend the lease and each option is for five years. The monthly rent was $12,500 plus common area expenses, which increased to $12,875 plus common area expenses on 1 January 2019. The guaranteed minimum monthly rent is subject to a 2% increase on each anniversary date of the lease.

b) On 9 April 2019, NMG entered into a three-year lease agreement for the property located at 6420 Sunset Corporate Drive, Las Vegas, NV, containing approximately 7,700 square feet. The Company has one option to extend the lease for an additional three-year term and an option to purchase the property at any point during the initial term. The monthly rent is $6,026 plus $1,129 in common area expenses, totaling $7,156 every month.

On adoption of ASC 842, Lease Accounting, the Company recognized right-of-use assets (Notes 7 and 13), and a corresponding increase in lease liabilities, in the amount of $1,187,116 which represented the present value of future lease payments using a discount rate of 12% per annum. The Company adopted the modified retrospective approach on adopting ASC 842 and accordingly the adoption was made effective 1 August 2019, with no restatement of the prior year comparatives.

During the six months ended 31 January 2020, the Company recorded a lease expense of $100,871 related to the accretion of lease liabilities and the depreciation of right-of-use assets.

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 100,871
Right-of-use assets obtaining in exchange for lease obligations:	
Operating leases	$ 1,187,116
Weighted-average remaining lease term – operating leases	7.19 years
Weighted-average discount rate – operating leases	12 %

Maturities of lease liabilities were as follows:

Year Ending 31 July	Operating Leases
2020	$ 109,631
2021	223,398
2022	240,530
2023	248,403
2024	254,438
2025	257,827
2026	176,312
2027	179,838
2028	60,340
Total lease payments	$ 1,750,717
Less imputed interest	(649,019)
Total	$ 1,101,698
Less current portion	(195,983)
Long term portion	905,715

21. Subsequent Events

On 1 March 2020, the Company issued 250,000 stock options with an exercise price of CAD$0.405 per share for a term of five years expiring on 1 March 2025. The options are subject to vesting provisions such that 25% of the options vest six months from the date of grant, 25% of the options vest twelve months from the date of grant, 25% of the options vest eighteen months from the date of grant and 25% of the options vest twenty-four months from the date of grant.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The terms "BAM", "Company", "we", "our", and "us" refer to Body and Mind Inc. unless the context suggests otherwise.

FORWARD-LOOKING STATEMENTS

The following management's discussion and analysis of the Company's financial condition and results of operations (the "MD&A") contains forward-looking statements that involve risks and uncertainties. All statements, other than statements of historical facts, included in this Form 10-Q that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on assumptions which we believe are reasonable based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions is subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including, without limitation, the Risk Factors set forth in our Annual Report on Form 10-K for the fiscal year ended July 31, 2019, including the consolidated financial statements and related notes contained therein. These factors, or any one of them, may cause our actual results or actions in the future to differ materially from any forward-looking statement made in this document. Refer to "Forward-looking Statements" as disclosed in our Annual Report on Form 10-K for the fiscal year ended July 31, 2019.

Introduction

This MD&A is focused on material changes in our financial condition from July 31, 2019, our most recently completed year end, to January 31, 2020, and our results of operations for the three and six months ended January 31, 2020, and should be read in conjunction with Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations as contained in our Annual Report on Form 10-K for the fiscal year ended July 31, 2019.

Company Overview

Body and Mind is a multi-state cannabis operator, which has retail, distribution, cultivation, and/or processing operations in Nevada, California, Arkansas and Ohio.

Our platform approach to expansion focuses on limited license states and jurisdictions, entering new markets through lower cost license applications and opportunistic/targeted acquisitions.

We have developed the marquis lifestyle "Body and Mind" brand in Nevada with strong penetration into dispensaries and have recently expanded our brand and products to dispensaries in California. The Body and Mind brand appeals to a wide range of cannabis consumers with products including flower, oils, extracts (wax, live resin, ambrosia) and edibles.

We have a long track record of producing award-winning cannabis products and we have success with licensing to manufacture for brands. We are in the process of constructing a larger production facility in Nevada.

We are a Nevada corporation that is multi-state cannabis operator. Through our wholly-owned subsidiary, Nevada Medical Group, LLC ("**NMG**"), we are engaged in the cultivation and production of medical and adult-use recreational marijuana products. NMG produces cannabis flower, oil extracts and edibles under license in the state of Nevada, which are available for sale under the brand name "Body and Mind" in dispensaries in Nevada. In addition, we through NMG, have a 30% interest in NMG Ohio, LLC, which owns an Ohio medical cannabis dispensary, which also has a provisional production license. Through our wholly-owned subsidiary NMG Long Beach, LLC, we are managing a medical and adult-use cannabis retail dispensary in Long Beach, California. We, through NMG, have a 60% ownership in a San Diego medical and adult-use cannabis dispensary, which is still under construction and waiting for all licenses, permits and authorizations. Through our wholly-owned subsidiary NMG Cathedral City, LLC ("**NMGCC**"), we were managing a licensed cannabis business conducting commercial cannabis activity in Cathedral City, California pursuant to a management agreement with Satellites Dip, LLC ("**SD**") who is the actual licensed manufacturer until November 30, 2019. On November 30, 2019, we along with NMGCC entered into a settlement agreement with SD with respect to the management agreement and NMGCC entered into a brand director agreement with SD whereby NMGCC has been engaged to provide certain advisory and brand director services in connection with SD's manufacture of Company-branded products, as well as certain other products as agreed to by NMGCC as more fully described in our Current Report on Form 8-K filed with the SEC on December 5, 2019. In addition, as part of the revised arrangement with SD, our wholly-owned subsidiary, DEP Nevada Inc. ("**DEP**") entered into a brand license agreement with SD whereby DEP has granted SD a non-exclusive, non-transferable, and non-sub-licensable right to use certain licensed marks in connection with or on licensed products as more fully described in our Current Report on Form 8-K filed with the SEC on December 5, 2019. Our products are sold and distributed to numerous licensed dispensaries throughout California.

Our common stock is listed on the Canadian Securities Exchange under the symbol "BAMM", has been admitted to trade on the OTCQB Venture Market under the symbol "BMMJ", and is registered under section 12(g) of the Securities Act of 1934, as amended. We are also a reporting issuer under the Securities Acts of British Columbia and Ontario.

Our head office located at 750 – 1095 West Pender Street, Vancouver, British Columbia, Canada V6E 2M6.

Development of Our Business

Incorporation and Early Corporate History

We were incorporated in the State of Delaware on November 5, 1998, under the name Concept Development Group, Inc. In May 2004, we acquired 100% of Vocalscape, Inc. and changed our name to Vocalscape, Inc. On October 28, 2005, we changed our name to Nevstar Precious Metals, Inc. On October 23, 2008, we changed our name to Deploy Technologies Inc. ("**Deploy Tech**") and, on September 15, 2010, we incorporated a wholly-owned subsidiary, Deploy Acquisition Corp. ("**Deploy**") under the laws of the State of Nevada, USA.

On September 17, 2010, we merged with and into Deploy under the laws of the State of Nevada. Deploy, as the surviving corporation of the merger, assumed all the assets, obligations and commitments of Deploy Tech, and we were effectively re-domiciled in the State of Nevada. Upon the completion of the merger, Deploy assumed the name "Deploy Technologies Inc.", and all of the issued and outstanding common stock of Deploy Tech was automatically converted into and became Deploy's – that is, our Company's - issued and outstanding common stock. On November 14, 2017 we changed our name to Body and Mind Inc. in conjunction with the acquisition of NMG.

On May 10, 2011, we registered as an extra-provincial company in British Columbia, and on September 30, 2011, we filed a certificate of amendment with the Nevada Secretary of State to designate 2,900,000 shares of our authorized capital stock as Class A Preferred Shares (the "**Preferred Shares**"). On September 2, 2014, we filed a certificate of amendment with the Nevada Secretary of State increasing the authorized Preferred Shares from 2,900,000 shares to 20,000,000 shares.

On November 11, 2014, we filed a certificate of change with the Nevada Secretary of State whereby we reverse split our authorized as well as the issued and outstanding shares of common stock (the "**Common Shares**") on the basis of one (1) new share for ten (10) old shares. This resulted in a reduction of our authorized capital from 100,000,000 Common Shares to 10,000,000 Common Shares, and a reduction of our issued and outstanding Common Shares from 23,130,209 Common Shares to approximately 2,313,021 Common Shares. On April 11, 2017, we filed a certificate of amendment with the Nevada Secretary of State to increase the authorized capital from 10,000,000 Common Shares to 900,000,000 Common Shares. Effective on November 14, 2017, we cancelled our entire authorized class of Preferred Shares.

Acquisition of Nevada Medical Group, LLC

On August 10, 2017, we incorporated a wholly-owned subsidiary, DEP Nevada Inc. ("**DEP**"). On September 14, 2017, we, with DEP, entered into a definitive agreement (the "**Share Exchange Agreement**") with Nevada Medical Group, LLC ("**NMG**"), an arm's length party, to carry out the business combination transaction initially announced on May 17, 2017, following the signing of the letter of intent between Toro Pacific Management Inc. ("**Toro**") and NMG (the "**Letter of Intent**"), which was assigned to us pursuant to an assignment and novation agreement among Toro, NMG, and our Company dated effective May 12, 2017 (the "**Assignment Agreement**"). Pursuant to the Assignment Agreement, Toro received 470,000 of our Common Shares.

Pursuant to the Share Exchange Agreement, we changed our name to "Body and Mind, Inc.", effective on November 14, 2017, by filing a certificate of amendment with the Nevada Secretary of State; at the same time, we cancelled our entire authorized class of Preferred Shares. In addition, on November 14, 2017, we filed a certificate of change with the Nevada Secretary of State whereby we reverse split our issued and outstanding Common Shares on the basis of one (1) new share for three (3) old shares (the "**Consolidation**") which resulted in there being 28,239,876 Common Shares issued and outstanding post-Consolidation. DEP, our wholly-owned subsidiary, acquired all of the issued and outstanding securities of NMG in exchange for the issuance of our Common Shares on a post-Consolidation basis and certain cash and other non-cash consideration, as further described below (the "**Acquisition**"). Completion of the Acquisition resulted in a fundamental change under the policies of the Canadian Securities Exchange (the "**CSE**"). Subsequent to completion of the Acquisition, we filed articles of exchange with the Nevada Secretary of State.

We completed a concurrent equity financing to raise aggregate gross proceeds of CAD$6,007,429.89 through the issuance of subscription receipts (the "**Subscription Receipts**"), at a pre-Consolidation price of CAD$0.22 per Subscription Receipt (the "**Concurrent Financing**"). On November 14, 2017, each Subscription Receipt was exchanged in accordance with its terms, for no additional consideration, for one pre-Consolidation Common Share and one common share purchase warrant (each a "**Warrant**") of the Company. Each Warrant is exercisable by the holder 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 May 14, 2018, 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 we 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.

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 Common Shares (the "**Payment Shares**") at a deemed price of CAD$0.66 per share (the "**Share Exchange**"), and (b) $2,000,000 cash. We also issued five non-interest bearing promissory notes in the aggregate principal amount of $2,000,000 (the "**Promissory Notes**"), as follows: we issued a promissory note in the principal amount of $450,000 to MBK Investments, LLC; we issued a Promissory Note in the principal amount of $450,000 to the Rozok Family Trust; we issued a Promissory Note in the principal amount of $490,000 to KAJ Universal Real Estate Investments, LLC; we issued a Promissory Note in the principal amount of $120,000 to NV Trees, LLC; and we issued a Promissory Note in the principal amount of $490,000 to SW Fort Apache, LLC. The Promissory Notes were secured by a senior priority security interest in all of our assets, and are due to be repaid 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 were to be closed in an aggregate amount of not less than $5,000,000, then within 30 days of the closing date of such subsequent financing. We assumed NMG's obligations pursuant to a loan in the amount of $400,000, payable to TI Nevada, LLC, ("**TI Nevada**") of which US$225,000 was paid on the Closing Date (as defined below) and the remaining $175,000, which was secured by a senior priority security interest in all of our assets, will be paid within 15 months of the Closing Date. Furthermore, we reimbursed NMG ($84,000) for expenditures incurred prior to the Closing Date which were related to the acquisition of production equipment.

Any Payment Shares received by a "Related Person" (as defined in the CSE Policy 1) in connection with the Acquisition, and certain other Payment Shares as may be required by the CSE ("**Escrow Shares**"), are subject to escrow conditions prescribed by the CSE pursuant to the terms of an agreement (the "**Escrow Agreement**") entered into among us, the holders of Escrow Shares and New Horizon Transfer Inc., the escrow agent. Payment Shares received by the former members of NMG are subject to escrow under the rules and policies imposed by the CSE, and are further subject to voluntary pooling agreements entered into between us and the former members of NMG (the "**Voluntary Pooling Agreements**"), pursuant to which the Payment Shares will be released from pooling to the former members of NMG in accordance with the following schedule:

6 months after the Closing Date	10% of the respective Payment Shares
12 months after the Closing Date	20% of the respective Payment Shares
18 months after the Closing Date	25% of the respective Payment Shares
24 months after the Closing Date	45% of the respective Payment Shares

The Acquisition closed on November 14, 2017 (the "**Closing Date**"). On completion of the Acquisition, we assumed the business of NMG, being the cultivation and production of medical marijuana products.

On December 18, 2017, we reached an agreement with a real estate investment group, led by NMG's President, Robert Hasman, who intended to purchase a building adjacent to our existing facility and lease it back to a newly formed entity 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 a dispensary chain in the State of Nevada. The other PLN member intended to transfer an active cultivation license to the PLN facility and all expenditures under PLN were to be funded on a 50/50 basis by the PLN members.

The new facility was expected to primarily consist of flowering rooms as production, packaging, distribution, and head office functions were to remain at the existing facility. We had also earmarked approximately 4,000 square feet of frontage for a dispensary upon receipt of a retail license. It was contemplated that at least half of the sales under PLN would be sold to the other PLN member through their existing dispensary network. In addition, we had signed an operating and management agreement with PLN and were to receive the greater of $15,000/month or 10% of PLN's net profits.

Prior to forming PLN, the members of PLN engaged surveyors to ensure compliance with permitting procedures and that PLN would receive the necessary approvals to move forward. Subsequent to January 31, 2018 we were notified that a church was located in close proximity of the building and that permitting was unlikely to proceed. We filed an insurance claim with the surveyor's insurer to recover our out of pocket damages. As a result of these events, the lease and partnership agreements with PLN have been terminated. The company has decided not to legally pursue the claim against the survey company.

Convertible Loan and Management Agreements with Comprehensive Care Group LLC

On March 19, 2018, we, acting through our wholly-owned subsidiaries DEP and NMG, entered into a convertible loan agreement (the "**Convertible Loan Agreement**") and a management agreement (the "**Management Agreement**"), respectively, with Comprehensive Care Group LLC ("**CCG**"), an Arkansas limited liability company, with respect to the development of a medical marijuana dispensary, 50 plant cultivation facility in West Memphis, Arkansas. Each of the Convertible Loan Agreement and the Management Agreement are effective as of March 15, 2019.

Pursuant to the Convertible Loan Agreement, DEP has agreed to make loan advances to CCG from time to time in the aggregate principal amount of up to $1,250,000. The loan proceeds are to be used to fund the construction of the medical marijuana dispensary facility, and to provide working capital to cover initial operating expenses. All pre-construction activities for the dispensary have been completed, and substantial construction progress has been made, with interior framing 90% complete in the dispensary and cultivation areas. Work is in-progress on roughing in chase ways for power upgrades while electrical rough-in remains ongoing throughout the project. Additionally, HVAC ductwork is 90% complete in the dispensary area.

The parties may mutually agree to adjust the amount of the loan to an increased amount or a lesser amount from time to time based on CCG's reasonable operational and construction needs, as set forth in one or more budgets to be prepared by CCG and presented to DEP. The interest on outstanding advances will be fixed at a rate of $6,000 per month until such time as the parties mutually agree to increase the interest to a fixed rate of $10,000 per month, payable monthly in arrears on or before the first calendar day of each month commencing March 1, 2019. CCG is not obligated to repay any principal outstanding under the loan until March 30, 2021. Either CCG or DEP may unilaterally extend the maturity date by one year, and may thereafter continue to extend the maturity date on a yearly basis by increments of one year (each, an "**Extension Option**") by providing written notice of the exercise of the Extension Option by the party seeking an extension to the other party; provided, however, that under no circumstances shall any extended maturity date extend beyond the expiration of the term of the Management Agreement entered into between NMG and CCG.

Upon the latter of: (a) one year after granting of a medical marijuana dispensary license by the Arkansas Medical Marijuana Commission to CCG, or (b) one year after entering into the Convertible Loan Agreement, DEP may, in its sole discretion, subject to DEP providing all reasonable assistance to obtain all necessary approvals from the applicable government authorities to engage in the medical marijuana dispensary business, elect to convert all of the outstanding indebtedness into preferred units of CCG equal to 40% of the overall member units of CCG, subject to approval of the Arkansas Medical Marijuana Commission, with the following preferred rights: (i) the right to an allocative share of 66.67% of the net profits of CCG (as defined in the Convertible Loan Agreement) and the right to distributions equal to 66.67% of the net profits on a monthly basis; (ii) the right to a 66.67% share of CCG's assets upon dissolution of CCG; and (iii) the right to 66.67% of all voting rights of members of CCG.

Pursuant to the Management Agreement, NMG has agreed to provide operations and management services to CCG, (including management, staffing, operations administration, oversight and other related services), in relation to CCG's retail facility located in West Memphis, Arkansas. In consideration for such services, commencing on the effective date (March 15, 2019), CCG has agreed to pay NMG a monthly management fee in the amount equal to 66.67% of the Monthly Net Profits (as defined below) of CCG for the immediately-preceding month, all as determined in a manner mutually agreeable to NMG and CCG. Notwithstanding the foregoing, in the event that DEP exercises its conversion right under the Convertible Loan Agreement, then NMG's monthly management fee shall be fixed at $6,000.00 per month, unless otherwise agreed by the parties in writing. For purposes of the Management Agreement, "Monthly Net Profits" means, for each calendar month, an amount equal to CCG's gross revenue for such calendar month less CCG's operating expenses (including all applicable expenses as set out under Section 2 of the Management Agreement, cost of goods sold, interest, and tax for said month), as reasonably determined in accordance with generally accepted accounting principles. The remaining 33.33% of the Monthly Net Profits is to be paid to CCG, which it, in its sole discretion, may distribute to its owners.

Acquisition of NMG Ohio LLC

At the time we acquired NMG, it already owned a 30% interest in NMG Ohio, LLC ("**NMG Ohio**"). On or around June 7, 2018, NMG Ohio was notified by the State of Ohio that it was awarded a medical cannabis dispensary license and a provisional production license. NMG Ohio has a cannabis dispensary carrying on business as "The Clubhouse" in Elyria, Loraine County, Ohio. On January 31, 2019, we through NMG entered into a definitive agreement to acquire the remaining 70% interest in NMG Ohio. The consideration for the remaining 70% interest in NMG Ohio is to consist of cash payments totaling $1,575,000 and 3,173,864 common shares of the Company. As at the date hereof, we have issued 2,380,398 of the 3,173,864 common shares with a fair value of $1,448,805, and paid $1,181,250. Closing of the acquisition remains subject to receipt of regulatory approval.

Strategic Investment and Commercial Advisory Agreements with Australis Capital Inc.

On October 30, 2018, we entered into a strategic investment agreement (the "**Investment Agreement**") with Australis Capital Inc. ("**Australis**"), an Alberta corporation that has its common shares listed on the Canadian Securities Exchange (the "**CSE**"), whereby Australis agreed to acquire:

(a) 16,000,000 units of our Company, with each unit being comprised of one share of our common stock and one common share purchase warrant at a purchase price of CAD$0.40 per unit, for gross proceeds of CAD$6,400,000; and

(b) CAD$1,600,000 principal amount 8% unsecured convertible debentures (the "**Debentures**") of our Company having a maturity date of two years from the date of issue. The Debentures are convertible at the option of Australis into common shares of our Company at a conversion price equal to CAD$0.55 per common share up to the maturity date, subject to adjustment and acceleration in certain circumstances. If, at any time prior to the maturity date, the closing price of our common shares on the CSE (or such other stock exchange on which our common shares are then listed) is equal to or greater than CAD$1.65 for 20 consecutive trading days, our Company may force the conversion of the then outstanding principal amount of the debentures (and any accrued and unpaid interest thereon) at the then applicable conversion price on not less than 10 business days' notice to Australis. On July 1, 2019, we entered into a conversion agreement with Australis, whereby Australis has agreed to convert the Debenture on July 1, 2020. Upon execution of the conversion agreement, we remitted CAD$148,339.72 to Australis as an advanced interest payment for the period from November 2, 2018 to July 1, 2020. Upon conversion of the Debenture, Australis will receive 2,909,091 Common Shares of our Company, to be issued at a deemed valued of CAD$0.55 per Common Share.

Pursuant to the Investment Agreement, we entered into a commercial advisory agreement (the "**Commercial Advisory Agreement**") with Australis Capital (Nevada) Inc. ("**Australis Nevada**"), a wholly-owned subsidiary of Australis, pursuant to which Australis Nevada has agreed to provide advisory and consulting services to our Company for a fee of $10,000 per month payable on the first day of each month for a term ending on the date that is the earlier of (i) five years following the closing of the transactions contemplated by the Investment Agreement, and (ii) the date Australis no longer holds 10% or more of our Company's issued and outstanding common shares.

Pursuant to the terms of the Investment Agreement and subject to certain exceptions, Australis will be entitled to maintain its pro rata ownership interest the Company until such time as it no longer holds 10% or more of our Company's issued and outstanding common shares.

Pursuant to the terms of the Investment Agreement and subject to applicable laws and the rules of the CSE, for as long as Australis owns at least 10% of our issued and outstanding common shares, Australis will be entitled to nominate one director for election to our Board of Directors of the Company. If Australis exercises all of its warrants and converts all of its debentures, Australis will be entitled to nominate a second director for election to our Board of Directors. Further, for as long as Australis maintains ownership of at least 25% of our issued and outstanding common shares, Australis will be entitled to maintain two directors on our Board of Directors, provided that each director nominee must meet the requirements of applicable corporate, securities and other laws and rules of the CSE. Mr. Scott Dowty, Chief Executive Officer and a director of Australis, was initially appointed as a director of our Company to replace then-existing board member Chris Macleod, upon closing of Australis's strategic investment under the Investment Agreement on November 2, 2018, however, on October 16, 2019, Brent Reuter replaced Mr. Dowty as Australis' nominee on our Board of Directors as Mr. Dowty resigned.

With respect to the proceeds from the financing, the Investment Agreement directed that the proceeds will only be used by our Company as follows, unless otherwise agreed to in writing by Australis:

(a) a maximum of CAD$400,000 to pay outstanding accounts payable, of which only CAD$300,000 was allowed to be used to pay an advisory fee to Canaccord Genuity Corp.;

(b) $1,175,000 was used by our Company as partial payment of promissory notes held by certain creditors, of which a balance of $1,000,000 remained owing to the creditors after application of the partial payments;

(c) $1,925,000 will be used by our Company for strategic acquisitions and/or investment opportunities within the State of Ohio;

(d) $1,650,000 will be allocated to the development, build out and equipment purchases for NMG Ohio's dispensary and/or production facility, unless the parties agree to allocate the funds to the development of our Company's production facility in Nevada;

(e) $600,000 will be applied by our Company purchase trim from third parties; and

(f) the balance of the proceeds will be allocated towards the working capital of the Company.

Transaction and Settlement with Green Light District Holdings Inc. – ShowGrow Long Beach and San Diego

<u>Prior Agreement with Green Light District Holdings Inc.</u>

On November 28, 2018, we entered into an interim agreement (the "**Prior GLDH Agreement**") with Green Light District Holdings Inc. ("**GLDH**"), a private company incorporated under the laws of Delaware, and David Barakett, whereby our Company agreed to acquire up to 100% of the issued and outstanding common shares of GLDH. We concurrently made a strategic investment in a senior secured convertible note issued by GLDH in the principal amount of $5,200,000 (the "**Prior GLDH Note**"), bearing interest at the rate of 20% per annum and maturing on November 28, 2020.

GLDH is the owner of the ShowGrow dispensary brand, and owner of:

(a) the ShowGrow Long Beach dispensary,

(b) 43% of the equity interest and 60% of the voting rights in the ShowGrow San Diego dispensary, and

(c) 30% of the equity interest in the ShowGrow Las Vegas dispensary.

GLDH is also the owner of the ShowGrow app. The dispensaries are in various stages of licensing: Long Beach has a medical and adult use commercial license, San Diego has a medical commercial cannabis retail conditional use permit, and Las Vegas has a recreational license. GLDH focuses on building dispensaries in high volume locations.

In order to fund our Company's original investment in GLDH, Australis advanced a $4,000,000 loan which is evidenced by a senior secured note dated November 28, 2018, bearing an interest rate of 15% per annum and maturing in two years. The terms require semi-annual interest payments unless we elect to accrue the interest by adding it to the principal amount of the debt facility. We may prepay the loan at any time, in any amount, subject to a 5% prepayment penalty on any amount repaid within the first year of the loan. Additionally, on November 30, 2018, Australis exercised $1.2 million in warrants they held in our Company at an exercise price of CAD$0.50, which equated to 3,206,160 common shares.

We paid a financing fee to Australis in the approximate amount of CAD$795,660, by issuing 1,105,083 common shares of our Company at a deemed price of CAD$0.72 per share. We also paid a financial advisory fee of CAD$150,000 in cash.

Original Settlement and Release Agreement

On June 19, 2019, our Company, our indirect wholly-owned subsidiary, NMG Long Beach, LLC ("**NMG Long Beach**"), and our 60% owned subsidiary, NMG San Diego, LLC ("**NMG San Diego**"), entered into a settlement agreement (the "**Original GLDH Settlement Agreement**") with GLDH, The Airport Collective, Inc. ("**Airport Collective**"), Mr. Barakett, and SGSD, LLC ("**SGSD**"). SGSD was the commercial tenant at 7625 Carroll Road, San Diego, California 92121 (the "**San Diego Location**").

Pursuant to the Original GLDH Settlement Agreement, our Company, GLDH, and Mr. Barakett agreed to restructure the Prior GLDH Agreement, and enter into a mutual release of all claims related to the Prior GLDH Agreement.

In connection with the settlement, (a) SGSD agreed to assign its lease for the San Diego Location to NMG San Diego, and (b) GLDH, Airport Collective and NMG Long Beach have entered into an asset purchase agreement dated June 19, 2019 (the "**Asset Purchase Agreement**"), pursuant to which NMG Long Beach has agreed to purchase all of the assets of GLDH and Airport Collective utilized in the medical and adult-use commercial cannabis retail business at 3411 E. Anaheim St., Long Beach, CA 90804 (the "**Long Beach Location**").

Amended and Restated Settlement and Release Agreement

On June 28, 2019, our Company, NMG Long Beach, NMG San Diego, GLDH, Airport Collective, Mr. Barakett, and SGSD entered into an amended and restated settlement and release agreement (the "**Amended GLDH Settlement Agreement**") which supersedes and replaces the Original GLDH Settlement Agreement. Pursuant to the Amended GLDH Settlement Agreement, the parties agreed as follows:

i. GLDH, Airport Collective, and Mr. Barakett have agreed to release our Company from all claims related to the Prior GLDH Agreement upon closing of the Asset Purchase Agreement in consideration of the following:

   A. our Company will pay Mr. Barakett or his designee USD$750,000 by issuing Common Shares at a price of CAD$0.7439 per share, with the number of shares being calculated with reference to a negotiated CAD/USD exchange rate of CAD1.3296:USD$1.00 (the "**Agreed Foreign Exchange Rate**"), for a total possible issuance of 1,340,502 Common Shares; such issuance is contingent on NMG San Diego receiving all licenses, permits, and authorizations required for NMG San Diego to conduct medical commercial cannabis retail operations at the San Diego Location (the "**SD Medical Licenses**");

   B. our Company will pay Mr. Barakett or his designee USD$750,000 by issuing Common Shares at a price of CAD$0.7439 per share, with the number of shares being calculated with reference to the Agreed Foreign Exchange Rate for a total possible issuance of 1,340,502 Common Shares; such issuance is contingent on NMG San Diego receiving all licenses, permits, and authorizations required for NMG San Diego to conduct adult-use commercial cannabis retail operations at the San Diego Location (the "**SD Adult-use Licenses**"); and

   C. our Company will pay certain legal and consulting expenses incurred by GLDH, Airport Collective and Barakett in an aggregate amount of US$90,500; and

ii. SGSD agreed to assign its lease for the San Diego Location to NMG San Diego, and to release our Company, NMG Long Beach and NMG San Diego from any and all claims, in consideration of the payment by our Company of a total of USD$500,000 to SGSD's members, to be paid and satisfied by the issuance of Common Shares to them at the maximum discount allowed by the CSE.

NMG San Diego is owned 60% by the Company's subsidiary, DEP Nevada, Inc. and 40% by SJJR, LLC ("**SJJR**"). Mr. Barakett has agreed to cover SJJR's portion of all start-up costs associated with NMG San Diego establishing commercial cannabis operations at the San Diego Location, inclusive of: (i) the costs associated with becoming a tenant at the San Diego Location; and (ii) all construction costs associated with building out the San Diego Location for NMG San Diego's operations. The share consideration payable to Mr. Barakett under the Amended GLDH Settlement Agreement is subject to reduction if Mr. Barakett fails to meet this obligation on a timely basis.

NMG San Diego, which has now assumed the lease on the ShowGrow San Diego premises, has applied for its own medical commercial cannabis retail license and adult-use commercial retail license, and is currently proceeding with construction associated with the build out of the San Diego premises to start operations in the near future. In consideration for the landlord, Green Road, LLC, agreeing to consent to the assignment of the original lease with SGSD to NGM San Diego, we agreed to provide the following consideration to the landlord:

i. $700,000 in Common Shares of the Company calculated upon execution of the assignment and first amendment to commercial lease (the "**Assignment and First Amendment**"), dated June 13, 2019, at the maximum discount allowed by the CSE to be issued to the landlord immediately following execution of the Assignment and First Amendment;

ii. $783,765.26 in cash to be paid to the landlord via bank draft within five (5) business days of execution of the Assignment and First Amendment; and

iii. $750,000 in cash, plus interest at the rate of five percent (5%) simple per annum accruing from the effective date to be paid no later than five (5) business days of the landlord's receipt from the City of San Diego of a Conditional Use Permit allowing adult-use commercial cannabis storefront retail operations at the San Diego Location.

Pursuant to the Assignment and First Amendment, the parties agreed to amend the original lease to permit NMG San Diego to have three (3) five (5) year renewal options as opposed to two (2) renewal options. In addition, the parties agreed to reduce the amount of the sale bonus provision in the original lease to $1,000,000 from $2,000,000, which shall only be payable in connection with the first two assignments triggering this obligation, and thereafter, assignments will not require payment of a sale bonus. Furthermore, the parties also amended certain provisions of the original lease to ensure that any change in members representing less than fifty percent (50%) of the existing membership interests of NMG San Diego shall be an excluded transaction and not trigger the sale bonus or be deemed an assignment requiring consent of the landlord

If NMG San Diego is unable, through no fault of the GLDH, Airport Collective or Mr. Barakett, to receive its medical commercial cannabis retail license or its adult-use commercial cannabis retail license at the San Diego Location in accordance with the terms and conditions of the Amended Settlement Agreement, NMG San Diego and our Company will utilize best efforts to negotiate in good faith an amendment to the Amended Settlement Agreement satisfactory to all of the parties.

Amended and Restated Convertible Note and General Security Agreement

As contemplated by the Original GLDH Settlement Agreement, our Company and GLDH entered into a loan agreement dated June 19, 2019 (the "**2019 GLDH Loan Agreement**"), pursuant to which the Prior GLDH Note has been superseded and replaced with an amended and restated senior secured convertible note payable to the Company by GLDH in the principal amount of $5,200,000 (the "**Amended and Restated GLDH Note**"). The Amended and Restated GLDH Note bears interest at the rate of 20% per annum, compounded annually, and will mature and become repayable on June 19, 2022. GLDH's obligations under 2019 GLDH Loan Agreement and the Amended and Restated GLDH Note have been guaranteed by Airport Collective, and are secured under a security agreement dated June 19, 2019 by all of GLDH's and Airport Collective's personal property, including but not limited to equipment, inventory, accounts receivable, cash or cash equivalents, and rights under contracts.

Asset Purchase Agreement

Pursuant to the Asset Purchase Agreement, NMG Long Beach has agreed to purchase all of GLDH's and Airport Collective's assets (the " **Purchased Assets**") utilized in the retail cannabis business at the Long Beach Location for $6,700,000. Upon closing of the transaction, the outstanding principal amount under the Amended and Restated GLDH Note will be applied to the purchase price, and Airport Collective will be released from its obligations as a guarantor of the GLDH's obligations under the Amended and Restated GLDH Note.

The Company will pay the balance of the purchase price for the Purchased Assets by issuing up to 2,681,006 shares of common stock, to be issued at a deemed issue price of CAD$.0.7439 each; the number of shares required to pay and satisfy the balance of the purchase price for the Purchased Assets in the amount of $1,500,000 was determined with reference to the Agreed Foreign Exchange Rate of CAD$1.3296:USD$1.00. The purchase price – and therefore the amount of the share consideration - remains subject to reduction with reference to the liabilities of the business that will be outstanding on the closing date.

Trademark and Technology License and Services Agreement

In connection with the Asset Purchase Agreement, our Company, and its affiliates and subsidiaries, will license certain intellectual property from Green Light District Management, LLC ("**GLDM**"), a Delaware limited liability company, and GLDH. The licenses consist of:

(a) a perpetual license to utilize operational intellectual property, consisting of customer data, sales data, customer outreach strategies standard operating procedures, and other proprietary operational intellectual property; and

(b) a two-year license to utilize intellectual property such as trademarks and branding (the "**Branding IP**").

As consideration for the licenses, we have agreed to utilize the Branding IP until June 19, 2021 at the Long Beach Location, and at the San Diego Location for a period of two years from operations commencing at that location. Additionally, we have agreed to pay GLDM and GLDH 3% of gross receipts from sales at the Long Beach Location on a monthly basis for only the first twelve months of the term of the license agreement. We have agreed that, throughout the term of the license agreement, we will purchase all products and merchandise bearing the "ShowGrow" brand exclusively from GLDM. GLDM has agreed that it shall not itself utilize, nor allow any third-party to utilize, the Branding IP within a five mile radius of the Long Beach Location. GLDM has also agreed to provide certain services to our Company throughout the term of the license agreement.

Contemporaneous Loan

Our Company and GLDH have also entered into a contemporaneous loan (the "**Contemporaneous Loan**") in the amount of $726,720.00 to fund certain business improvements and expansion needs of GLDH's business operations. The Company and NMG Long Beach have agreed to forgive the Contemporaneous Loan on the date of closing of the Asset Purchase Agreement.

The closing under the Asset Purchase Agreement will not take place until NMG Long Beach has acquired local and state commercial cannabis licenses to conduct medical and adult-use commercial cannabis retail operations at the Long Beach Location. In the meantime, the parties have entered into a Management Assignment and Assumption Agreement, pursuant to which NMG Long Beach has assumed all management and control of the business operations at the Long Beach Location.

Management Assignment and Assumption Agreement

On or around August 1, 2019, NMG Long Beach began managing the ShowGrow Long Beach business pursuant to the management assignment and assumption agreement dated June 19, 2019, among NMG Long Beach, GLDH and Airport Collective. Under the agreement, NMG Long Beach is entitled to manage the business and recognize the profits from the business until NMG Long Beach receives its own commercial cannabis licenses and purchases the Purchased Assets in accordance with the terms and conditions of the Asset Purchase Agreement.

Barakett Consulting Agreement

In connection with the Asset Purchase Agreement, NMG Long Beach and Mr. Barakett entered into a consulting agreement, dated June 19, 2019 (the "**Consulting Agreement**"), whereby NMG Long Beach has agreed to engage Mr. Barakett to provide certain consulting and advisory services in connection with running the business at the Long Beach Location and the San Diego Location.

The Consulting Agreement is for a term of five months and NMG Long Beach has agreed to pay Mr. Barakett a total of $200,000 in consideration for his services to be provided, with US$50,000 having been paid upon execution of the Consulting Agreement, and US$30,000 being payable on each of one month, two months, three months, four months and five months following the initial payment. In addition, NMG Long Beach has agreed to reimburse Mr. Barakett upon presentation of invoices for reasonable expenses which may be pre-authorized by NMG Long Beach from time to time.

Management and Administrative Services Agreement with Satellites Dip, LLC

On June 6, 2019, our Company, acting through our California subsidiary, NMG Cathedral City, LLC (" **NMGCC**") entered into a management and administrative services agreement (the "**California Management Agreement**") with Satellites Dip, LLC, a California limited liability company ("**SD**") that is licensed to carry on commercial cannabis distribution and manufacturing operations within the state of California. Under the California Management Agreement, NMGCC has agreed to provide certain management and administrative services to SD, which may include, without limitation, the following: (i) management of operations; (ii) inventory management; (iii) equipment and physical plant maintenance; (iv) regulatory compliance; (v) payroll; (vi) human resources services; (vii) marketing services; (viii) information technology services; (ix) coordination of legal services; (x) coordination of tax services; (xi) coordination of accounting services; (xii) security services; (xiii) controlling the operating budget; (xiv) facility inspections; (xv) maintenance of detailed records and accounts related to SD's business, and identification and tracking of key performance indicators; and (xvi) such other activities that NMGCC or SD determines in its reasonable judgment are necessary or desirable for the day-to-day operation or management of SD's business. In consideration of such services, NMGCC will be paid a management fee equal to the greater of: (a) 30% of net profits (as such term is defined in the California Management Agreement); and (b) $10,000 per month.

The initial term of the California Management Agreement will expire on June 6, 2020. The California Management Agreement may not be terminated prior to the expiry of the initial term, except in the case of a material breach that cannot reasonably be cured or remains uncured for 30 days after the non-breaching party provides written notice of the breach to the breaching party. Either party may, at least 30 days prior to the expiration of the initial term, provide notice in writing to the other party that it intends to renew the California Management Agreement for an additional one year term, but any such renewal will be subject to mutual agreement.

In addition, NMGCC agreed to broker commercial arrangements between SD and third-party cannabis brand owners, with the view to securing licenses for use in SD's business. In particular, NMGCC agreed: (a) that, within 30 days of the effective date of the California Management Agreement, it would arrange for its affiliate company, NMG, to license certain trademarks and other intellectual property to SD for use relation to cannabis products to be manufactured by SD (the "**Branded Products**") on terms at least as favorable as the most favored licensee; (b) to use good faith efforts to establish similar license agreements with third-party cannabis brand owners; and (c) to use good faith efforts to assist SD in the development of SD branded products in the event SD decides to create its own brand(s).

NMGCC has furnished equipment and machinery necessary for the manufacture of the Branded Products by SD. As contemplated by the California Management Agreement, NMGCC has leased such equipment and machinery to SD pursuant to an Equipment Lease Agreement between the parties dated June 6, 2019. The initial term of the Equipment Lease Agreement will expire on June 6, 2020. Either party may, at least 30 days prior to the expiration of the initial term, provide notice in writing to the other party that it intends to renew the Equipment Agreement for an additional one-year term, but any such renewal will be subject to mutual agreement. It is the intent of the parties that the monthly rent payable under the Equipment Lease Agreement be completely net to NMGCC, such that NMGCC will not be liable for any costs or expenses of any nature whatsoever relating to the equipment or any improvements to the equipment, or use of the equipment. SD is solely responsible for any such costs, charges, expenses, and outlays, including taxes, maintenance, and repairs.

On September 12, 2019, our Company announced that SD's Cathedral City facility has begun shipping certain Body and Mind products, following upon receipt of final testing and California packaging compliance certifications for such products. Initial product introductions include Lemon Brulee and Lemon Kush live resin sugar, Purple Punch blunts and Purple Punch pre-rolls. Live resin sugar is a concentrate, created using material that is fresh-frozen immediately upon harvesting.

In conjunction with entering into the California Management Agreement, the Company through NMGCC entered into a loan and security agreement dated June 6, 2019, whereby NMGCC has loaned SD US$250,000 to fund the property and business improvements and expansion needs of SD's business operations. The loan will become due and payable on June 6, 2020, subject to extension by mutual agreement between the parties, and will bear interest at a rate of 12% per annum. Interest will accrue and be compounded quarterly, and will be payable by SD upon maturity of the loan. SD may prepay, in whole or in part, all or any portion of the principal amount and accrued interest on the loan without being subject to any pre-payment penalty. The loan is evidenced by a promissory note, and the performance of SD of its obligations under the loan agreement and the promissory note are secured pursuant to a security agreement.

Settlement and Release Agreement

On November 30, 2019, we through NMGCC entered into a settlement and release agreement (the "**Settlement Agreement**") with SD whereby NMGCC and SD agreed to terminate the California Management Agreement and to enter into a mutual release of any and all claims related to the California Management Agreement, subject to the terms of the Settlement Agreement.

As of November 30, 2019, SD owed NMGCC management fees (the "**Monies Owed**") under the California Management Agreement. In consideration of NMGCC's discharge of the Monies Owed, SD has agreed to pay NMGCC one-hundred percent (100%) of all proceeds received from the sale of all or any part of its inventory (the "**Inventory**") as of November 1, 2019. Pursuant to the Settlement Agreement, SD shall provide monthly updates of the remaining Inventory until the Inventory has been fully exhausted. NMGCC will determine the sale price for any item in Inventory subject to the Settlement Agreement.

As part of the Settlement Agreement, each of SDL and NMG mutually agree to release and discharge the other from any and all claims arising from the California Management Agreement on or before November 30, 2019.

Brand Director Agreement

On November 30, 2019, NMGCC entered into a brand director agreement (the "**Brand Director Agreement**") with SD. Pursuant to the Brand Director Agreement, SD has engaged NMGCC to provide certain advisory and brand director services in connection with SD's manufacture of Company-branded products, as well as certain other products (the "**Managed Products**") as agreed to by NMGCC (the "**Brand Director Services**"). The initial term of the Brand Director Agreement is six months and the parties may renew the Brand Director Agreement for successive three-month renewal periods.

The Brand Director Services include: (a) managing SD's production of the Managed Products; (b) payment of a reimbursement fee to SD equal to the amount of direct costs and direct taxes applicable to the Managed Products; (c) managing inventory of the Managed Products; and (d) directing SD to enter into distribution agreements and sale agreements with third-party commercial cannabis licensees for the distribution and sale of the Managed Products in accordance with applicable law. Pursuant to the Brand Director Agreement, NMGCC will pay a monthly fee (the "**Contribution Fee**") of $5,000 to SD. In connection with the Brand Director Agreement, as partial repayment for the principal and interest accrued under a certain loan agreement (the "**Loan Agreement**") between NMGCC and SD dated June 6, 2019, SD waives payment of the Contribution Fee for the first five (5) months of the Brand Direction Agreement.

In consideration for the Brand Director Services, SD (as the "**Licensee**") has agreed to pay NMGCC (in its capacity as the "**Brand Director**") a brand director fee for each calendar month during the term of the Brand Director Agreement, whereby Licensee shall pay to Brand Director a fee to be calculated as follows: (x) net revenue for a single calendar month, multiplied by, (y) seventy-five percent (75%); (z) plus any fees to be paid to NMGCC in connection with the equipment lease agreement (the "**Equipment Lease Agreement**") dated June 6, 2019 (the "**Equipment Lease Fee**") added to the product of (x) and (y), the (q) total amount shall be the fee paid to NMGCC. If the net revenue, minus the product of (x) and (y) is less than the Equipment Lease Fee in any given month, the difference shall carry over to the subsequent month, to be added to that month's Equipment Lease Fee, or the difference may be paid by Licensee at its sole option.

Brand License Agreement

On November 30, 2019, DEP entered into a brand license agreement (the "**License Agreement**") with SD. Pursuant to the License Agreement, DEP granted SD a non-exclusive, non-transferable, and non-sub-licensable right (the "**License**") to use certain licensed marks in connection with or on licensed products, solely in connection with SD's commercial cannabis activity in California. In consideration for the License, SD will pay DEP a monthly fee equal to $100, payable on a quarterly basis.

During the term of the License Agreement, SD must remain in compliance with all state and local cannabis rules and regulations in California, and maintain valid commercial cannabis licenses. SD will follow the guidance of DEP and only utilize packaging and labelling materials purchased from (or at the direction of) DEP. The License Agreement will be in full force and effect for the duration of the Brand Director Agreement.

Equipment Purchase Agreement

On November 30, 2019, NMGCC and SD entered into an equipment purchase agreement (the "**Equipment Purchase Agreement**") pursuant to which NMGCC agreed to purchase certain equipment (the "**Equipment**") from SD. The aggregate purchase price for the Equipment is $235,684.93 and will be applied to the outstanding balance under the Loan Agreement.

First Amendment to the Equipment Lease Agreement

On November 30, 2019, NMGCC and SD entered into an amendment (the "**First Amendment**") to the Equipment Lease Agreement. Pursuant to the First Amendment, NMGCC and SD amended (i) the term of the Equipment Lease Agreement to be coterminous with the Brand Director Agreement; and (ii) to update the equipment being leased pursuant to the Equipment Lease Agreement and to update the monthly rental rate for the equipment being leased.

Release & Satisfaction of Loan Agreement

On November 30, 2019, NMGCC and SD entered into a release and satisfaction of loan agreement (the "**Release Agreement**"). Pursuant to the Release Agreement, NMGCC agreed that all indebtedness of SD to NMGCC arising from the Loan Agreement (and promissory note issued in connection with the Loan Agreement) is hereby satisfied and discharged in full. The release is granted based on SD's obligations and duties pursuant to the Equipment Purchase Agreement and its five (5) month waiver of the Contribution Fee under the Brand Director Agreement.

Conditional Use Permit for Nevada Production Facility

On June 20, 2019, we announced the receipt of a conditional use permit from Clark County, Nevada, for a new production facility located within one mile of NMG's existing cultivation facility located at 3375 Pepper Lane, in Las Vegas. The new facility will be located within an existing commercial building where our Company has secured a long-term lease. Architect plans are complete, and the space has been custom designed to produce edibles, oils and extracts at scale. The new facility will be approximately 7,500 square feet, and construction commenced in late July. The new facility plans include high-volume extraction equipment, which we expect will dramatically increase our manufacturing capacity and efficiency for our extraction products, including oils, wax, live resin and ambrosia. The new facility also expands the kitchen area and creates an opportunity for the Company to white label for brands seeking an entry to the Nevada market. The new production facility was anticipated to be operational in mid to late September 2019, pending license transfer approvals from local and state authorities. Substantial construction work has been advanced including completion of offices, boardroom and facilities which are being utilized by the Company. In addition, significant electrical, framing and HVAC work is complete and waiting for formal permitting and inspections required by the Clark County building department. Final inspections and permits are required prior to receiving license transfer approvals from local and state authorities. We plan to move our current production license eliminating the need to apply for a new license.

Results of Operations for the three month periods ended January 31, 2020 and 2019:

The following table sets forth our results of operations for the three month periods ended January 31, 2020 and 2019:

	January 31, 2020 $	**January 31, 2019 $**
Sales, net of taxes	1,215,890	1,079,818
Cost of Sales	(686,691)	(575,948)
Gross Margin	529,199	503,870
General and Administrative Expenses	(1,812,866)	(1,917,758)
Foreign Currency Translation Adjustment	(103,440)	(120,725)
Comprehensive Income (Loss)	(1,338,792)	(1,884,404)
Basic and Diluted Earnings (Loss) Per Share	(0.01)	(0.03)

Revenues

For the three month period ended January 31, 2020 we had total net sales of $1,215,890 and cost of sales of $686,691 for a gross margin of $529,199 compared total net sales of $1,079,818 and cost of sales of $575,948 for a gross margin of $503,870 in the three month period ended January 31, 2019. During the three months ended January 31, 2020, the Company recorded product sales as follows:

Revenues – By Product	**Three months ended January 31, 2020 $**	**%**
Flower	1,286,109	81.8 %
Concentrates	217,154	13.8 %
Edibles	69,021	4.4 %
Total	1,572,284	

The Company's revenue generating products, being flower, concentrates, edibles, are expected to have relatively consistent revenues for the foreseeable future.

Operating Expenses

For the three month period ended January 31, 2020, operating expenses totaled $1,812,866 compared with $1,917,758 for the three month period ended January 31, 2019. A significant reason for the decrease in operating expenses between the periods related to a decrease in non-cash stock-based compensation from $870,808 to $369,437. The decrease is partially offset by an increased consulting fees from $107,687 to $135,953 as a result of various ongoing acquisitions and expansions. The Company adopted ASC 842, Lease Accounting, and presented lease expense of $54,926 on the income statement related to the two leases in Nevada, USA. The Company's office administration and salaries and wages increased considerably as a result of increased operations in Nevada as well as the total number of employees under payroll.

Other Items

During the three month period ended January 31, 2020, our other items accounted for $48,315 in income as compared to $250,397 in expenses for the three month period ended January 31, 2019. The significant components in other items primarily relates to the Company's proportion of income on equity investee in NMG Ohio LLC of $103,899 (2019 – loss of $23,939), interest income on the secured convertible note related to the investment in GLDH and convertible loan receivable from CCG in the amount of $278,688 (2019 - $Nil) and an interest expense of $131,850 (2019 - $202,065) relating to the convertible loan held by Australis that will be converted on July 1, 2020. On November 30, 2019, the Company entered into a settlement and release agreement with SD resulting a loss of $239,328 (2019 - $Nil).

Net Loss

Net loss for the quarter ended January 31, 2020 totaled $1,235,352 compared with a net loss of $1,763,679 for the quarter ended January 31, 2019. The decrease in net loss of $528,327 is largely due to the decrease in operating expenses as discussed above

Other Comprehensive Income (Loss)

We recorded translation adjustments loss of $103,440 and $120,725 for the three months ended January 31, 2020 and 2019, respectively. The amounts are included in the statement of operations as other comprehensive gain for the respective periods.

Results of Operations for the six month periods ended January 31, 2020 and 2019:

The following table sets forth our results of operations for the six month periods ended January 31, 2020 and 2019:

	January 31, 2020 $	January 31, 2019 $
Sales, net of taxes	2,458,992	2,274,377
Cost of Sales	(1,609,664)	(1,313,569)
Gross Margin	849,328	960,808
General and Administrative Expenses	(3,455,523)	(2,383,809)
Foreign Currency Translation Adjustment	15,753	(26,314)
Comprehensive Income (Loss)	(2,116,396)	(2,001,788)
Basic and Diluted Earnings (Loss) Per Share	(0.02)	(0.03)

Revenues

For the six month period ended January 31, 2020 we had total net sales of $2,458,992 and cost of sales of $1,609,664 for a gross margin of $849,328 compared total net sales of $2,274,377 and cost of sales of $1,313,569 for a gross margin of $960,808 in the six month period ended January 31, 2019. During the six months ended January 31, 2020, the Company recorded product sales as follows:

Revenues – By Product	**Three months ended January 31, 2020 $**	**%**
Flower	2,336,175	77.5 %
Concentrates	521,110	17.3 %
Edibles	156,625	5.2 %
Total	3,013,910	

The Company's revenue generating products, being flower, concentrates, edibles, are expected to have relatively consistent revenues for the foreseeable future.

Operating Expenses

For the six month period ended January 31, 2020, operating expenses totaled $3,455,523 compared with $2,383,809 for the six month period ended January 31, 2019. A significant reason for the increase in operating expenses between the periods related to increased consulting fees from $110,287 to $356,180 as a result of various ongoing acquisitions and expansions. The Company adopted ASC 842, Lease Accounting, and presented lease expense of $111,630 on the income statement related to the two leases in Nevada, USA. The Company's office administration and salaries and wages increased considerably as a result of increased operations in Nevada as well as the total number of employees under payroll. The Company also recorded a non-cash stock-based compensation of $659,015 related to August 2019, October 2019 and January 2020 options granted to certain officers, directors, employees and/or consultants of the Company.

Other Items

During the six month period ended January 31, 2020, our other items accounted for $474,046 in income as compared to $329,525 in expenses for the three month period ended January 31, 2019. The significant components in other items primarily relates to the Company's proportion of income on equity investee in NMG Ohio LLC of $191,550 (2019 – loss of $31,559), interest income on the secured convertible note related to the investment in GLDH and convertible loan receivable from CCG in the amount of $556,688 (2019 - $Nil), and interest expense of $131,850 related to the convertible loan held by Australis that will be converted to common shares on July 1, 2020. On November 30, 2019, the Company entered into a settlement and release agreement with SD resulting a loss of $239,328 (2019 - $Nil).

Net Loss

Net loss for the six months ended January 31, 2020 totaled $2,132,149 compared with a net loss of $1,975,474 for the six months ended January 31, 2019. The decrease in net loss of $156,675 is largely due to the increase in other income as discussed above.

Other Comprehensive Income (Loss)

We recorded translation adjustments gain of $15,422 and a loss of $26,314 for the six months ended January 31, 2020 and 2019, respectively. The amounts are included in the statement of operations as other comprehensive gain for the respective periods.

Liquidity and Capital Resources

The following table sets out our cash and working capital as of January 31, 2020:

	As of January 31, 2020
	(unaudited)
Cash reserves	$ 3,374,079
Working capital	$ 5,443,575

On May 17, 2019, the Company closed a private placement of 11,780,904 units at a price of $0.93 (CAD$1.25) per unit for aggregate gross proceeds of $10,956,241 (CAD$14,726,130). Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of CAD$1.50 for a period of 48 months following the closing date, subject to adjustment in certain events. The agents received a cash commission of $589,499 (CAD$793,938). The agents also received as additional consideration 635,150 non-transferable broker warrants. Each broker warrant entitles the holder to acquire one unit at an exercise price of CAD$1.25 per unit for a period of 48 months following the closing date. A corporate finance fee of $63,774 (CAD $84,750) was also paid.

On May 28, 2019, the Company issued 12,793,840 common shares upon exercise of 12,793,840 warrants by Australis at a price of CAD$0.50 per common share for aggregate proceeds of $4,733,721 (CAD$6,396,920). The proceeds were used, in part, to fully repay the outstanding senior secured note in the amount of $4,495,890 owing to Australis by the Company.

On July 16, 2019, the Company issued 7,333 common shares upon exercise of 7,333 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $5,057 (CAD$6,600).

On August 12, 2019, the Company issued 81,591 common shares upon exercise of 81,591 warrants at a price of CAD$0.66 per common share for aggregate proceeds of $40,765 (CAD$53,850).

On September 12, 2019, the Company issued 38,912 common shares upon exercise of 38,912 warrants at a price of CAD$0.66 per common share for aggregate proceeds of $19,450 (CAD$25,682).

On October 4, 2019, the Company issued 22,727 common shares upon exercise of 22,727 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $15,360 (CAD$20,454).

On November 14, 2019, the Company issued 22,485 common shares upon exercise of 22,485 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $15,291 (CAD$20,236).

Statement of Cash flows

During the six month period ended January 31, 2020, our net cash decreased by $5,630,637 (2019: increase of $2,393,902), which included net cash used in operating activities of $2,565,786 (2019: $915,104), net cash used in investing activities of $3,173,895 (2019: $6,510,559), net cash provided by financing activities of $90,840 (2019: $9,845,879) and effect of exchange rate changes on cash and cash equivalents of $18,204 (2019: ($26,314)).

Cash Flow used in Operating Activities

Cash flow used in operating activities totaled $2,565,786 and $915,104 during the six months ended January 31, 2020 and 2019, respectively. Significant changes in cash used in operating activities are outlined as follows:

- The Company incurred a net loss from operations of $2,132,149 during the six months ended January 31, 2020 compared to $1,975,474 in 2019. The net loss in 2020 included non-cash depreciation of $157,855 (2019: $141,901), accrued interest income of $520,000 (2019: $Nil), gain of equity investee of $191,550 (2019: loss of $31,559), loss on settlement with SD of $239,328 (2019: $Nil) and stock-based compensation of $659,015 (2019: $870,808).

The following non-cash items further adjusted the loss for the six months ended January 31, 2020 and 2019:

- Increase in amounts receivable and prepaid of $716,996 (2019: $125,748), increase in inventory of $131,841 (2019: $615,174), decrease in trade payables and accrued liabilities of $37,812 (2019: increase of $369,957), and decrease in due to related parties of $5,272 (2019: decrease of $45,489).

Cash Flow used in Investing Activities

During the six month period ended January 31, 2020, investing activities used cash of $3,173,895 compared to $6,510,559 during the three month period ended January 31, 2019. The change in cash used in investing activities from the six month period ended January 31, 2020 relates primarily to investment in Green Light District Holdings, Inc. of $1,285,960 (2019: $5,752,180), additional property and equipment of $802,471 (2019: $145,760), and loans provided to SD of $334,348 (2019: $Nil). The Company also provided a convertible loan of $842,085 (2019: $Nil) to CCG in Arkansas.

Cash Flow provided by Financing Activities

During the six month period ended January 31, 2020, financing activities provided cash of $90,840 compared to $9,845,879 during the six month period ended January 31, 2019. During the six month period ended January 31, 2020, the Company issued 165,715 common shares for proceeds of $90,840 related to the exercise of 165,715 warrants.

Trends and Uncertainties

Potential Impact of the COVID-19 Pandemic

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 12, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries, including the United States, Canada and China, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. COVID-19 may have a future material impact on our results of operation with respect to retail sales at our dispensary locations as well as wholesales of our products in Nevada to dispensaries in Nevada. However, significant uncertainty remains as to the potential impact of the COVID-19 pandemic on our operations, and on the global economy as a whole. It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. We do not yet know the full extent of any impact on our business or our operations, however, we will continue to monitor the COVID-19 situation closely, and intend to follow health and safety guidelines as they evolve.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements that would require disclosure.

Subsequent Events

On March 1, 2020, the Company issued 250,000 stock options with an exercise price of CAD$0.405 per share for a term of five years expiring on 1 March 2025. The options are subject to vesting provisions such that 25% of the options vest six months from the date of grant, 25% of the options vest twelve months from the date of grant, 25% of the options vest eighteen months from the date of grant and 25% of the options vest twenty-four months from the date of grant.

Critical Accounting Policies

Our financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements.

- Income taxes

  The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

- Foreign currency

  The Company determines the functional currency through an analysis of several indicators such as expenses and cash flows, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

- Fair value of financial instruments

  Management uses valuation techniques, in measuring the fair value of financial instruments, where active market quotes are not available.

  In applying the valuation techniques, management makes maximum use of market inputs wherever possible, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. Such estimates include liquidity risk, credit risk and volatility may vary from the actual results that would be achieved in an arm's length transaction at the reporting date.

  The assessment of the timing and extent of impairment of intangible assets involves both significant judgements by management about the current and future prospects for the intangible assets as well as estimates about the factors used to quantify the extent of any impairment that is recognized.

- Intellectual property

  The recoverability of the carrying value of the intellectual property is dependent on numerous factors. The carrying value of these assets is reviewed by management when events or circumstances indicate that its carrying value may not be recovered. If impairment is determined to exist, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount.

- Stock-based compensation

  The option pricing models require the input of highly subjective assumptions, particularly the expected stock price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss methodology, which will result in more timely recognition of credit losses. ASU 2016-13 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2019. The Company does not anticipate this amendment to have a significant impact on the financial statements.

In August 2018, the FASB issued ASU 2018-13, Disclosure Framework –Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820). ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

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

  Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk as it does not hold cash in excess of federally insured limits, with major financial institutions. Credit risk associated with the convertible loans receivable (including the investment in and advances to GLDH) arises from the possibility that the principal and/or interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationship. The Company is not currently exposed to any significant credit risk associated with its trade receivable.

- 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 $5,443,575 as at January 31, 2020.

- 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 Company is not exposed to interest rate risk as it does not hold financial instruments that will fluctuate in value due to changes in interest rates.

- Currency risk

  Currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk by incurring expenditures and holding assets denominated in currencies other than its functional currency. 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.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to us is made known to the officers who certify our financial reports and the Board.

Based on their evaluation as of January 31, 2020, our principal executive and principal financial and accounting officers have concluded that these disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of January 31, 2020 to provide reasonable assurance that information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in Securities and Exchange Commission rules and forms and that information required to be disclosed by us in our reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Change in Internal Control over Financial Reporting

For the quarter ended January 31, 2020, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceeding. We are not aware of any pending legal proceeding to which any of our officers, directors, affiliates or any beneficial holders of 5% or more of our voting securities are adverse to us or have a material interest adverse to us.

ITEM 1A. RISK FACTORS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On August 12, 2019, we issued an aggregate of 4,337,111 common shares to three individuals and one trust pursuant to the Amended Settlement Agreement dated June 28, 2019, the Asset Purchase Agreement dated June 19, 2019 and the Assignment and First Amendment dated June 13, 2019, whereby 624,380 common shares were issued to two individuals at a price of CAD$1.048 per share, 2,681,006 common shares were issued to one individual at a price of CAD$0.7439 and 1,031,725 common shares were issued to a trust at a price of CAD$0.904 per share. We relied upon the exemption from registration provided by Section 4(a)(2) under the U.S. Securities Act for the three individuals and one trust who are U.S. persons.

On August 12, 2019, we issued 81,591 common shares upon exercise of 81,591 warrants by an entity at a price of CAD$0.66 per common share for aggregate proceeds of $40,765 (CAD$53,850). We relied on the exemption from registration provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of such common shares as the securities were issued to the non-U.S. person through an offshore transaction which was negotiated and consummated outside of the United States.

On August 21, 2019, we granted 2,850,000 stock options in accordance with our stock option plan at an exercise price of CAD$0.88 per share for a five-year term expiring August 21, 2024. The options were granted to our current directors, officers, employees and consultants. We relied upon the exemption from registration under the Securities Act provided by Rule 903 of Regulation S for optionees who are non-U.S. persons and on the exemption from registration provided by Section 4(a)(2) under the U.S. Securities Act for optionees who are U.S. persons. On October 16, 2019, we cancelled 400,000 stock options at the voluntary request of a director of the corporation who resigned. In addition, subsequent to the six months ended January 31, 2020, we cancelled 200,000 stock options previously granted to a director as a result of such director not standing for re-election at the Company's annual meeting of stockholders on January 23, 2020.

On September 12, 2019, we issued 38,912 common shares upon exercise of 38,912 warrants at a price of CAD$0.66 per common share for aggregate proceeds of $19,449 (CAD$25,682). We relied on the exemption from registration provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of such common shares as the securities were issued to the non-U.S. person through an offshore transaction which was negotiated and consummated outside of the United States.

On October 1, 2019, we granted 250,000 stock options in accordance with our stock option plan at an exercise price of CAD$0.93 per share for a five-year term expiring October 1, 2024. The options were granted to one of our directors. We relied upon the exemption from registration under the Securities Act provided by Section 4(a)(2) under the U.S. Securities Act for the optionee who is a U.S. person.

On October 4, 2019, we issued 22,727 common shares upon exercise of 22,727 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $15,359 (CAD$20,454). We relied on the exemption from registration provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of such common shares as the securities were issued to the non-U.S. person through an offshore transaction which was negotiated and consummated outside of the United States.

On November 14, 2019, we issued 22,485 common shares upon exercise of 22,485 warrants at a price of CAD$0.90 per common share for aggregate proceeds of $15,264 (CAD$20,237). We relied on the exemption from registration provided by Rule 903 of Regulation S promulgated under the Securities Act for the issuance of such common shares as the securities were issued to the non-U.S. person through an offshore transaction which was negotiated and consummated outside of the United States.

On January 23, 2020, we granted 200,000 stock options in accordance with our stock option plan at an exercise price of CAD$0.88 per share for a five-year term expiring January 23, 2025. The options were granted to one of our officers and directors. We relied upon the exemption from registration under the Securities Act provided by provided by Rule 903 of Regulation S promulgated under the Securities Act as the options were granted to a non-U.S. person.

On March 1, 2020, we granted 250,000 stock options in accordance with our stock option plan at an exercise price of CAD$0.405 per share for a five-year term expiring on March 1, 2025. The options were granted to one of our officers and directors. We relied upon the exemption from registration under the Securities Act provided by Section 4(a)(2) under the Securities Act as the options were granted to a U.S. person.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 – MINE SAFETY DISCLOSURES

Not applicable

ITEM 5 – OTHER INFORMATION

None

ITEM 6 – EXHIBITS

The following exhibits are included with this Quarterly Report:

Exhibit	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
31.2	Certification of Chief Financial Officer pursuant to the Securities Exchange Act of 1934 Rule 13a-14(a) or 15d-14(a).
32.1	Certifications pursuant to the Securities Exchange Act of 1934 Rule 13a-14(b) or 15d-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1NS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BODY AND MIND INC.

Date: March 23, 2020	BY: */s/ Michael Mills*
	Michael Mills, President and Chief Executive Officer (Principal Executive Officer)
Date: March 23, 2020	BY: */s/ Dong Shim*
	Dong H. Shim, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, Michael Mills, certify that:

1. I have reviewed this Form 10-Q of Body and Mind Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2020

/s/ Michael Mills

Michael Mills, President and CEO
(Principal Executive Officer)

CERTIFICATION

I, Dong H. Shim, certify that:

1. I have reviewed this Form 10-Q of Body and Mind Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 23, 2020

/s/ Dong Shim

Dong H. Shim, CFO
(Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q (the "Report") of Body and Mind Inc. (the "Company") for the quarter ended January 31, 2020, each of Michael Mills, the Chief Executive Officer, and Dong H. Shim, the Chief Financial Officer, of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 23, 2020

/s/ Michael Mills
Michael Mills, Principal Executive Officer
(Principal Executive Officer)

/s/ Dong Shim
Dong H. Shim, Principal Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to Body and Mind Inc. and will be retained by Body and Mind Inc. and furnished to the Securities and Exchange Commission or its staff upon request.