

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

October 24, 2024

Date of Report (Date of earliest event reported)

BODY AND MIND INC.

(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation)	<u>000-55940</u> (Commission File Number)	<u>98-1319227</u> (IRS Employer Identification No.)
<u>750 – 1095 West Pender Street</u> <u>Vancouver, British Columbia, Canada</u> (Address of principal executive offices)		<u>V6E2M6</u> (Zip Code)

(800)361-6312

Registrant's telephone number, including area code

Not applicable.

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (Section 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (Section 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark 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.

SECTION 1 – REGISTRANT’S BUSINESS AND OPERATIONS

Item 1.01 Entry into a Material Definitive Agreement

Non-Revolving Credit Facility

On October 24, 2024, the Company entered into a non-revolving credit facility agreement (the “**Non-Revolving Credit Facility Agreement**”) with Bengal Catalyst Fund, LP, a Delaware limited partnership (the “**Lender**”), pursuant to which the Company may, from time to time until October 24, 2025, or the date on which the Company otherwise terminates the Non-Revolving Credit Facility Agreement (the “**Non-Revolving Credit Termination Date**”), request loans from the Lender (each, a “**Loan**”) for up to an aggregate principal amount of US\$2,317,729.20 (the “**Maximum Credit Balance**”). Provided that the aggregate outstanding principal balance of all Loans does not exceed US\$1,500,000 (the “**Pre-Approved Threshold**”), the Lender must accept a Loan requested by the Company. If the aggregate outstanding principal balance of all Loans exceeds the Pre-Approved Threshold, the Lender may, in its sole discretion, accept or reject additional Loans requested by the Company.

Each Loan will mature on the two (2) year anniversary (the “**Maturity Date**”) of the date on which the Company receives its first Loan, and the principal balance of all Loans outstanding will accrue simple interest at a rate of eighteen percent (18%) per annum until the Maturity Date. However, if an event of default occurs: (i) the principal balance of all Loans outstanding will accrue interest at a rate of twenty-four percent (24%) per annum (the “**Default Rate**”) during the period such event of default is continuing; and (ii) the Lender may, at its option, declare the outstanding principal amount of all Loans and interest accrued thereon immediately due and payable.

Each Loan will also be subject to an original issue discount at a rate of five percent (5%) of the principal amount of such Loan but the Company will be obligated to repay the full principal amount of each Loan on or before the Maturity Date.

The Company must pay commencing on the fifteenth (15th) day of the month following the first Loan any accrued interest monthly on or before the fifteenth (15th) day of each calendar month until the Company has repaid all Loans. In addition, the Company may pre-pay, without penalty, fee or premium, the outstanding principal amount and interest accrued thereon before the Maturity Date. However, upon the sale of any of the Company’s interests in its material consolidated, direct and indirect, subsidiaries or the receipt of cash proceeds outside the Company’s normal course of business (a “**Key Sale**”), the Company must repay the outstanding principal amount and interest accrued thereon upon in an amount equal to the lessor of: (i) such outstanding principal amount and interest accrued thereon; or (ii) one hundred percent (100%) of the net cash proceeds received by the Company from the Key Sale.

Contemporaneously with entering into the Non-Revolving Credit Facility Agreement, the Company requested a Loan for the principal amount of US\$2,317,729.20, and issued the Non-Revolving Credit Note attached to the Non-Revolving Credit Facility Agreement as Schedule II, which Loan was fully funded by the Lender on October 28, 2024.

The Non-Revolver Credit Facility Agreement provides, among other things, that: (i) the Company shall not, in a single transaction or series of similar transactions, spend more than ten thousand dollars (\$10,000) without express prior approval of the Lender, which approval shall not be unreasonably withheld; (ii) from the time of the first draw on the Loan through December 31, 2024, own and maintain minimum Liquid Assets (as defined in the Non-Revolver Credit Facility Agreement) of at least \$250,000.00, and commencing on January 1, 2025, and through the remaining term of the Loan, maintain minimum Liquid Assets of at least \$350,000. The Non-Revolver Credit Facility Agreement also contains affirmative, negative and financial covenants customary for financings of this type, including, among other things, limitations on certain other indebtedness, loans and investment, liens, mergers, asset sales, and transactions with affiliates, as well as customary events of default for financings of this type.

The foregoing description of the Non-Revolver Credit Facility Agreement does not purport to be complete and is qualified in its entirety by the Non-Revolver Credit Facility Agreement, which is filed as Exhibit 10.1 hereto and is incorporated by reference herein.

A copy of the Non-Revolver Credit Note is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

Amendment to Convertible Debenture Financing

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on December 23, 2022, the Company entered into Securities Purchase Agreements ("SPAs"), on December 19, 2022, with each of BAM I, A Series of Bengal Catalyst Fund SPV, LP, a Delaware limited partnership, Mindset Value Fund LP, a Delaware limited partnership, and Mindset Value Wellness Fund LP, a Delaware limited partnership (collectively, the "Investors"), pursuant to which the Company issued to the Investors unsecured five-year convertible debentures in the aggregate principal amount of US\$3,000,000 (the "Debentures") and common stock purchase warrants (the "Warrants") to acquire 15,000,000 shares of common stock of the Company (each, a "Warrant Share").

Contemporaneously with the Non-Revolver Credit Facility, the Company and each Investor entered into an amendment to the respective Debenture (each, a "Debenture Amendment"), pursuant to which the Company and each Investor agreed to amend the Investor's respective Debenture as follows:

a. The definition of "Interest Rate" is amended and restated in its entirety as follows:

"Interest Rate" shall mean the Cash Pay Rate and the PIK Rate.

b. The following definitions shall be added:

"Cash Payment" shall mean seven and one half percent (7.5%) per annum.

"Monthly Payment Date" shall mean the fifteenth (15th) day of each calendar month.

"PIK Rate" shall mean seven and one half percent (7.5%) per annum.

c. Section 2.2 is amended and restated in its entirety as follows:

“2.2 Interest Payable

This Debenture shall bear interest commencing on the Issue Date at the Interest Rate. Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on the PIK Rate or the Cash Rate, as applicable, divided by a three hundred sixty (360) day year by (c) the outstanding principal balance. Such amount shall be the “Accrued PIK Interest” or the “Accrued Cash Interest”, as applicable.

Interest shall be payable as follows:

- (1). On each Payment Date, the Company shall make a payment in kind (a “PIK Payment”) by increasing the principal amount of the Note (the “Principal”) in an amount equal to the Accrued PIK Interest.
- (2). On each Payment Date, the Company shall make a payment to Lender in cash (a “Cash Payment”) in an amount equal to the Accrued Cash Interest.”

The foregoing description of the Debenture Amendments does not purport to be complete and is qualified in its entirety by the full text of the form of Debenture Amendment, which is filed as Exhibit 10.3 hereto and is incorporated by reference herein.

Security Agreement

Contemporaneously with the Non-Revolving Credit Facility Agreement, the Company and the Lender, in its capacity as collateral agent pursuant to the Non-Revolving Credit Facility Agreement (the “**Collateral Agent**”), entered into a security agreement, pursuant to which Company granted to the Collateral Agent for the ratable benefit of the Collateral Agent and the Investors a security interest in and on all of the Company’s right, title and interest in and to all present and after acquired personal property of the Company, wherever located, together with all books, records, writings, databases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing, and all proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing (collectively, the “**Collateral**”). The Collateral secures the performance of the Company’s obligations under the Non-Revolving Credit Facility Agreement, the Debentures and the Security Agreement.

The foregoing description of the Security Agreement does not purport to be complete and is qualified in its entirety by the Security Agreement, which is filed as Exhibit 10.4 hereto and is incorporated by reference herein.

SECTION 2 – FINANCIAL INFORMATION

Item 2.03 Creation of a direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

The information set forth under Item 1.01 of this Current Report on Form 8-K with respect to the Non-Revolving Credit Facility and the Debentures, as amended by the Debenture Amendments, is responsive to and incorporated by reference into this Item 2.03.

SECTION 8 – OTHER EVENTS

Item 8.01 Other Events

On October 25, 2024, the Company issued a news to announce entry into a credit facility agreement (the “**Credit Facility**”) with Bengal Catalyst Fund, LP (“**Bengal**” or “**Lender**”) for up to US\$2.3 million, which is intended to be fully drawn down.

“The credit facility agreement gives the company flexibility to accomplish its near-term objectives of rationalizing its asset base and protecting shareholder value, which includes supporting the development of its in-process dispensary projects in Illinois and New Jersey,” stated Michael Mills, CEO of Body and Mind. “Additionally, when we sold our Ohio dispensary, we negotiated a US\$2.5 million contingent payment should a second retail license be awarded and subsequently opened. We are pleased to see the acquiror of such Ohio dispensary in process on developing a second dispensary and we now believe, but cannot guarantee given inherent uncertainties in these processes, that we should receive the US\$2.5 million cash payment in early 2025.”

Credit Facility

Any funds drawn on the Credit Facility bear interest at 18% per annum, paid monthly and funds loaned are subject to an original issuer discount (the “**OID**”) at a rate of five percent (5.0%) of the principal amount of each Loan. The maturity date is 2 years from the first day any monies are borrowed and the US\$2.3 million is available to be borrowed up to 1 year from execution of the Credit Facility. Until the maturity date, the Company is only obligated to make monthly interest payments and the Company has the right to prepay any amount prior to the maturity date. The Company has an obligation to make loan repayments from any key asset sale. In conjunction with the Credit Facility, the Company has also amended the convertible debentures (the “**Convertible Debentures**”) previously issued to BAM I, a series of Bengal Catalyst Fund SPV, LP, Mindset Value Fund LP and Mindset Value Wellness Fund LP (together with Bengal, the “**Lenders**”), whereby the Convertible Debentures interest rate has been modified to 15% per annum, half paid in cash and half paid in kind. The payment in kind is calculated by increasing the principal amount of the Note in an amount equal to the accrued paid in-kind interest. The Lenders have waived the requirement of a Form S-1 registration statement for the shares underlying the Convertible Debenture for 22 months. The Company has executed a security agreement for the Credit Facility and the Convertible Debentures which rank pari passu so the Convertible Debentures that were previously unsecured are now secured, with priority payment on the Credit Facility. The Credit Facility has additional customary lending terms and the descriptions of the Credit Facility and associated agreements herein are qualified in their entirety by the text of such agreements, which will be posted to EDGAR and SEDAR+ as required by applicable securities laws.

The Company will issue 1,322,281 shares to the sellers of Canopy Monterey Bay in conjunction with previously disclosed transaction commitments. See press news releases dated Dec. 1, 2021, and June 21, 2022

Bengal and its related entities are a “related party” of the Company, and accordingly, Bengal’s participation in the Credit Facility and the amendment to the Convertible Debentures constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 (“MI 61-101”). The Company is relying on the exemption from the formal valuation requirement set out in Section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed or quoted on any of the prescribed exchanges set out therein. The Company is relying on the exemption from the minority approval requirement set out in Section 5.7(1)(e) of MI 61-101. Each of the directors of the Company, other than Joshua Rosen who abstained, is an “independent director” (as determined in accordance with MI 61-101) in respect to the Credit Facility and amendment to the Convertible Debentures and the board of directors, acting in good faith, determined that the Company is in serious financial difficulty, that the Credit Facility and amendment to the Convertible Debentures is designed to improve the financial position of the Company, and that the terms of the Credit Facility and amendment to the Convertible Debentures are reasonable in the circumstances of the Company. The Company did not file a material change report 21 days prior to the expected closing of the Credit Facility and amendment to the Convertible Debentures as the structure of the transaction had not been confirmed at that time.

A copy of the news release is attached as Exhibit 99.1 hereto.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit	Description
10.1	Non-Revolving Credit Facility Agreement by and between Body and Mind Inc. and Bengal Catalyst Fund, LP, dated October 24, 2024
10.2	Non-Revolving Credit Note issued favor of Bengal Catalyst Fund, LP, dated October 24, 2024
10.3	Form of Amendment to Unsecured Convertible Debenture, dated October 24, 2024, entered into by Body and Mind Inc. and each of BAM I, A Series of Bengal Catalyst Fund SPV, LP, Mindset Value Fund LP and Mindset Value Wellness Fund LP
10.4	Security Agreement by and among Body and Mind Inc. and Bengal Catalyst Fund, LP, dated October 24, 2024
99.1	News release dated October 25, 2024
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL 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 hereunto duly authorized.

BODY AND MIND INC.

DATE: October 30, 2024

By: */s/ Michael Mills*

Michael Mills
President, CEO and Director

NON-REVOLVING CREDIT FACILITY AGREEMENT

This non-revolving credit facility agreement (the “**Agreement**”) is effective as of October 24, 2024 (the “**Effective Date**”) by and between Body and Mind Inc., a Nevada corporation (“**Borrower**”) and Bengal Catalyst Fund, LP, a Delaware limited partnership (“**Lender**”).

WHEREAS, Borrower has applied for a non-revolving credit facility (the “**Credit Facility**”) from the Lender in the total principal amount of up to two million three hundred seventeen thousand seven hundred twenty nine and 20/100 dollars (\$2,317,729.20) (the “**Maximum Credit Balance**”);

WHEREAS, subject to the terms, provisions and conditions of this Agreement, Lender is willing to make said Credit Facility available to Borrower;

NOW, THEREFORE, in consideration of the promises herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Lender hereby mutually covenant and agree as follows:

SECTION 1. DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings (such meanings shall be equally applicable to the singular and plural forms of the terms used, as the context requires):

1.01 “Affiliate” means with respect to any Person, any other Person, directly or indirectly, controlling, controlled by or under common control with such first Person.

1.02 “Borrowing Date” means any date upon which a Loan is made hereunder.

1.03 “Business Day” means a day other than a Saturday, Sunday, or other day on which commercial banks in New York City are authorized or required by law to close.

1.04 “Cash Proceeds” means the proceeds received by the Borrower from a Key Sale that is comprised of readily available funds; for sake of clarity, “Cash Proceeds” excludes Equity Interest, warrants, intangible assets, assets other than cash, consideration in-kind that is not cash, and any other proceeds that are not readily liquid United States dollars, or readily convertible thereto as determined in Lender’s sole reasonable discretion.

1.05 “Collateral Agent” means the Lender in its capacity as the collateral agent with respect to the Security Agreement.

1.06 “Default” means any event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

1.07 “Default Rate” means twenty four percent (24%) per annum.

1.08 “Equity Interests” means with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

1.09 “Event of Default” shall have the meaning set forth in Section 7.

1.10 “Exchange Act” means the United States Securities Exchange Act of 1934, as amended, or any successor thereto.

1.11 “Interest Rate” means a simple interest rate of eighteen percent (18%) per annum, to be computed on the basis of a 365 or 366-day year, as applicable, and the actual number of days elapsed.

1.12 “Key Sale” means (A) with respect to a Subsidiary, the sale, transfer, lease or other disposition by the Borrower of any of the Equity Interests it holds in such Subsidiary, and (B) with respect to Borrower, receipt of any Cash Proceeds outside the normal course of business, including for the avoidance of doubt the receipt of funds through any contingent benefit upon the occurrence of such contingency, regardless of whether the agreement giving rise to the contingent benefit was executed before or after the date hereof.

1.13 “Law” as to any Person, means the certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law (including common law), statute, ordinance, treaty, rule, regulation, order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

1.14 “Loan Documents” means this Agreement and the Security Agreement.

1.15 “Material Adverse Effect” means any of: (a) a material adverse effect on the legality, validity or enforceability of the Loan Documents, (b) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Borrower, or (c) a material adverse effect on the Borrower’s ability to perform in any material respect on a timely basis its obligations under the Loan Documents.

1.16 “Maturity Date” means the two (2) year anniversary of the first Borrowing Date.

1.17 “Net Cash Proceeds” means all Cash Proceeds less any commercially reasonable and customary fees, expenses, and costs associated with a Key Sale incurred by Borrower, including but not limited to reasonable and customary attorneys’ fees, filing fees, escrow fees, and any other similar or related reasonable and customary expenses incurred in connection with the Key Sale transaction but does not include any actual or estimated income or other tax liabilities.

1.18 “Note Rate” means eighteen percent (18%) per annum.

1.19 “Non-Revolving Credit Period” shall mean the period commencing on the Effective Date and terminating on the Non-Revolving Credit Termination Date.

1.20 “Non-Revolving Credit Termination Date” shall mean the earlier of: (a) the one (1) year anniversary of the Effective Date; or (b) the termination of the Credit Facility by Borrower pursuant to Section 2.01(c).

1.21 “Person” means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, entity or government (whether national, federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

1.22 “**Security Agreement**” means that certain security agreement, entered into contemporaneously, by and between the Borrower and Lender.

1.23 “**Subsidiary**” or “**Subsidiaries**” means and direct and indirect subsidiaries of the Borrower set forth in Schedule I.

SECTION 2. THE LOANS

2.01 Terms of Borrowing.

(a) Subject to the terms and conditions set forth in this Agreement, so long as no Default or Event of Default has occurred and is continuing, during the Non-Revolving Credit Period, the Lender agrees to make loans to Borrower (each, a “**Loan**” and collectively, the “**Loans**”) as Borrower may request pursuant to Section 2.02. The aggregate principal amount of Loans which the Lender may have outstanding under this Agreement as of any date shall not exceed the Maximum Credit Balance. Within the foregoing limits, Borrower may borrow under this Section 2.01, shall repay under Section 2.06, and prepay under Section 2.07. The Borrower shall not be allowed to reborrow any amount which has been repaid at any time during the Non-Revolving Credit Period. All Loans not paid prior to the Maturity Date, together with all accrued and unpaid interest thereon and all fees and other amounts owing by Borrower to the Lender with respect thereto (being the “**Loan Amount**”), shall be due and payable on the Maturity Date.

(b) Each Loan made by Lender hereunder shall be subject to an original issue discount (the “**OID**”) at a rate of Five Percent (5.0%) of the principal amount of each Loan. Notwithstanding the OID, Borrower shall be obligated to repay the full principal amount of each Loan on or before the Maturity Date.

(c) Upon not less than thirty (30) days written notice to Lender, Borrower shall have the right to terminate the Credit Facility without any premium or penalty. For the avoidance of doubt, upon such termination: (i) Lender shall not be obligated to make any additional Loans to Borrower; and (ii) all outstanding Loans shall be paid in accordance with Section 2.06 or Section 2.07.

2.02 Method of Borrowing.

(a) From time to time during the Non-Revolving Credit Period, Borrower may request Loans by submitting a Request for Borrowing in the form annexed hereto as Schedule III to the Lender of each Loan requested by Borrower, containing (i) the date the Loan is required, which shall be a Business Day; (ii) the aggregate principal amount of such Loan; (iii) a certification from the Borrower that (x) each of the representations and warranties are true as of the date of the borrower, and (y) no Events of Default have occurred or are continuing. A Request for Borrowing shall be non-revocable by Borrower.

(b) Provided that the aggregate outstanding principal balance of all Loans does not exceed One Million Dollars in respect of the first Borrowing (the “**First Borrowing Threshold**”), and Five Hundred Thousand Dollars (\$500,000) (the “**Additional Borrowing Threshold**” and together with the First Borrowing Threshold, the “**Pre-Approved Threshold**”), then not later than 12:00 p.m. Pacific Standard Time on the first Business Day after the date of the Loan (as set forth in the Request for Borrowing), the Lender shall have the obligation to disburse the full amount of such Loan to Borrower by crediting such funds to a demand deposit account of Borrower at the address specified by Borrower.

(d) In the event that aggregate outstanding principal balance of all Loans exceeds the Pre-Approved Threshold, Lender shall have the right, in its sole discretion, to accept or reject additional Loans requested by Borrower. In determining whether to accept or reject such additional Loans, the Parties agree and acknowledge that Lender may require Borrower to provide additional due diligence and/or evidence of creditworthiness.

(e) Borrower hereby irrevocably authorizes the Lender to rely on email instructions of any person that is authorized to act on behalf of Borrower pursuant to a resolution adopted by Borrower's board of directors and delivered to the Lender, with respect to any request to make a Loan or a repayment hereunder, and on any signature which the Lender reasonably believes to be genuine, and Borrower shall be bound thereby in the same manner as if such individual were actually authorized or such signature were genuine.

2.03 Non-Revolving Credit Note.

(a) The Loans shall be evidenced by a non-revolving credit note of Borrower payable to the order of the Lender in a principal amount equal to the amount of the Maximum Credit Balance, which non-revolving credit note shall be in substantially the form of Schedule II attached hereto and incorporated herein by reference (with appropriate insertions) (as the same may from time to time be amended, modified, extended, renewed, restated or replaced, the "Note" or "Non-Revolving Credit Note").

(b) The Lender shall record in its books and records the date, amount, type and maturity of each Loan made by it to Borrower and the date and amount of each payment of principal and/or interest made by Borrower with respect thereto; provided, however, that the obligation of Borrower to repay each Loan made under this Agreement shall be absolute and unconditional subject to the terms of this Agreement, notwithstanding any failure of the Lender to make any such recordation or any mistake by the Lender in connection with any such recordation. The books and records of the Lender showing the account between the Lender and Borrower shall be conclusive evidence of the items set forth therein in the absence of manifest error.

2.04 Interest.

(a) Interest on the principal balance of the Loan outstanding from time to time shall accrue from and including the date of the Borrowing up to and including the Maturity Date at the Note Rate; provided, however, that during any period that an Event of Default is continuing, interest shall accrue at the Default Rate.

(b) Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on the Note Rate or the Default Rate, as applicable, divided by a three hundred sixty (360) day year by (c) the outstanding principal balance.

(c) [Reserved].

2.05 [RESERVED]

2.06 Maturity; Repayment.

(a) Maturity. The Loan Amount shall be paid on or before the Maturity Date.

(b) Monthly Interest Payments. Commencing on the fifteenth (15th) day of the month following the first Borrowing Date and continuing each calendar month thereafter until Borrower has repaid all Loans, on or before the fifteenth (15th) day of each calendar month (the "Monthly Interest Payment Date"), Borrower shall make a payment to Lender equal to the interest accrued on the outstanding principal amount of the Loans since the last Monthly Interest Payment Date (the "Monthly Interest Payment").

(c) Place and Manner of Payment. All payments of principal and interest of the Loan are payable in lawful money of the United States of America, by wire transfer in immediately available funds, to the Lender's account at a bank specified by the Lender in writing to the Borrower from time to time.

(d) Application of Payments. All payments made hereunder shall be applied first to any fees or charges outstanding, then to accrued interest, and then to principal.

(e) Business Day. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day.

2.07 Voluntary Prepayment. Borrower has the right, at its sole discretion, to pre-pay the Loan Amount (including interest) without penalty, fee, or premium, in whole or in part, prior to the Maturity Date.

2.08 Mandatory Prepayment.

(a) Trigger Event. Upon the occurrence of a Key Sale, the Borrower shall be obligated to prepay the Loan on the terms set forth in this Section 2.08.

(b) Pre Payment Amount. Following a Key Sale, the Borrower shall be obligated to prepay the Loan in an amount equal to the lesser of (either being the "**Mandatory Amount**"): (i) the entire outstanding Amount Due, or (ii) one hundred percent (100%) of the Net Cash Proceeds received by Borrower from the Key Sale.

(c) Mechanics.

a. The Borrower shall use its commercially reasonable efforts to cause the purchaser in the Key Sale to wire the Mandatory Amount to the Lender directly upon closing of the Key Sale. To the extent that the Mandatory Amount cannot be directly paid, or some portion of the Mandatory Amount is paid to the Borrower, Borrower shall deliver the Mandatory Amount to the Lender within seven (7) calendar days of the Borrower's receipt of the Cash Proceeds of the Key Sale. The Mandatory Amount shall be delivered to the Lender pursuant to the provisions set forth in Section 2.06(c).

b. To the extent that some or all of the proceeds of a Key Sale are securities or other non-cash proceeds ("Non-Cash Proceeds"), the Mandatory Amount shall be the lesser of (i) the entire outstanding Amount Due, or (ii) one hundred percent (100%) of the Net Cash Proceeds from the Borrower's disposition of the Non-Cash Proceeds.

c. Borrower shall monetize the Non-Cash Proceeds subject to any legal limitations (including those imposed by U.S securities laws, individual state securities laws, etc.) and in a commercially reasonable manner in order to pay the Mandatory Amount. If the Borrower has not paid the Mandatory Amount within five calendar days, Lender may, in Lender's sole and absolute discretion, direct Borrower to assign the Non-Cash Proceeds to the Collateral Agent. The Collateral Agent will then conduct the sale of the Non-Cash Proceeds in a commercially reasonable manner and shall distribute any proceeds of such sale in accordance with the Security Agreement.

(d) [Reserved].

2.09 Taxes. Any and all payments by Borrower to or for the account of the Lender shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on or measured by the Lender's net income, and franchise taxes imposed on it, by the jurisdiction under the laws of which the Lender is organized or any political subdivision thereof (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

SECTION 3. PRECONDITIONS TO LOANS

3.01 Initial Loan. Notwithstanding any provision contained in this Agreement to the contrary, the Lender shall not have any obligation to make the initial Loan under this Agreement unless the Lender shall have first received a Request for Borrowing required by Section 2.02.

3.02 All Loans. Notwithstanding any provision contained in this Agreement to the contrary, the Lender shall not have any obligation to make any Loan under this Agreement unless:

(a) the Lender shall have received the Loan Documents duly executed by Borrower.

(b) the Lender shall have received a Request for Borrowing for such Loan as required by Section 2.02;

(c) both immediately before and immediately after giving effect to such Loan, no Default or Event of Default under this Agreement shall have occurred and be continuing; and

(d) all of the representations and warranties made by Borrower in this Agreement shall be true and correct in all material respects on and as of the date of such Loan as if made on and as of the date of such Loan (and for purposes of this Section 3.02).

Each Request for Borrowing shall be deemed to be a representation and warranty by Borrower on the date of such Loan as to the facts specified in clauses (b) and (c) of this Section 3.02.

SECTION 4. REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to the Lender that:

4.01 The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has full corporate power and authority to: (i) execute and deliver the Loan Documents, to carry out its obligations hereunder and thereunder, and to consummate the transactions contemplated hereby and thereby, (ii) own, operate or lease the properties and assets now owned, operated or leased by it and its Subsidiaries, and (iii) to carry on its business as it has been and is currently conducted.

4.02 The information set forth in Schedule I is true and correct and each of the Subsidiaries as set forth in Schedule I is an entity duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and: (i) has full power and authority to own, operate or lease the properties and assets now owned, operated or leased by it, and (ii) validly possess in good standing any licenses, registrations, certificates, permits and any other similar documentation necessary to carry on its business as it has been and is currently conducted.

4.03 The Borrower and each of its Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a Material Adverse Effect, and no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such corporate power and authority or qualification.

4.04 All corporate action required to be taken by the Board of Directors of Borrower in order to authorize the Borrower to enter into the Loan Documents has been taken.

4.05 The Loan Documents, when executed and delivered by the Borrower, shall constitute valid and legally binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.06 The execution and delivery of, and the performance of the terms of, the Loan Documents by the Borrower, do not and will not constitute a breach or violation of, or be in conflict with, or constitute a default under the constating documents of the Borrower or any law, regulation, order or ruling applicable to the Borrower or any agreement, contract or indenture to which the Borrower is a party or by which it is bound.

4.07 The execution, delivery, and performance of the Loan Documents by the Borrower will not (i) conflict with or result in a violation of any provision of the articles of incorporation or bylaws of the Borrower, or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, debenture, evidence of indebtedness, indenture, patent, patent license or instrument to which the Borrower or any of its Subsidiaries is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Borrower or its securities is subject) applicable to the Borrower or any of its Subsidiaries or by which any property or asset of the Borrower or any of its Subsidiaries is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect), or (iv) trigger any anti-dilution and/or ratchet provision contained in any other contract to which the Borrower is a party or any security issued by the Borrower.

4.08 Since January 1, 2024, there has been no material adverse change and no material adverse development in the assets, liabilities, business, properties, operations, financial condition, results of operations, prospects or Exchange Act reporting status of the Borrower or any of its Subsidiaries. No default has occurred and is continuing and no default has occurred and is continuing under or with respect to any material contractual obligations of the Borrower or any of its Subsidiaries that would reasonably be expected to have a Material Adverse Effect.

4.09 Except as disclosed to the Lender, the Borrower has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to (a) make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Documents is, or has been, required to be amended or updated under applicable law (except for such statements as have been amended or updated in subsequent filings prior the date hereof). The Borrower is subject to the reporting requirements of the Exchange Act. The Borrower is a former "shell company" as described in Rule 144(i)(1)(i).

4.10 Except as already disclosed to the Lender, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Borrower or any of its Subsidiaries, threatened against or affecting the Borrower or any of its Subsidiaries, or their officers or directors in their capacity as such, that could have a Material Adverse Effect. The SEC Documents contain a complete list and summary description of any pending or, to the knowledge of the Borrower, threatened material proceeding against or affecting the Borrower or any of its Subsidiaries, without regard to whether it would have a Material Adverse Effect. The Borrower and its Subsidiaries are unaware of any facts or circumstances which might give rise to any of the foregoing.

4.11 Except as previously disclosed to the Lender, the Borrower and each of its Subsidiaries has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes) and has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. Except as previously disclosed to the Lender, there are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Borrower know of no basis for any such claim. The Borrower has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. None of the Borrower's tax returns is presently being audited by any taxing authority.

4.12 The Borrower has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

4.13 The Borrower and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Borrower and its Subsidiaries, in each case free and clear of all liens, encumbrances and defects, or such as would not have a Material Adverse Effect. Any real property and facilities held under lease by the Borrower and its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as would not have a Material Adverse Effect.

4.14 The Borrower shall use the proceeds for the construction of a dispensary in Lynwood, Illinois; provided that Borrower may use some portion of the proceeds to fund business, operational, and capital development. The Borrower shall not use any of the proceeds for the repayment of any indebtedness owed to officers, directors, or employees of the Borrower or their affiliates or in violation or contravention of any applicable law, rule, or regulation.

4.15 To the extent it may lawfully do so, the Borrower hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any action or proceeding that may be brought by the Lender in order to enforce any right or remedy under this Agreement, the Security Agreement, and any document, agreement or instrument contemplated thereby. Notwithstanding any provision to the contrary contained in the Loan Documents, it is expressly agreed and provided that the total liability of the Borrower under the Loan Documents for payments which under applicable law are in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the “**Maximum Rate**”), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums which under applicable law in the nature of interest that the Borrower may be obligated to pay under the Loan Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law applicable to the Loan Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Loan Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Borrower to the Lender with respect to indebtedness evidenced by the Loan Documents, such excess shall be applied by the Lender to the unpaid principal balance of any such indebtedness or be refunded to the Borrower, the manner of handling such excess to be at the Lender’s election.

4.16 Within four (4) Business Days following the date this Agreement has been fully executed, the Borrower shall file a Current Report on Form 8-K describing the terms of the transactions contemplated by this Agreement in the form required by the Exchange Act and attaching this Agreement (the “**8-K Filing**”). From and after the filing of the 8-K Filing with the SEC, the Lender shall not be in possession of any material, nonpublic information received from the Borrower, any of its Subsidiaries or any of their respective officers, directors, employees or agents that is not disclosed in the 8-K Filing. In addition, effective upon the filing of the 8-K Filing, the Borrower acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Borrower, any of its Subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and the Lender or any of its affiliates, on the other hand, shall terminate.

SECTION 5. COVENANTS

5.01 Covenants of Borrower. Borrower covenants and agrees that, so long as the Lender has made any Loan under this Agreement and/or the Loan Amount remains unpaid, the Borrower shall:

(a) Maintenance of Existence. (a) Preserve, renew, and maintain in full force and effect its corporate existence and (b) take all reasonable action to maintain all rights, privileges, and franchises necessary or desirable in the normal conduct of its business, except, in each case, where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

(b) Compliance. (a) Comply with all Laws applicable to it and its business and its obligations under its material contracts and agreements, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect and (b) maintain in effect and enforce policies and procedures reasonably designed to achieve compliance in all material respects by the Borrower and its directors, officers, employees and agents with anti-corruption and anti-terrorism Laws and applicable sanctions.

(c) Minimum Operating Budget. The Borrower shall prepare and deliver to the Lender a corporate budget which sets forth, at a minimum, the overhead operating budget for the Borrower and the Subsidiaries (the “**Budget**”). The Borrower shall provide quarterly updates to the Lender with respect to the Budget.

(d) Use of Cash in Budget. Borrower shall maintain all cash and cash receipts in its operating bank accounts until such time as Borrower is authorized to disburse such cash in accordance with the Budget. Borrower may, without the consent of the Lender, disburse cash consistent with the line items on the Budget. For the avoidance of doubt, Borrower shall not disburse any cash where such disbursement would cause Borrower to exceed the allotted amount on the Budget. Borrower shall not approve the payment of any executive bonuses or management bonuses in excess of \$15,000 per quarter while any Loan is outstanding.

(e) Capital Expenses. Other than as provided for in Section 5.01(d), the Borrower shall not, in a single transaction or series of similar transactions, spend more than ten thousand dollars (\$10,000) without express prior approval of the Lender, which approval shall not be unreasonably withheld. Provided however, this covenant shall not preclude or restrict the Borrower from unilaterally paying any currently outstanding accounts payable, debt, or other obligations to prevent any default or event of default under such obligation.

(f) Further Assurances. Upon the reasonable request of the Lender, in a timely manner, execute and deliver such further instruments and do or cause to be done such further acts as may be necessary or advisable to carry out the intent and purposes of this Agreement and the Security Agreement.

(g) Minimum Liquidity. Borrower shall, from the time of the first draw on the Loan through December 31, 2024, own and maintain minimum Liquid Assets of at least \$ 250,000.00 as determined by Lender. Commencing on January 1, 2025, and through the remaining term of the Loan, Borrower shall maintain minimum Liquid Assets of at least \$350,000. As used herein, the term "Liquid Assets" shall be deemed to mean assets of the following types and nature so long as such are not pledged, encumbered, hypothecated, subject to rights of offset or otherwise restricted, other than those assets consisting of Collateral under the Security Agreement:

1. readily marketable obligations issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof having maturities of not more than 360 days from the date of acquisition thereof; provided that the full faith and credit of the United States of America is pledged in support thereof;
2. time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) is organized under the laws of the United States of America, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, any state thereof or the District of Columbia, and is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (iii) of this definition and (iii) has combined capital and surplus of at least \$1,000,000,000, in each case with maturities of not more than 180 days from the date of acquisition thereof;
3. commercial paper issued by any Person organized under the laws of any state of the United States of America and rated at least "A-1" (or the then equivalent grade) by S&P, in each case with maturities of not more than 180 days from the date of acquisition thereof; and
4. money market accounts or similar investments classified in accordance with GAAP as current assets of Borrower, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (1), (2) and (2) of this definition.

SECTION 6. RELEASE UPON PAYMENT.

Within five (5) Business Days of Lender's receipt of complete payment of the Loan Amount due under this Agreement, (i) the Lender shall surrender the Note as cancelled or provide such documentation evidencing the same, and (ii) the Lender shall terminate the Security Agreement and take all necessary steps (including UCC filings) to effectuate the full release and termination of the Security Agreement.

SECTION 7. EVENTS OF DEFAULT

The occurrence and continuance of any of the following events shall constitute an "Event of Default":

7.01 Events of Default. The occurrence and continuance of any of the following events shall constitute an "Event of Default":

(a) Borrower shall fail to make a payment when due, and such failure shall not have been remedied within five (5) Business Days after receipt of written notice from Lender;

(b) Borrower is in breach of or default under any provision contained in this Agreement, including any of its representations, warranties, or covenants, and such breach shall not have been remedied within fifteen (15) calendar days after Borrower's receipt of written notice from Lender;

(c) a proceeding or case shall be commenced, without the application or consent of Borrower, in any court of competent jurisdiction, seeking (i) Borrower's reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of Borrower's debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of Borrower or of all or any substantial part of Borrower's assets, or (iii) similar relief in respect of Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue without being dismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue without being stayed and in effect, for a period of sixty (60) or more days;

(d) Borrower shall make, or shall permit any subsidiary to make, payment to any debt obligation, including any convertible debt obligation, other than trade debt that is (i) incurred in the ordinary course of business and (ii) scheduled on the Borrower's budget;

(e) Borrower shall make any payment in violation of section 5.01(d);

(f) an order for relief against Borrower shall be entered in an involuntary case under the U.S. Federal Bankruptcy Code of 1978, as amended from time to time (the "Bankruptcy Law"); and

(g) Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Law, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Law or (vi) take any action for the purpose of effecting any of the foregoing.

7.02 Remedies.

(a) Upon the occurrence of any Event of Default and at any time thereafter during the continuance of such Event of Default, the Lender may, at its option, by written notice to the Borrower (a) declare the entire principal amount of the Loans, together with all accrued interest thereon and all other amounts payable under this Agreement, immediately due and payable; and/or (b) exercise any or all of its rights, powers, or remedies under the Security Agreement or applicable Law. From and after the date of any Event of Default, interest shall accrue at the Default Rate.

(b) The rights and remedies of the Lender under this Agreement shall be cumulative. The Lender shall have all other rights and remedies as provided under applicable law or in equity. No exercise by the Lender of one right or remedy shall be deemed an election, and no waiver by the Lender of any Event of Default shall be deemed a continuing waiver. No delay by the Lender in enforcing any rights hereunder shall constitute a waiver, election or acquiescence by it in the absence of a written waiver signed by the Lender.

SECTION 8. SECURITY AGREEMENT. The performance of the Borrower of its obligations under this Agreement shall be secured by the collateral specified in the Security Agreement. For purposes of the Security Agreement, the Lender shall be the Collateral Agent.

SECTION 9. MISCELLANEOUS

9.01 Expenses. The Borrower shall reimburse the Lender on demand for all reasonable and documented attorneys' fees incurred by the Lender in connection with the negotiation, documentation, and execution of this Agreement and the Security Agreement and the enforcement of the Lender's rights hereunder and thereunder.

9.02 Reinstatement. This Agreement shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Loan Amount is rescinded or must otherwise be restored or returned by Lender as a preference, fraudulent conveyance, or otherwise under any bankruptcy, insolvency or similar law, all as though such payment had not been made; provided that in the event payment of all or any part of the Loan Amount is rescinded or must be restored or returned, all reasonable costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by Lender in defending and enforcing such reinstatement shall be deemed to be included as a part of the Loan Amount.

9.03 Notices. Any notice, demand, communication or other document required, permitted, or desired to be given hereunder shall be in writing and shall be delivered personally or sent by United States registered or certified mail, return receipt requested, postage prepaid, by reputable overnight courier, or by email, and addressed to the party at the respective numbers and/or addresses set forth below each Party's signature block, and the same shall be deemed given and effective (i) upon receipt or refusal if delivered personally or by hand delivered messenger service, (ii) the date received or refused if sent by reputable overnight courier, (iii) the date received or refused if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and (iv) the next Business Day following transmittal of electronic mail. A party may change its address for receipt of notices by service of a notice of such change in accordance herewith.

9.04 Amendment. This Agreement or any provision hereof may be waived, changed, modified or discharged only by agreement in writing signed by Borrower and Lender. The Borrower may not assign or transfer its obligation hereunder without the prior written consent of the Lender, which consent may be withheld in its sole and absolute discretion. Lender may freely assign its rights hereunder.

9.05 Severability. If any provision of this Agreement shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if this Agreement had never contained the invalid or unenforceable provision.

9.06 Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Nevada and the federal laws of the United States applicable therein. Any and all disputes arising under this Agreement, whether as to interpretation, performance or otherwise, shall be subject to the non-exclusive jurisdiction of the state and federal courts of the State of Nevada located in Las Vegas, Nevada and each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of such jurisdiction.

9.07 Savings Clause. Nothing contained in this Agreement shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum interest rate permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum interest permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by Borrower to Lender

9.08 Integration. This Agreement and the Security Agreement constitutes the entire contract between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto.

9.09 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. Counterparts may be delivered via facsimile, electronic mail (including PDF or any electronic signature including, without limitation, AdobeSign) or other transmission method, and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[signature page follows]

IN WITNESS WHEREOF, the Borrower and the Lender have executed this Agreement effective as of the Effective Date.

LENDER:

Bengal Catalyst Fund, LP

By: /s/ Joshua Rosen
Name: Joshua Rosen
Its: Authorized Signatory

Address:
6608 E 2nd St.
Scottsdale, AZ 85251

Email: josh@bengalcap.com

Loan Agreement

BORROWER:

Body and Mind Inc.

By: /s/ Michael Mills
Name: Michael Mills
Its: CEO

Address:
2625 N. Green Valley Parkway
Suite 150
Henderson, NV 89014

Email: mmills@bodyandmind.com

Signature Page

SCHEDULE I

List of Subsidiaries

Body and Mind Entities – September 6, 2024

Consolidated Entities

Name	Jurisdiction	Ownership	Date of acquisition or formation
DEP Nevada Inc. (“DEP Nevada”)	Nevada, USA	100%	10 August 2017
NMG Long Beach LLC (“NMGLB”)	California, USA	100%	18 December 2018
NMG San Diego LLC (“NMGSD”)	California, USA	60%	30 January 2019
NMG MI C1 Inc.	Michigan, USA	100%	24 June 2021
NMG MI P1 Inc.	Michigan, USA	100%	24 June 2021
Canopy Monterey Bay, LLC (“Canopy”)	California, USA	100%	30 November 2021
NMG CA P1, LLC (“NMG CA P1”)	California, USA	100%	7 January 2020
NMG CA C1, LLC (“NMG CA C1”)	California, USA	100%	7 October 2020
BaM Body and Mind Dispensary NJ, Inc. (“BAM NJ”)	New Jersey, USA	95%	21 December 2022
NMG TX 1 LLC	Texas, USA	100%	22 March 2023
NMG IL 4, LLC (“NMG IL 4”)	Illinois, USA	100%	25 April 2023

Notes:

NMG MI C1, NMG MI P1, NMG CA P1, NMG CA C1 are all entities with no operations or assets and have lease obligations.

NMG TX 1 entity was created for Texas license application which is in a holding pattern.

Non-Consolidated Entities

NMG IL 1 LLC (“NMG IL 1”) is the Lynwood IL entity

Body and Mind Inc. has a management agreements with NMG IL 1 LLC and the option to indirectly acquire all of the membership interests in NMG IL 1 pursuant to a convertible credit facility between Body and Mind's subsidiary, DEP Nevada Inc., and NMG IL 1 subject to obtaining all required local and state regulatory authorization

Big Stone Farms AR 1 LLC is the Arkansas private entity associated with the Comprehensive Care Group LLC Arkansas license. DEP has option agreements for ownership of Big Stone Farms AR 1 LLC which ensures payment of DEP ownership upon sale of the Arkansas entity or DEP portion of the Arkansas entity.

Schedule I

SCHEDULE II

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR U.S. FEDERAL INCOME TAX PURPOSES. THE HOLDER HEREOF SHOULD CONTACT THE CHIEF FINANCIAL OFFICER OF THE ISSUER AT THE ISSUER'S PRINCIPAL OFFICE, CURRENTLY LOCATED AT 150-2625 N GREEN VALLEY PARKWAY, HENDERSON, NV 89014, TO OBTAIN THE INFORMATION RELATED TO THIS NOTE'S OID CALCULATIONS. THIS LEGEND IS INTENDED TO SATISFY THE OID REPORTING REQUIREMENTS UNDER TREASURY REGULATIONS SECTION 1.1275-3.

NON-REVOLVING CREDIT NOTE

Up to \$2,317,729.20

Effective as of October __, 2024

FOR VALUE RECEIVED, the undersigned, Body and Mind Inc., a Nevada corporation ("**Borrower**"), hereby promises to pay to the order of Bengal Catalyst Fund, LP, a Delaware limited partnership ("**Lender**"), the principal amount of two million three hundred seventeen thousand seven hundred twenty nine and 20/100 dollars (\$2,317,729.20) or, if less, the aggregate unpaid principal amount of all Loans made pursuant to the non-revolving credit facility agreement effective as of October __, 2024, as it may hereafter be amended, modified, extended or restated from time to time, (the "**Agreement**"), in lawful money of the United States of America and in immediately available funds, on or before the Maturity Date (as defined in the Agreement). Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, at the rates of interest as provided in the Agreement, on the dates and in the manner provided in said Agreement.

Borrower hereby authorizes Lender to endorse on Annex 1 to this Agreement, attached hereto and incorporated herein, the amount and type of all Loans made to the Borrower and all payments of by Borrower in respect of such Loans, which endorsements shall constitute prima facie evidence, absent manifest error, as to the outstanding principal amount of all Loans owed to Borrower; provided, however, that the failure to make such notation with respect to any Loan or payment shall not limit or otherwise affect the obligation of the Borrower under the Agreement or this Agreement.

The Agreement provides for the acceleration of the payment of principal of and interest on such Loans upon the happening of certain Events of Default as defined in the Agreement. This Non-Revolving Credit Note is issued under the Agreement, executed contemporaneously herewith and incorporated herein. Borrower waives presentment, demand for payment, notice of dishonor or acceleration, protest and notice of protest, and any and all other notices or demands in connection with this Non-Revolving Credit Note. This Non-Revolving Credit Note shall be governed by and construed in accordance with the laws of the State of Nevada.

[signature page follows]

Schedule II: Note

Page 1 of 2

Body and Mind Inc.
("Borrower")

By: _____
Name: Michael Mills
Its: CEO

Schedule II: Note

Page 2 of 2

ANNEX 1 TO
NON-REVOLVING CREDIT NOTE

Date of Loan/Payment	Loan Principal Amount	Payment Amount	Loan Principal Balance	Endorsement by Lender

Annex 1 to: Note

SCHEDULE III

REQUEST FOR BORROWING

The undersigned, Body and Mind Inc., a Nevada corporation (the "**Borrower**") refers to the Non-Revolving Credit Facility Agreement, effective as of October 24, 2024 (as it may hereafter be amended, modified, extended or restated from time to time, the "**Agreement**"), by and between Borrower and Bengal Catalyst Fund, LP, a Delaware limited partnership (the "**Lender**"). Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Agreement. Pursuant to Section 2.02 of the Agreement, Borrower hereby gives Lender notice, irrevocably, that Borrower hereby requests a Loan under the Agreement, and connection therewith sets forth the following information relating to such Loan as required by Section 2.02 of the Agreement:

- (a) The Business Day of the Loan is _____; and
- (b) The aggregate principal amount of the Loan is \$_____.

Borrower hereby certifies that the following statements are true and correct on the date hereof, and will be true on the date of the Loan:

- (a) The representations and warranties contained in the Agreement and the covenants contained the Agreement are true and correct, before and after giving effect to the Loan and to the application of the proceeds thereof, as though made on and as of such date; and
- (b) no Default or Event of Default has occurred and is continuing or would result from such Loan or from the application of the proceeds thereof.

Very truly yours,

Body and Mind Inc.
("**Borrower**")

By: _____
Name: Michael Mills
Its: CEO

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR U.S. FEDERAL INCOME TAX PURPOSES. THE HOLDER HEREOF SHOULD CONTACT THE CHIEF FINANCIAL OFFICER OF THE ISSUER AT THE ISSUER'S PRINCIPAL OFFICE, CURRENTLY LOCATED AT 150-2625 N GREEN VALLEY PARKWAY, HENDERSON, NV 89014, TO OBTAIN THE INFORMATION RELATED TO THIS NOTE'S OID CALCULATIONS. THIS LEGEND IS INTENDED TO SATISFY THE OID REPORTING REQUIREMENTS UNDER TREASURY REGULATIONS SECTION 1.1275-3.

NON-REVOLVING CREDIT NOTE

Up to \$2,317,729.20

Effective as of October 24, 2024

FOR VALUE RECEIVED, the undersigned, Body and Mind Inc., a Nevada corporation ("**Borrower**"), hereby promises to pay to the order of Bengal Catalyst Fund, LP, a Delaware limited partnership ("**Lender**"), the principal amount of two million three hundred seventeen thousand seven hundred twenty nine and 20/100 dollars (\$2,317,729.20) or, if less, the aggregate unpaid principal amount of all Loans made pursuant to the non-revolving credit facility agreement effective as of October 24, 2024, as it may hereafter be amended, modified, extended or restated from time to time, (the "**Agreement**"), in lawful money of the United States of America and in immediately available funds, on or before the Maturity Date (as defined in the Agreement). Borrower also promises to pay interest on the unpaid principal balance hereof, for the period such balance is outstanding, at the rates of interest as provided in the Agreement, on the dates and in the manner provided in said Agreement.

Borrower hereby authorizes Lender to endorse on Annex 1 to this Agreement, attached hereto and incorporated herein, the amount and type of all Loans made to the Borrower and all payments of by Borrower in respect of such Loans, which endorsements shall constitute prima facie evidence, absent manifest error, as to the outstanding principal amount of all Loans owed to Borrower; provided, however, that the failure to make such notation with respect to any Loan or payment shall not limit or otherwise affect the obligation of the Borrower under the Agreement or this Agreement.

The Agreement provides for the acceleration of the payment of principal of and interest on such Loans upon the happening of certain Events of Default as defined in the Agreement. This Non-Revolving Credit Note is issued under the Agreement, executed contemporaneously herewith and incorporated herein. Borrower waives presentment, demand for payment, notice of dishonor or acceleration, protest and notice of protest, and any and all other notices or demands in connection with this Non-Revolving Credit Note. This Non-Revolving Credit Note shall be governed by and construed in accordance with the laws of the State of Nevada.

[signature page follows]

Schedule II: Note

Page 1 of 2

Body and Mind Inc.
("Borrower")

By: /s/ Michael Mills
Name: Michael Mills
Its: CEO

Schedule II: Note

Page 2 of 2

ANNEX 1 TO
NON-REVOLVING CREDIT NOTE

Date of Loan/Payment	Loan Principal Amount	Payment Amount	Loan Principal Balance	Endorsement by Lender

Annex 1 to: Note

AMENDMENT TO UNSECURED CONVERTIBLE DEBENTURE
BODY AND MIND INC.

This AMENDMENT TO UNSECURED CONVERTIBLE DEBENTURE, BODY AND MIND INC. (this "Amendment") is entered into as of October 24, 2024, by and among BODY & MIND INC. ("Borrower") and _____ ("Lender"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Note (as defined below).

RECITALS

WHEREAS, the Borrower and the Lender are parties to that certain Unsecured Convertible Debenture Body And Mind Inc., Debenture Certificate Number: 2022-12-__ Principal Amount: US\$ _____, dated as of December 19, 2022 (the "Note");

WHEREAS, the Borrower and the Lender have agreed to amend the Note effective as of the Amendment Effective Date (as defined below) pursuant to Section 7.4 of the Note;

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Amendments to Note.

Effective as of the Amendment Effective Date:

(a) The following definition of Interest Rate is hereby amended and restated in its entirety as follows:

"Interest Rate" shall mean the Cash Pay Rate and the PIK Rate.

(b) The following definitions shall be added to the Note:

"Cash Pay Rate" shall mean seven and one half percent (7.5%) per annum.

"Monthly Payment Date" shall mean the fifteenth (15th) day of each calendar month.

"PIK Rate" shall mean seven and one half percent (7.5%) per annum.

(c) The text of 2.2 of the Note is hereby amended and restated in its entirety as follows:

2.2 Interest Payable.

This Debenture shall bear interest commencing on the Issue Date at the Interest Rate. Interest on the outstanding principal balance of the Loan shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on the PIK Rate or the Cash Rate, as applicable, divided by a three hundred sixty (360) day year by (c) the outstanding principal balance. Such amount shall be the "Accrued PIK Interest" or the "Accrued Cash Interest", as applicable.

Interest shall be payable as follows:

- (1). On each Payment Date, the Company shall make a payment in kind (a “PIK Payment”) by increasing the principal amount of the Note (the “Principal”) in an amount equal to the Accrued PIK Interest.
- (2). On each Payment Date, the Company shall make a payment to Lender in cash (a “Cash Payment”) in an amount equal to the Accrued Cash Interest.

SECTION 2. **Counterparts, Etc.** This Amendment may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment. The headings of the various sections herein are for reference only and shall not define, modify, expand or limit any of the terms or provisions hereof.

SECTION 4. **Governing Law.** The rights and obligations of Borrower and Lender hereunder shall be governed by, and shall be construed and enforced in accordance with, the internal laws of the State of Nevada.

SECTION 5. **Effectiveness.** This Amendment shall become effective as of the date (the “Amendment Effective Date”) upon which the Lender shall have received from Borrower an executed counterpart hereof.

[Signature Pages to follow]

IN WITNESS WHEREOF, the Borrower and the Lender have executed this Agreement effective as of the Effective Date.

LENDER:

By: _____
Name: Joshua Rosen
Its: Authorized Signatory

Address:
6608 E 2nd St.
Scottsdale, AZ 85251

Email: josh@bengalcap.com

BORROWER:

BODY AND MIND INC.

By: */s/ Michael Mills* _____
Name: Michael Mills
Its: CEO

Address:
2625 N. Green Valley Parkway
Suite 150
Henderson, NV 89014

Email: mmills@bodyandmind.com

SECURITY AGREEMENT

This security agreement (this "Security Agreement") is made effective as of October 24, 2024 (the "Effective Date") made by and among Body and Mind Inc., a Nevada corporation, as grantor, pledgor, assignor, and debtor (the "Grantor") in favor of Bengal Catalyst Fund, LP, in its capacity as collateral agent pursuant to the Credit Agreement as pledgee, assignee, and secured party (in such capacities, the "Collateral Agent").

WHEREAS, the Grantor and the Collateral Agent have, in connection with the execution and delivery of this Security Agreement, entered into that certain Non-Revolver Credit Facility Agreement, dated as of October 24, 2024 (as may be amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"); capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement;

WHEREAS, the Grantor has previously issued certain convertible debentures in favor of each of the parties listed on Schedule 1 attached hereto (collectively the "Other Notes") together with the Credit Agreement, the "Loan Agreements"), on the date, terms, the principal amount, and in the current outstanding amount set forth therein (the "Lenders" and together with the Collateral Agent collectively being the "Secured Parties").

WHEREAS, the Grantor will receive substantial direct and indirect benefits from the execution, delivery and performance of the obligations under the Credit Agreement and has received benefit from the Other Notes, and is therefore, willing to enter into this Security Agreement.

WHEREAS, this Agreement is given by the Grantor in favor of the Collateral Agent for the ratable benefit of the Secured Parties to secure the payment and performance of all of the Obligations.

WHEREAS, it is a condition to the obligation of the Collateral Agent to loan the monies under the Credit Agreement that the Grantor execute and deliver this Security Agreement in favor of all Secured Parties.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor and the Collateral Agent hereby agree as follows:

1. Grant of Security Interest. As collateral and security for payment in full by the Grantor of all amounts due under the Loan Agreements and the other Obligations (as defined below), Grantor hereby grants and pledges to the Collateral Agent for the ratable benefit of the Secured Parties a security interest in and on all of such Grantor's right, title, and interest in and to all personal property of such Grantor, wherever located, whether now owned or hereafter acquired, including, without limitation, all of the following (the "Collateral"), as defined in the Nevada Uniform Commercial Code (the "UCC"): (i) Accounts; (ii) Certificated Securities; (iii) Chattel Paper; (iv) Commercial Tort Claims; (v) Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing; (vi) Contract Rights; (vii) Deposit Accounts; (viii) Documents; (ix) Electronic Chattel Paper; (x) Equipment; (xi) Financial Assets; (xii) Fixtures; (xiii) General Intangibles, including Payment Intangibles and Software; (xiv) Goods (including all of its Equipment, Fixtures and Inventory), and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefor; (xv) Instruments; (xvi) patents, patent applications, trademarks, trademark applications, copyrights, copyright applications, and all other intellectual property; (xvii) Inventory; (xviii) Investment Property; (xix) Money (of every jurisdiction whatsoever); (xx) Letter-of-Credit Rights; (xxi) Payment Intangibles; (xxii) Security Entitlements; (xxiii) Supporting Obligations; (xxiv) Uncertificated Securities; and (xxv) to the extent not included in the foregoing, all other personal property of any kind or description; together with all books, records, writings, databases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing; and all Proceeds, products, offspring, rents, issues, profits and returns of and from any of the foregoing. The Collateral secures the due and prompt payment and performance of:

(a) the obligations of the Grantor from time to time arising under the Loan Agreements or this Security Agreement, respectively, or otherwise with respect to the due and prompt payment of (i) the principal of and premium, if any, and interest on the Loan Agreements (including interest accruing during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding, regardless of whether allowed or allowable in such proceeding), when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment, or otherwise and (ii) all other monetary obligations, including fees, costs, reasonable attorneys' fees and disbursements, reimbursement obligations, contract causes of action, expenses, and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Grantor under or in respect of the Loan Agreements and this Security Agreement, respectively; and

(b) all other covenants, duties, debts, obligations, and liabilities of any kind of the Grantor under or in respect of the Loan Agreements or this Security Agreement, respectively, or any other document made, delivered, or given in connection with any of the foregoing, in each case whether evidenced by a note or other writing, whether allowed in any bankruptcy, insolvency, receivership, or other similar proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification, or otherwise, and whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (all such obligations, covenants, duties, debts, liabilities, sums, and expenses set forth in this Section 1 being herein collectively referred to as the "Obligations").

Notwithstanding anything to the contrary contained in Section 1 (including subclauses (i) through (xxv)) and in clauses (a) and (b) above, the security interest created by this Security Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property. For purposes of this Security Agreement, "Excluded Property" means: (i) Canopy Monterey Bay, LLC, a California limited liability company (the "Excluded Entity"), (ii) all Equity Interests of the Excluded Entity, and (iii) all right, title, and interest in and to all personal property of the Excluded Entity including all items listed in Section 1(i)-(xxv).

The Grantors shall from time to time at the request of the Collateral Agent give written notice to the Collateral Agent identifying in reasonable detail the Excluded Property (and stating in such notice that such Excluded Property constitutes "Excluded Property") and shall provide to the Collateral Agent such other information regarding the Excluded Property as the Collateral Agent may reasonably request.

For purposes of this Security Agreement, the parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Therefore, if the UCC, at any time, is amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning. If the UCC, at any time, is amended or held by a court to define any term used herein more narrowly, or less inclusively, than the UCC in effect on the date hereof, such amendment or holding shall be disregarded in defining terms used herein.

2. Representations and Warranties. Grantor represents and warrants as follows:

(a) The Grantor has full power and authority to execute, deliver, and perform this Security Agreement, which has been duly authorized by all necessary and proper corporate action.

(b) This Security Agreement has been duly executed and delivered, and constitutes the legal, valid, and binding obligation of the Grantor, enforceable in accordance with its terms.

(c) The Grantor has good title to and is the lawful owner of the Collateral, free from all claims, liens, encumbrances, charges, or security interests whatsoever except as otherwise granted by this Security Agreement.

(d) All of the Equipment and Inventory: (i) were acquired in the Grantor's ordinary course of business; (ii) are in the Grantor's possession and control; (iii) are to be maintained and preserved by the Grantor in the same condition, repair, and working order as when new, ordinary wear and tear excepted; (iv) shall promptly be repaired, replaced, and otherwise improved by the Grantor promptly following any material loss or damage, provided that the Collateral Agent shall be notified of such material loss or damage; (v) in the event of any material loss or, damage to, or material adverse change to any Equipment or Inventory, the Grantor shall promptly provide notice to the Collateral Agent; (vi) shall not be sold, assigned, leased, mortgaged, transferred, or otherwise disposed of by the Grantor, except in the ordinary course of business in accordance with historical business practice; and (vii) shall not become a part of or to be affixed to any real property of any person.

(e) This Security Agreement creates a valid lien and security interest in the Collateral, securing the payment of all amounts due under the Loan Agreements, and, upon the filing of the related financing statement(s) in accordance with this Security Agreement, the lien will be perfected, enforceable in accordance with its terms.

(f) No authorization, approval, or other action by, and no notice to or filing with, any governmental or regulatory agency or authority is required: (i) for the grant by Grantor of the security interest granted hereby; (ii) for the execution, delivery, or performance of this Security Agreement by Grantor; or (iii) for the perfection of or the exercise by the Collateral Agent of its rights and remedies hereunder.

3. Covenants. Grantor expressly covenants and agrees that, until the Obligations are irrevocably satisfied in full or otherwise discharged:

(a) The Grantor shall, at Grantor's sole expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to perfect and protect any security interest granted hereby or to enable the Collateral Agent to exercise and enforce its (or the Secured Parties') rights and remedies hereunder with respect to any Collateral, including, without limitation, providing, executing, filing, and/or recording any notice, financing statement, statement, instrument, document, or agreement that the Collateral Agent considers necessary to create, preserve, continue, perfect, or validate any security interest granted hereunder or which the Collateral Agent considers necessary or desirable to exercise or enforce the Collateral Agent's or Secured Parties' rights hereunder with respect to such security interest.

(b) The Collateral Agent is authorized to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor where permitted by law in a form as determined to be appropriate by the Collateral Agent. A carbon, photographic, or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor shall keep the Collateral insured against fire, theft, and such other hazards, and in amounts and with such insurance underwriters, as are prudent and customary in Grantor's industry.

(d) The Grantor shall, promptly upon knowledge thereof, provide the Collateral Agent notice of any material loss of, damage to, or material adverse change of any of the Collateral.

(e) The Grantor shall defend the Collateral against all claims and demands of all persons (other than the Collateral Agent) claiming an interest therein.

(f) The Grantor shall not incur, create, assume, or suffer to exist any lien, claim, security interest, or encumbrance upon the Collateral, except for (a) liens for taxes not yet due or which are being contested in good faith by appropriate proceedings if adequate reserves with respect thereto are maintained on its books in conformity with GAAP; and (b) liens created pursuant to this Security Agreement in favor of the Collateral Agent for the ratable benefit of the Secured Parties.

(g) The Grantor shall not otherwise transfer or dispose of sell, transfer, alienate, lease or otherwise dispose of any Collateral ("Transfer"), other than arising in the ordinary course of business.

(h) The Grantor will not, without providing at least thirty (30) days' prior written notice to the Collateral Agent, change its legal name, identity, type of organization, jurisdiction of organization, location of its chief executive office or its principal place of business, or its organizational identification number. The Grantor will, prior to any change described in the preceding sentence, take all actions requested by the Collateral Agent to maintain the perfection and priority of the Collateral Agent's security interest in the Collateral for the ratable benefit of the Secured Parties.

(i) The Grantor will keep the Collateral in good order and repair and will not use the same in violation of Applicable Law or any policy of insurance thereon. The Grantor will permit the Collateral Agent, or its designee, to inspect the Collateral at any reasonable time, wherever located.

(j) The Grantor will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Security Agreement.

4. Voting, Distributions, and Receivables.

(a) The Collateral Agent agrees that unless an Event of Default shall have occurred and be continuing, the Grantor may, to the extent the Grantor has such right as a holder of the Collateral consisting of securities, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Loan Agreements or this Security Agreement, and from time to time, upon request from the Grantor, the Collateral Agent shall deliver to the Grantor suitable proxies so that the Grantor may cast such votes, consents, ratifications and waivers, if applicable.

(b) The Collateral Agent agrees that the Grantor may, unless an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other Equity Interests, or indebtedness owed by any obligor.

(c) If any Event of Default shall have occurred and be continuing, the Collateral Agent may, or at the request and option of the Collateral Agent the Grantor shall, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Collateral Agent in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Collateral Agent for the ratable benefit of the Secured Parties.

5. Remedies. Upon the occurrence of an Event of Default (as defined in the Credit Agreement), the Collateral Agent for the Secured Parties shall have, in addition to all other rights and remedies provided in this Security Agreement or otherwise, all the rights and remedies of a Secured Party on default under the UCC, including without limitation the right to take possession of the Collateral, and for that purpose the Collateral Agent may, so far as the Grantor can give authority therefor, enter upon any premises upon which Collateral may be situated and remove, take, and carry away the same. The Collateral Agent may require Grantor to assemble the Collateral and make it available to the Collateral Agent at a place to be designated by the Collateral Agent which is reasonably convenient to the Collateral Agent. Without limiting the generality of the foregoing, the Collateral Agent may immediately, without demand or performance and without notice of intention to sell or of time or place of sale or of redemption or other notice or demand whatsoever to Grantor, all of which are hereby expressly waived, and without advertisement, sell the Collateral, or any part thereof, at public or private sale or otherwise, at any of Collateral Agent's offices or elsewhere, for cash, on credit, or for future delivery and upon such other terms as Collateral Agent may deem commercially reasonable, and after deducting from the proceeds of sale or other disposition of the Collateral all expenses (including all reasonable expenses for legal services), shall apply the residue of such proceeds toward the payment of the Obligations. If notice of any sale or other disposition is required by law to be given, Grantor hereby agrees that a notice sent at least five (5) Business Days before the time of any intended public sale or of the time after which any private sale or other disposition of the Collateral is to be made, shall be reasonable notice of such sale or other disposition. The Collateral Agent for the ratable benefit of the Secured Parties, in its discretion, may in its name or in the name of Grantor, demand, sue for, collect, and receive any money, receivables, or proceeds included in the Collateral and extend the time of payment or otherwise modify any of the terms of or release Grantor under any such Collateral, without thereby incurring responsibility to or discharging or otherwise affecting any liability of Grantor. Grantor shall pay to the Collateral Agent on demand any and all attorney's fees reasonably and necessarily incurred or paid by the Collateral Agent in protecting or enforcing the Obligations and the other rights of the Collateral Agent for the ratable benefit of the Secured Parties under this Security Agreement.

6. Application of Proceeds. Notwithstanding anything to the contrary contained in the Credit Agreement or the Security Agreement, the Collateral Agent and the Lenders hereby agree that (solely between themselves and without effecting an amendment to the Credit Agreement and the Security Agreement) that to the extent that the Collateral Agent receives any proceeds from Collateral, it shall apply such proceeds first, ratably to pay all expenses, fees and actual, incurred indemnities to the full extent thereof; second, ratably to pay any accrued Grantor on account of any interest due and owing on the Credit Agreement (including interest at the Default Rate, if any); third, ratably to pay any other Obligations due and owing under the Credit Agreement until paid in full; fourth, to pay any interest due and owing in respect of the Other Notes; fifth, ratably to pay any other obligations then due and payable in respect of the Other Notes until each such Other Note is paid in full; and sixth, to the Grantor.

7. Power of Attorney. The Grantor hereby appoints the Collateral Agent as the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time during the continuance of an Event of Default in the Collateral Agent's discretion, acting reasonably, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Security Agreement (but the Collateral Agent shall not be obligated to and shall have no liability to the Grantor or any third party for failure to do so or take action). This appointment, being coupled with an interest, shall be irrevocable. The Grantor hereby ratifies that said attorneys shall lawfully do or cause to be done by virtue hereof.

8. Termination. On the date on which all Obligations have been paid and performed in full, the Collateral Agent will, at the request of the Grantor, (a) duly assign, transfer and deliver to or at the direction of the Grantor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Collateral Agent, together with any monies at the time held by the Collateral Agent hereunder, and (b) execute and deliver to the Grantor a proper instrument or instruments acknowledging the satisfaction and termination of this Security Agreement.

9. Indemnity and Expenses.

(a) Grantor agrees to indemnify the Collateral Agent from and against any and all claims, losses, and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses, or liabilities resulting from Collateral Agent's gross negligence or willful misconduct.

(b) Grantor will upon demand pay to Collateral Agent the amount of any and all expenses, including the reasonable fees and out of pocket disbursements of its counsel and of any experts and agents, which the Collateral Agent may incur in connection with: (i) filing or recording fees incurred in connection with this Security Agreement; (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral; (iii) the exercise or enforcement of any of the rights of the Collateral Agent or any Secured Parties hereunder; or (iv) the failure by Grantor to perform or observe any of the provisions hereof. The Collateral Agent shall not be liable to Grantor for damages as a result of delays, temporary withdrawals of the Equipment from service, or other causes other than those caused by Collateral Agent's gross negligence or willful misconduct.

10. Continuing Security Interest. This Security Agreement shall create a continuing first priority security interest in the Collateral and shall: (a) in full force and effect until all of the Obligations have been fully and indefeasibly paid and performed and such payment and performance has been acknowledged in writing by the Collateral Agent; (b) be binding upon Grantor, and Grantor's successors and assigns; and (c) inure to the benefit of the Collateral Agent for the ratable benefit of the Secured Parties and their respective successors, transferees, and assigns.

11. Assignment. This Security Agreement may not be assigned by the Grantor without the prior written consent of the Collateral Agent.

12. Governing Law. The Parties expressly incorporate the provisions set forth in Section 16 of the Credit Agreement by this reference.

13. Notices. Any notice, demand, communication or other document required, permitted, or desired to be given hereunder shall be in writing and shall be delivered personally or sent by United States registered or certified mail, return receipt requested, postage prepaid, by reputable overnight courier, or by email, and addressed to the party at the respective numbers and/or addresses set forth below each Party's signature block, and the same shall be deemed given and effective (i) upon receipt or refusal if delivered personally or by hand delivered messenger service, (ii) the date received or refused if sent by reputable overnight courier, (iii) the date received or refused if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and (iv) the next Business Day following transmittal of electronic mail. A party may change its address for receipt of notices by service of a notice of such change in accordance herewith.

14. No Waiver. The Collateral Agent shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

15. Counterparts. This Security Agreement may be executed in one or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16. Headings. The headings and captions of the various subdivisions of this Security Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

17. Severability. In the event that any court of competent jurisdiction shall determine that any provision, or any portion thereof, contained in this Security Agreement shall be unenforceable in any respect, then such provision shall be deemed limited to the extent that such court deems it enforceable, and as so limited shall remain in full force and effect. In the event that such court shall deem any such provision, or portion thereof, wholly unenforceable, the remaining provisions of this Security Agreement shall nevertheless remain in full force and effect.

18. Construction. The parties have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Security Agreement.

19. Miscellaneous. This Security Agreement, together with the Credit Agreement, embodies the entire agreement among the parties hereto with respect to the matters set forth herein, and supersedes all prior agreements among the parties with respect to the matters set forth herein. No course of prior dealing among the parties, no usage of trade, and no parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof. There are no conditions to the full effectiveness of this Security Agreement

20. Amendments. None of the terms or provisions of this Security Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Grantor therefrom shall be effective unless the same shall be in writing and signed by the Collateral Agent and the Grantor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or give.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Security Agreement on the date first above written.

COLLATERAL AGENT:

Bengal Catalyst Fund, LP

By: /s/ Joshua Rosen
Name: Joshua Rosen
Its: Authorized Signatory

Address:
6608 E 2nd St.
Scottsdale, AZ 85251

Email: josh@bengalcap.com

GRANTOR:

Body and Mind Inc.

By: /s/ Michael Mills
Name: Michael Mills
Its: CEO

Address:
2625 N. Green Valley Parkway
Suite 150
Henderson, NV 89014

Email: mmills@bodyandmind.com

SCHEDULE 1

Schedule of Lenders and Other Notes/Debentures

Lender	Name/Type of Agreement	Principal Amount	Terms of Note	Current Amount Due
BaM I, A series of Bengal Catalyst Fund SPV, LP	Convertible Debenture	Principle Amount of \$2,750,000. The Debenture has a term of five (5) years and bears interest at a rate of eight percent (8.0%) per annum. Interest shall accrue monthly, compound annually, and shall be payable on the maturity date of the Debenture. The outstanding principal amount and/or any accrued interest will be convertible at the election of the Holder, at any time, in any amount up to the aggregate principal and interest accrued under the Debenture, and from time to time, into Conversion Shares at the conversion price of \$0.10 per share of Common Stock (the "Conversion Price").	Effective Date: December 19, 2022. Maturity Date: December 19, 2027	
Mindset Value Fund LP	Convertible Debenture	Principle Amount of \$150,000 The Debenture has a term of five (5) years and bears interest at a rate of eight percent (8.0%) per annum. Interest shall accrue monthly, compound annually, and shall be payable on the maturity date of the Debenture. The outstanding principal amount and/or any accrued interest will be convertible at the election of the Holder, at any time, in any amount up to the aggregate principal and interest accrued under the Debenture, and from time to time, into Conversion Shares at the conversion price of \$0.10 per share of Common Stock (the "Conversion Price").	Effective Date: December 19, 2022. Maturity Date: December 19, 2027	
Mindset Value Wellness Fund LP	Convertible Debenture	Principle Amount of \$100,000. The Debenture has a term of five (5) years and bears interest at a rate of eight percent (8.0%) per annum. Interest shall accrue monthly, compound annually, and shall be payable on the maturity date of the Debenture. The outstanding principal amount and/or any accrued interest will be convertible at the election of the Holder, at any time, in any amount up to the aggregate principal and interest accrued under the Debenture, and from time to time, into Conversion Shares at the conversion price of \$0.10 per share of Common Stock (the "Conversion Price").	Effective Date: December 19, 2022. Maturity Date: December 19, 2027	

**NEWS RELEASE – For Immediate Dissemination****Body and Mind Announces Debt Financing**

Las Vegas, NV and Vancouver, B.C., CANADA (Newsfile Corp. – October 25, 2024) – Body and Mind Inc. (CSE: BAMM, OTC Pink: BMMJ) (the “**Company**” or “**BaM**”), a multi-state operations-focused cannabis company, is announcing entry into a credit facility agreement (the “**Credit Facility**”) with Bengal Catalyst Fund, LP (“**Bengal**” or “**Lender**”) for up to US\$2.3 million, which is intended to be fully drawn down.

“The credit facility agreement gives the company flexibility to accomplish its near-term objectives of rationalizing its asset base and protecting shareholder value, which includes supporting the development of its in-process dispensary projects in Illinois and New Jersey,” stated Michael Mills, CEO of Body and Mind. “Additionally, when we sold our Ohio dispensary, we negotiated a US\$2.5 million contingent payment should a second retail license be awarded and subsequently opened. We are pleased to see the acquiror of such Ohio dispensary in process on developing a second dispensary and we now believe, but cannot guarantee given inherent uncertainties in these processes, that we should receive the US\$2.5 million cash payment in early 2025.”

Credit Facility

Any funds drawn on the Credit Facility bear interest at 18% per annum, paid monthly and funds loaned are subject to an original issuer discount (the “**OID**”) at a rate of five percent (5.0%) of the principal amount of each Loan. The maturity date is 2 years from the first day any monies are borrowed and the US\$2.3 million is available to be borrowed up to 1 year from execution of the Credit Facility. Until the maturity date, the Company is only obligated to make monthly interest payments and the Company has the right to prepay any amount prior to the maturity date. The Company has an obligation to make loan repayments from any key asset sale. In conjunction with the Credit Facility, the Company has also amended the convertible debentures (the “**Convertible Debentures**”) previously issued to BAM I, a series of Bengal Catalyst Fund SPV, LP, Mindset Value Fund LP and Mindset Value Wellness Fund LP (together with Bengal, the “**Lenders**”), whereby the Convertible Debentures interest rate has been modified to 15% per annum, half paid in cash and half paid in kind. The payment in kind is calculated by increasing the principal amount of the Note in an amount equal to the accrued paid in-kind interest. The Lenders have waived the requirement of a Form S-1 registration statement for the shares underlying the Convertible Debenture for 22 months. The Company has executed a security agreement for the Credit Facility and the Convertible Debentures which rank pari passu so the Convertible Debentures that were previously unsecured are now secured, with priority payment on the Credit Facility. The Credit Facility has additional customary lending terms and the descriptions of the Credit Facility and associated agreements herein are qualified in their entirety by the text of such agreements, which will be posted to EDGAR and SEDAR+ as required by applicable securities laws.

The Company will issue 1,322,281 shares to the sellers of Canopy Monterey Bay in conjunction with previously disclosed transaction commitments. See press news releases dated Dec. 1, 2021, and June 21, 2022

Bengal and its related entities are a “related party” of the Company, and accordingly, Bengal’s participation in the Credit Facility and the amendment to the Convertible Debentures constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 (“MI 61-101”). The Company is relying on the exemption from the formal valuation requirement set out in Section 5.5(b) of MI 61-101 on the basis that no securities of the Company are listed or quoted on any of the prescribed exchanges set out therein. The Company is relying on the exemption from the minority approval requirement set out in Section 5.7(1)(e) of MI 61-101. Each of the directors of the Company, other than Joshua Rosen who abstained, is an “independent director” (as determined in accordance with MI 61-101) in respect to the Credit Facility and amendment to the Convertible Debentures and the board of directors, acting in good faith, determined that the Company is in serious financial difficulty, that the Credit Facility and amendment to the Convertible Debentures is designed to improve the financial position of the Company, and that the terms of the Credit Facility and amendment to the Convertible Debentures are reasonable in the circumstances of the Company. The Company did not file a material change report 21 days prior to the expected closing of the Credit Facility and amendment to the Convertible Debentures as the structure of the transaction had not been confirmed at that time.

About Body and Mind Inc.

BaM is an operations-focused cannabis company which operates retail cannabis dispensaries in California and Illinois, and pending retail operations in Illinois and New Jersey. We work daily to increase our market share through delighting customers while also continuing to hone our operational efficiencies to drive profits. We are primarily guided by the metric of return on investment. Currently, we believe the most significant return on investment projects in front of us are successful retail cannabis store launches in Illinois and New Jersey, which augment our existing retail footprint.

About Bengal Impact Partners

Bengal Impact Partners, LLC, (“**Bengal Capital**”) is an alternative asset manager, dedicated investor, and strategic advisory firm within the cannabis industry. Bengal's principals are experienced investors, risk managers, and operators with significant hands-on experience leading and supporting cannabis companies.

Please visit www.bodyandmind.com for more information.

Instagram: @bodyandmindBaM

Twitter: @bodyandmindBaM

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Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this release.

Safe Harbor Statement

Except for the statements of historical fact contained herein, the information presented in this news release constitutes "forward-looking statements" as such term is used in applicable United States and Canadian laws. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Any other statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and should be viewed as "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, the actual results of activities, variations in the underlying assumptions associated with the estimation of activities, the availability of capital to fund programs and the resulting dilution caused by the raising of capital through the sale of shares, accidents, labor disputes and other risks. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release and in any document referred to in this news release.

Certain matters discussed in this news release and oral statements made from time to time by representatives of the Company may constitute forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved. Forward-looking information is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Many of these factors are beyond the Company's ability to control or predict. Important factors that may cause actual results to differ materially and that could impact the Company and the statements contained in this news release can be found in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update or supplement any forward-looking statements whether as a result of new information, future events or otherwise. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities.