



EARLY WARNING NEWS RELEASE OF AUSTRALIS CAPITAL INC.

LAS VEGAS, NV, NOVEMBER 5, 2018 – Australis Capital Inc. (“**Australis**”), with an address at Suite 900, 510 Seymour Street, Vancouver, British Columbia, V6B 1V5 has acquired (the “**Acquisition**”), through a private placement, ownership of a total of 16,000,000 Units (the “**Units**”) in Body and Mind Inc. (the “**Company**”) and unsecured convertible debentures of the Company in the principal amount of \$1,600,000 (the “**Debentures**”). Each Unit is comprised of (i) one common share in the capital of the Company (the “**Common Shares**”) and (ii) one Common Share purchase warrant (each a “**Warrant**”) of the Company. Each Warrant will entitle the holder to purchase one Common Share of the Company, for a period of two years after the issuance of the Warrant, at a price equal to \$0.55 per Common Share, subject to acceleration and adjustment in certain circumstances. Each Debenture will (i) bear interest at 8% per annum payable semi-annually in arrears; (ii) mature two years from the date of issuance of the Debenture (the “**Maturity Date**”); and (iii) be convertible, at the option of the holder at a conversion price equal to \$0.55 per Common Share at any time prior to 5:00 p.m. (PST) on the business day immediately preceding the Maturity Date, subject to adjustment and forced conversion in certain circumstances. The Units and Debentures were purchased pursuant to an investment agreement dated October 30, 2018 entered into between the Company and Australis (the “**Investment Agreement**”). The head office of the Company is located at 750 – 1095 West Pender Street, Vancouver BC V6E 2M6.

Prior to the Acquisition, Australis held no Common Shares of the Company and held no securities convertible into Common Shares of the Company. As a result of the Acquisition, Australis currently holds 16,000,000 Common Shares, 16,000,000 Warrants and Debentures in the principal amount of \$1,600,000. Assuming the exercise of the Warrants at an exercise price of \$0.50 per Common Share and the conversion of Debentures at \$0.55 per Common Share, Australis may acquire up to 16,000,000 Common Shares and up to 2,909,090 Common Shares, respectively, which including the 16,000,000 Common Shares, is equal to approximately 34,909,090 Common Shares or approximately 42.2% of the issued and outstanding Common Shares on a partially-diluted basis.

The Units were acquired by Australis for \$0.40 per Unit for a purchase price of \$6,400,000 for the 16,000,000 Units and \$1,600,000 for the Debentures for an aggregate purchase price of \$8,000,000.

Australis acquired the Units and Debentures for investment purposes. In pursuing such purposes, Australis takes a long-term view of its investment. It reserves the right to formulate other plans or make other proposals, and take such actions with respect to its investment in the Company. Depending on market conditions and other factors, Australis may acquire additional securities of the Company as Australis may deem appropriate, whether in open market purchases, privately negotiated transactions or otherwise. Australis may dispose of some or all of such securities. Australis may also reconsider and change its plans or proposals relating to the foregoing.

Pursuant to the Investment Agreement, for as long as Australis owns 10% of the issued and outstanding Common Shares, Australis will be entitled to nominate one (1) director to the board of directors of the Issuer (the “**Board**”). If Australis exercises all Warrants and converts all Debentures, Australis will be entitled to nominate a second director to the Board. For as long as Australis maintains at least 25% of the issued and outstanding Common Shares of the Issuer, Australis will be entitled to maintain two (2) directors on the Board. Pursuant to the Investment Agreement, Chris Macleod resigned from the Board on November 2, 2018 and Australis will appoint Scott Dowty to the Board to fill the vacancy.

Australis purchased the Units in reliance on the exemption under Section 2.10 (Minimum Amount Investment) of National Instrument 45-106 – *Prospectus Exemptions*.

This press release is issued pursuant to early warning requirements of National Instrument 62-104 and National Instrument 62-103, which also requires a report to be filed with regulatory authorities in each of the jurisdictions containing additional information with respect to the foregoing matters (the “**Early Warning Report**”). A copy of the Early Warning Report will be available under the Company’s SEDAR profile at www.sedar.com and may be obtained by contacting Mr. Scott Dowty, Chief Executive Officer of Australis, at 702-817-2214 or scott@ausacap.com.