
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

January 31, 2019
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)

(604) 376-3567
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))

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 an Investment Agreement and Material Definitive Agreement

Material Definitive Agreement

On January 31, 2019, Body and Mind Inc.’s (the “**Company**”) wholly owned subsidiary, Nevada Medical Group LLC (the “**NMG Nevada**”) entered into a definitive agreement (the “**Definitive Agreement**”) whereby NMG Nevada will acquire 100% ownership of NMG Ohio LLC (“**NMG Ohio**”). NMG Nevada, which previously held a 30% interest in NMG Ohio, will purchase the remaining 70% interest (the “**Transaction**”) for fair value consideration of USD \$3,150,000 (the “**Consideration**”). NMG Ohio owns a dispensary in Loraine County, Elyria and a production license.

The Consideration will be settled equally in cash and in common shares in the capital of the Company (“**Common Shares**”) on the following basis:

CASH PAYMENTS

- i. USD \$1,181,250 to be paid on execution of the Definitive Agreement (“**Effective Date**”); and
- ii. USD \$393,750 to be paid within 10 days of closing the Transaction, to be determined pending regulatory approval.

COMMON SHARE ISSUANCES

- i. 2,380,398 Common Shares to be issued on the Effective Date; and
- ii. 793,466 Common Shares to be issued within 10 days of closing the Transaction, to be determined pending regulatory approval.

The Common Shares were valued using a Bank of Canada’s January 29, 2019 \$1USD:\$1.33CAD exchange rate and a price of CAD \$0.66 per Common Share.

Two of the Company’s directors have a financial interest in NMG Ohio. The two applicable directors will receive aggregate net proceeds of USD \$461,251 and 929,488 Common Shares, 75% of which to be paid and issued on the Effective Date and 25% within 10 days of closing the Transaction to be determined pending regulatory approval. Both directors abstained from discussions and voting in respect of the Transaction.

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

Investment Agreement

On January 31, 2019, the Company entered into an investment agreement (the “**Investment Agreement**”) with Australis Capital Inc. (“**Australis**”), an Alberta corporation that has its common shares listed on the Canadian Securities Exchange (the “**CSE**”), whereby Australis has agreed to acquire 1,768,545 Common Shares.

Pursuant to a prior investment agreement between Australis and the Company, the Company granted Australis anti-dilution participation rights which included discount rates as permitted by the Canadian Securities Exchange. Australis purchased the 1,768,545 Common Shares at a price of CAD \$0.585 per Common Share for an aggregate purchase price of CAD \$1,034,598.82 (the “**Financing**”).

With respect to the proceeds from the Financing, the proceeds are expected to be used towards the Transaction.

The foregoing description of the Investment Agreement does not purport to be complete and is qualified in its entirety by the Investment Agreement which is filed as Exhibit 10.2 hereto and is incorporated by reference herein.

On February 5, 2019, the Company issued a news release announcing that it had closed the previously announced Financing with Australis Capital Inc.

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 Definitive Agreement and Investment Agreement is incorporated by reference into this Item 2.03.

SECTION 3 – SECURITIES AND TRADING MARKETS

Item 3.02 Unregistered Sales of Equity Securities

In connection with the Financing as described in Item 1.01 of this Current Report on Form 8-K, on January 31, 2019, the Company issued 1,768,545 Common Shares to Australis, with each Common Share issued at a purchase price of CAD \$0.585 per Common Share for gross proceeds of CAD \$1,034,598.82.

The information set forth under Item 1.01 of this Current Report on Form 8-K with respect to the Financing is incorporated by reference into this Item 3.02.

In connection with the issuance of the Common Shares to Australis as described above, the Company relied on the exemption from registration under the U.S. Securities Act of 1933, as amended, provided by Rule 903 of Regulation S with respect to such issuances.

SECTION 7 – REGULATION FD

Item 7.01 Regulation FD Disclosure

On February 5, 2019, the Company issued a news release announcing that it had closed the previously announced Financing with Australis Capital Inc. Pursuant to the terms of the Investment Agreement, Australis acquired 1,768,545 Common Shares at a purchase price of CAD \$0.585 per Common Shares for gross proceeds of CAD \$1,034,598.82.

A copy of the February 5, 2019 news release is attached as Exhibit 99.2 hereto.

SECTION 8 – OTHER EVENTS

Item 8.01 Other Events

On February 1, 2019, the Company issued a news release announcing that it had entered into a Definitive Agreement and Investment Agreement as disclosed above in Section 1.01.

A copy of the February 1, 2019 news release is attached as Exhibit 99.1 hereto.

SECTION 9 – FINANCIAL STATEMENTS AND EXHIBITS

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired

Not applicable.

(b) Pro forma Financial Information

Not applicable.

(c) Shell Company Transaction

Not applicable.

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
10.1	Definitive Agreement dated January 31, 2019.
10.2	Investment Agreement between Australis Capital Inc. and Body and Mind Inc., dated January 31, 2019.
99.1	News Release dated February 1, 2019.
99.2	News Release dated February 5, 2019.

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: February 6, 2019

By: */s/ Darren Tindale*

Darren Tindale
Chief Financial Officer

NMG OHIO, LLC

MEMBERSHIP INTEREST PURCHASE AGREEMENT

JANUARY 31, 2019

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this "Agreement") is made as of January 31, 2019 (the "Effective Date"), by and among Nevada Medical Group, LLC, a Nevada limited liability company ("Purchaser"), the Persons listed on Exhibit A attached to this Agreement (each a "Seller" and together the "Sellers"), and NMG Ohio, LLC, an Ohio limited liability company (the "Company").

RECITALS

WHEREAS, each of the Sellers owns the percentage of Membership Interests in the Company set forth adjacent to such Seller's name on Exhibit A, attached hereto, pursuant to the Operating Agreement of the Company dated June 19, 2017 (the "Operating Agreement");

WHEREAS, Purchaser is a wholly-owned subsidiary of Body and Mind, Inc., a Nevada corporation ("Parent").

WHEREAS, each of the Sellers desires to sell to Purchaser, and the Purchaser desires to purchase from each of the Sellers, all of Membership Interests in the Company owned by each of the Sellers, in percentages set forth adjacent to each Seller's name on Exhibit A, on the terms and conditions set forth herein.

STATEMENT OF AGREEMENT

NOW THEREFORE, the parties hereby agree as follows:

1. PURCHASE AND SALE OF UNITS.

1.1 Purchase and Sale of Membership Interests.

(a) Generally. On the Closing Date, each of the Sellers shall sell to Purchaser, and Purchaser shall purchase from each of the Sellers, the entire Interest in the Company held by such Seller, as same is set forth opposite each such Seller's name on Exhibit A (the "Purchased Interests") for consideration, and on terms described in this Agreement. The Purchased Interests shall have the rights, preferences, privileges and restrictions set forth herein and in Operating Agreement. On the Closing Date, Purchaser shall be the sole member of the Company (unless Purchaser designates one or more Affiliates to purchase accept title to all or a portion of the Purchased Interests in accordance with Section 1.1(b)), and, in such capacity, Purchaser shall be free to enter into an Amended and Restated Operating Agreement with respect to the ownership by Purchaser of all of the membership interests in the Company, management of the Company and governance of the affairs of the Company going forward after the Closing Date.

(b) **Designation of Affiliate(s).** The parties acknowledge that Purchaser is already a Member of the Company (with respect to a current, 30% interest in the Company held by Purchasers, as evidenced by the Operating Agreement). Purchaser shall have the right, on or before the Closing Date and without further consent of the Company or any of the Sellers, to designate one or more Affiliates of Purchaser to accept title to all or any portion of the Purchased Interests in order to preserve the status of the Company as a partnership for federal income tax purposes, or for any other legitimate business purpose of the Company. In the event the Company designates one or more such Affiliates to accept transfer of all or any portion of the Purchased Interests, such Affiliate shall, as a condition to receiving title and ownership of such Purchased Interests or becoming a Substituted Member of the Company with respect thereto, execute a Joinder Agreement agreeing to become a party to the Operating Agreement of the Company then in effect.

1.2 Closing.

(a) The purchase and sale of the Purchased Interests described in Section 1.1 above shall take place remotely via the exchange of final consideration, documents and signatures on the date which all of the conditions to closing set forth and described in Section 5 have occurred (which date and time are designated as the “Closing Date”).

(b) On the Closing Date, each of the Sellers shall execute and deliver to Purchaser or its affiliate (in accordance with Section 1.1(b)) the Purchased Interests for and in exchange for the payment of the final consideration therefor as described in Sections 1.3, 1.4 and 1.5 hereof.

1.3 Consideration for Purchased Interests. The cumulative value of all consideration payable for Purchased Interests hereunder shall be Three Million Seventy-Nine Thousand Two Hundred and 00/100's United States Dollars (USD \$3,079,200.00) (the “Consideration”). The Consideration shall be comprised of the following:

(a) The cumulative sum of One Million Five Hundred Four Thousand Two Hundred and 00/100's United States Dollars (USD \$1,504,200.00), in readily-available funds (which amount shall be comprised of the cash payments described in Section 1.5(a) and (b), and the return of capital distributions described in Section 2); and

(b) Shares of common stock of Parent having aggregate value on the Effective Date equal to One Million Five Hundred Seventy-Five Thousand and 00/100's United States Dollars (USD \$1,575,000.00) (“Parent Common Stock”). The aggregate number of shares of Parent Common stock to be delivered to Sellers as partial consideration for the Purchased Interests shall be based on the value per-share of CAD \$0.66 and adjusted based on the exchange rate of USD \$1.33 for each CAD \$1.00, with the aggregate adjusted number of shares of Parent Common Stock to be delivered to Sellers as partial consideration for the Purchased Interests being equal to 3,173,864.

1.4 Proportionate Shares of Consideration. Each of the Sellers shall be entitled to a proportionate share of the Consideration for the Seller Interests described in Section 1.3 in proportion to the percentages (such percentages, each Seller's “Sharing Ratio”) as are set forth adjacent to their respective names in Exhibit A. Exhibit A illustrates such cash distributions net of the return of capital distributions described in Section 2 and illustrated separately on Exhibit B.

1.5 Payment of Consideration. The Consideration for the Purchased Interests shall be delivered to the Sellers in accordance with the following schedule:

(a) Upon execution of this Agreement, seventy-five percent (75%) of the aggregate Consideration for the Purchased Interests shall be immediately payable to the Sellers (in proportion to their respective Sharing Ratios), which payment shall be equally composed (by value) of cash and Parent Stock.

(b) Within ten (10) business days following the approval by OMMCP of the transfer from Sellers to Purchaser of the Purchased Interests, Purchaser shall deliver to each of the Sellers the remaining balance of the cash portion of the consideration to be received by such Sellers, and Parent shall deliver to the Sellers the remaining Parent Common Stock to be delivered to such Sellers.

(d) Exhibit B, attached hereto sets forth the composition of cash and Parent Common Stock payable and issuable to each of the Sellers on the Effective Date, the Production Date, and the Closing Date, pursuant to Sections 15(a) and 15(b).

(e) All cash consideration to be paid to Sellers hereunder shall be delivered by Purchaser to a third party escrow agent reasonably acceptable to the parties. Such escrow agent shall distribute to each Seller, as and when required by this Section 1.5 and as set forth on Exhibit C, attached hereto, such Seller's share of such cash consideration (calculated using such Seller's Sharing Ratio), pursuant to a Flow of Funds Agreement and Disbursement Instruction executed by each of the Sellers, the Company and Purchaser and delivered to such Escrow Agent, by wire transfer pursuant to wire information provided to Purchaser and the Escrow Agent by such Seller. Each separate cash payment contemplated by this Section 1.5 shall require a separately-executed Flow of Funds Agreement and Disbursement Instruction.

1.6 Closing Documents. Each of the Sellers shall deliver the following documents to Purchaser at the Closing:

(a) An Assignment of Membership Interest in form attached hereto as Exhibit E, sufficient to vest in Purchaser good and marketable title in and to the Purchased Interests purchased by Purchaser from such Seller, free and clear of all liens, claims or encumbrances, excepting those expressly imposed by the Operating Agreement;

(b) Authorizing resolutions of such Seller (where such Seller is not a natural person) authorizing such Seller to sell and transfer the Purchased Interests to be sold and transferred to Purchaser hereunder, in accordance with the terms and conditions hereof, for and in exchange for the consideration described herein, and otherwise in accordance herewith;

(c) Duly-executed counterparts to the Transaction Agreements to which it is a party;

(d) A bring-down certificate in form acceptable to Purchaser certifying that all of the representations and warranties of such Seller set forth in Section 3 are true and correct as of the Closing Date.

2. RETURN OF CAPITAL DISTRIBUTIONS. On the Effective Date, Purchaser shall contribute to the Company an amount sufficient to permit the Company to distribute to each of the Sellers the amounts set forth adjacent to their respective names in Exhibit C, attached hereto, which distributions shall be treated as return of capital distributions to each such Seller. Upon completion of such contribution to the Company by Purchaser, the Company shall distribute to each of the Sellers the amount set forth adjacent to their respective names on Exhibit C.

3. **REPRESENTATIONS AND WARRANTIES OF COMPANY SELLERS.** The Company and each of the Sellers represents and warrants to Purchaser that, except as set forth on the Disclosure Schedule attached as Exhibit E to this Agreement, which exceptions shall be deemed to be part of the representations and warranties made hereunder, the following representations are true and complete as of the Effective Date, and shall be true and complete as of the Closing Date, except as otherwise indicated. The Disclosure Schedule shall be arranged in sections corresponding to the numbered and lettered sections and subsections contained in this Section 3, and the disclosures included in any section of this Disclosure Schedule shall be considered to be made for purposes of all other sections of this Disclosure Schedule to the extent that the relevance of any such disclosure to any other section of the Disclosure Schedule is reasonably apparent.

3.1 **Organization, Good Standing and Qualification.** The Company is a limited liability company duly organized, validly existing and in full force and effect under the laws of the State of Ohio and has all requisite limited liability company power and authority to carry on its business as now conducted and as proposed to be conducted and to enter into and perform this Agreement and the transactions contemplated hereby. The Company is duly qualified to transact business and is in full force and effect or good standing in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect on the assets, condition, business, operations or affairs of the Company.

3.2 **Capitalization and Voting Rights; Subsidiaries.**

(a) Immediately prior to the Closing, there is only one class of equity membership interests authorized in the Company (the "Membership Interests"), consisting of one hundred (100) percentage interests (the "Interests"), thirty percent (30%) of which are, as of the Effective Date, held by Purchaser, and seventy percent (70%) of which are, as of the Effective Date, held by Sellers (in proportion to their respective Sharing Ratios set forth on Exhibit A). Immediately following the Closing, the outstanding Membership Interests in the Company will consist of one hundred (100) Interests, one hundred percent (100%) of which Interests shall held by Purchaser or its affiliate/designee. The rights, privileges and preferences of the Interests are as stated in the Operating Agreement. At the time immediately prior to the Closing, the outstanding Interests shall have been duly and validly issued, and shall have been issued in accordance with all applicable state and federal securities laws.

(b) Except as expressly set forth in the Operating Agreement or as disclosed by the Company to Purchaser, there are no outstanding options, warrants, rights (including conversion rights, preemptive rights, rights of first refusal or similar rights) or agreements for the purchase or acquisition from the Company of any of the Interests, or any securities exercisable for or convertible into Interests. Except as provided in the Operating Agreement, the Company is not a party or subject to any agreement or understanding, and to such Seller's knowledge, there is no agreement or understanding between any persons or entities which affects or relates to the voting or giving of written consents by a member or a manager of the Company. None of the existing Interests provide for acceleration or vesting or require antidilution adjustments by reason of the consummation of the transactions contemplated hereby.

(c) The Company does not presently own or control, directly or indirectly, any interest in any other Person. The Company is not a participant in any joint venture, partnership or similar arrangement.

3.3 Authorization: Valid Issuance of Preferred Units.

(a) All corporate action on the part of such Seller, its officers, managers, shareholders or members necessary for the authorization, execution and delivery of the Transaction Agreements, the performance of all obligations of the Company hereunder and thereunder, and the authorization, issuance, sale and delivery of the Purchased Interests being sold hereunder, has been taken or will be taken before the Closing, and the Transaction Agreements, when executed and delivered by such Seller, will constitute valid and legally binding obligations of such Seller, enforceable in accordance with their respective terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, (b) as limited by laws and principles relating to the availability of specific performance, injunctive relief or other equitable remedies, and (c) to the extent the indemnification provisions contained in the Operating Agreement may be limited by applicable federal and state securities laws.

(b) The Purchased Interests that are being purchased by Purchaser from such Seller hereunder, (i) are duly and validly issued, fully paid and non-assessable, (ii) are free of restrictions on transfer other than restrictions on transfer under the Operating Agreement and under applicable state and federal securities laws, and (iii) are free of any liens or encumbrances, other than any liens or encumbrances created by or through Purchaser. Assuming the accuracy of the representations of Purchaser in Section 4 of this Agreement, the Purchased Interests purchased from each Seller hereunder have been issued in compliance with all applicable federal and state securities laws.

3.4 Title to Property and Assets. To the knowledge of such Seller, the Company has good and marketable title to all the properties and assets it owns that are used in its business, subject to no lien, mortgage, pledge, security interest, encumbrance or charge of any kind, except for statutory liens for the payment of current taxes that are not yet delinquent and encumbrances and liens that arise in the ordinary course of business and do not materially impair the Company's ownership or use of such property or assets. To the knowledge of such Seller, with respect to the property and assets it leases, the Company is in compliance with such leases in all material respects and holds a valid leasehold interest free of any liens, claims or encumbrances. To the knowledge of such Seller, all facilities, machinery, equipment, fixtures, vehicles and other properties owned, leased or used by the Company are in good operating condition and repair, ordinary wear and tear excepted, and are reasonably fit and usable for the purposes for which they are being used.

3.5 **Governmental Consents.** Assuming the accuracy of the representations made by Purchaser in Section 4 of this Agreement, and except for the approval by the Ohio Board of Pharmacy, Medical Marijuana Control Program (“OMMCP”) to: (i) the Ohio medical marijuana dispensary license of the Company; and (ii) the transfer of the Purchased Interests from such Seller to Purchaser as a condition to Closing, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any governmental authority on the part of such Seller or the Company is required in connection with the consummation of the transactions contemplated by the Transaction Agreements.

3.6 **Litigation.** There is no action, suit, proceeding or known investigation pending or, to such Seller’s knowledge, threatened against such Seller, or to such Seller’s knowledge, against the Company. To such Seller’s knowledge, neither such Seller nor the Company is a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by such Seller against the Company, Parent, or any member of the Company currently pending or that such Seller intends to initiate.

3.7 **Compliance.** To the knowledge of such Seller, the Company is not in violation of (a) any provision of its Operating Agreement or Articles of Organization (and will not be in violation of the Operating Agreement or Articles of Organization on the Closing Date), (b) any instrument, judgment, order, writ, decree or Material contract to which the Company is subject or (c) any provision of state or local law applicable to the Company or its business, where such violation, in the case of the preceding clauses (b) or (c), would result in a Material Adverse Effect. The execution, delivery and performance of the Transaction Agreements, the transfer of the Purchased Interests and the consummation of the transactions contemplated hereby and thereby in accordance herewith will not result in any such violation or be in conflict with or constitute, with or without the passage of time and giving of notice, either a material default under any provision, judgment, order, writ, decree, Material contract, or require any consent, waiver or approval thereunder, or constitute an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, its business or operations or any of its assets or properties.

3.8 **Permits.** The Company has, or shall have on the Closing Date, all franchises, permits, licenses and any similar authority necessary for the conduct of its business, the lack of which would reasonably be expected to result in a Material Adverse Effect. The Company is not now and will not be on the Closing Date, in default in any material respect under any of such franchises, permits, licenses or other similar authority.

3.9 **Environmental and Safety Laws.** To the knowledge of such Seller, the Company has complied in all material respects with all applicable federal, state, local statutes, laws and regulations relating to the environment or occupational health and safety. For purposes of this Subsection 2.9, “Environmental Laws” means any law, regulation or other applicable requirement relating to (a) releases or threatened release of Hazardous Substances; (b) pollution or protection of employee health or safety, public health or the environment; or (c) the manufacture, handling, transport, use, treatment, storage or disposal of the Hazardous Substances.

3.10 Agreements; Actions.

(a) To the knowledge of such Seller, except for the Transaction Agreements, there are no agreements, understandings, instruments, contracts or proposed transactions to which the Company is a party or by which it is bound that involve (i) obligations (contingent or otherwise) of, or payments to, the Company in excess of \$10,000, (ii) the license of any patent, copyright, trademark, trade secret or other proprietary right to or from the Company other than end user agreements entered into in the Company's ordinary course of business, (iii) the grant of rights to manufacture, produce, assemble, license, market, or sell its products to any other Person that limit the Company's exclusive right to develop, manufacture, assemble, distribute, market or sell its products, or (iv) indemnification by the Company with respect to infringements of proprietary rights.

(b) Except as set forth on the Disclosure Schedule attached as Exhibit F to this Agreement, and except as expressly provided in this Agreement, to the knowledge of such Seller, the Company has not (i) authorized or made any distribution upon or with respect to any class of its membership interests, (ii) incurred any indebtedness for money borrowed or incurred any other liabilities individually in excess of \$10,000 or in excess of \$50,000 in the aggregate, (iii) made any loans or advances to any Person, other than ordinary advances for travel expenses, or (iv) sold, exchanged or otherwise disposed of any of its assets or rights, other than the sale of its inventory in the ordinary course of business. For the purposes of subsections (a) and (b) of this Subsection 3.10, all indebtedness, liabilities, agreements, understandings, instruments, contracts and proposed transactions involving the same Person (including Persons such Seller has reason to believe are affiliated with each other) shall be aggregated for the purpose of meeting the individual minimum dollar amounts of such subsection.

(c) To the knowledge of such Seller, the Company is not a guarantor or indemnitor of any indebtedness of another Person.

(d) To the knowledge of such Seller, the Company nor any representative of the Company has engaged in the past six (6) months in any discussion with any representative of any Person regarding (i) a sale or exclusive license of all or substantially all of the Company's assets, or (ii) any merger, consolidation or other business combination transaction of the Company with or into another Person.

3.11 Finder's Fees. Such Seller represents that it has no contract, arrangement or understanding with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement.

3.12 Securities Representations of Sellers. Each of the Sellers represents and warrants to Purchaser and Parent, with respect to the receipt by each such Seller of Parent Common Stock as partial consideration for the Purchased Interests, as follows:

3.12.1 Such Parent Common Stock will be acquired by such Seller for investment for such Seller's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of applicable securities laws, and that such Seller has no present intention of selling, granting any participation in, or otherwise distributing the same. Such Seller does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Parent Common Stock to be received by such Seller hereunder.

3.12.2 Such Seller understands that the shares of Parent Common Stock to be received by such Seller hereunder are “restricted securities” under the applicable securities laws inasmuch as they are being acquired from Parent in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold only in certain limited circumstances without registration under applicable law.

3.12.3 Such Seller has such knowledge and experience in financial and business matters and that it is capable by itself of evaluating the merits and risks of its investment in the Parent Common Stock and of making an informed investment decision. Such Seller acknowledges that it has been provided complete access to, and an opportunity to review, and ask questions of Parent’s executive officers and/or directors concerning, all documents and other information concerning Parent reasonably necessary to make an informed decision as to the receipt of such Parent Common Stock as partial consideration for the Purchased Interests.

4. **REPRESENTATIONS AND WARRANTIES OF PURCHASER.** Purchaser hereby represents and warrants to each of the Sellers that:

4.1 **Authorization.** Purchaser has full power and authority to enter into this Agreement and each other Transaction Agreements to which it is a party, and this Agreement and each such Transaction Agreement constitutes its valid and legally binding obligation, enforceable in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors’ rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies. The execution, delivery, and performance of this Agreement and the other Transaction Agreement and the transactions contemplated hereby and thereby will not violate any provision of law, any order of any court or other agency of government, or any agreement or instrument to which such Investor is a party or by which such Investor is bound, or be in conflict with, result in a breach of, or constitute (with notice or lapse of time, or both) a default under any such agreement or instrument.

4.2 **Governmental Approval.** Purchaser is not required to submit any notice, report or other filing with any governmental authority in connection with the execution or delivery by it of this Agreement and the other Transaction Agreements or the consummation of the transactions contemplated hereby and thereby and no consent, approval or authorization of any governmental authority is required to be obtained by such Investor in connection with the execution and delivery of this Agreement and the other Transaction Agreements or the consummation of the transactions contemplated hereby and thereby.

4.3 **Confidentiality.** Purchaser understands that it may be furnished with certain information about the Company that is confidential, proprietary or otherwise not generally available to the public and agrees that any such information will not be used by Purchaser other than in connection with matters directly related to Purchaser's ownership of the Purchased Interests or its performance under the Operating Agreement, and will be kept confidential by Purchaser.

4.4 **Purchase Entirely for Own Account.** The Purchased Interests will be acquired for investment for Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of applicable securities laws, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. Purchaser does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Purchased Interests.

4.5 **Restricted Securities.** Purchaser understands that the securities it is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold only in certain limited circumstances without registration under the Securities Act. In the absence of an effective registration statement covering the Purchased Interests or an available exemption from registration under the Securities Act, the Purchased Interests must be held indefinitely. In this connection, Purchaser represents that it is familiar with Rule 144 promulgated pursuant to the Securities Act ("Rule 144"), as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act, including without limitation the Rule 144 condition that current information about the Company be available to the public. Such information is not now available and the Company has no present plans to make such information available.

4.6 **Finder's Fee.** Purchaser does not have any contract, arrangement or understanding with any broker, finder or similar agent with respect to the transactions represented by this Agreement.

4.7 **No Public Market.** Purchaser understands that no public market now exists for the Purchased Interests, and that the Company has made no assurances that a public market will ever exist for the Purchased Interests.

4.8 **Parent Common Stock.** The Parent Common Stock to be issued to each of the Sellers as partial consideration for the Purchased Interests in accordance with this Agreement, when issued to such Seller(s), shall be: (i) duly and validly issued, fully paid and non-assessable, (ii) free of restrictions on transfer other than restrictions on transfer under applicable state and federal securities laws, and (iii) free of any liens or encumbrances.

5. **CONDITIONS TO THE PARTIES' OBLIGATIONS AT CLOSING**. The obligation of Purchaser to purchase the Purchased Interests at Closing, and the obligations of each of the Sellers to sell the Purchased Interests at Closing, are subject to the fulfillment, on or before such Closing, of each of the following conditions:

5.1 **Representations and Warranties**. The representations and warranties of the Company and each of the Sellers contained in Section 3, and the representations of Purchaser contained in Section 4 shall be true and correct in all respects as of such Closing.

5.2 **Performance**. The Parties shall have performed and complied with all covenants, agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by each of them on or before such Closing.

5.3 **Production License**. OMMCP shall have approved the Ohio facility of the Company for production of medical marijuana, and the Company shall have entered into a lease for such production facility].

5.4 **Governmental Approvals**. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful sale and transfer to Purchaser of the Purchased Interests pursuant to this Agreement shall be obtained and effective as of such Closing Date, including without limitation all required approvals by OMMCP to the transfer of the Purchased Interests from Sellers to Purchaser as provided herein.

5.5 **Management Agreement**. The Company and Purchaser shall have entered into a Management Agreement providing for management by Purchaser of the Company's Ohio medical marijuana production and dispensary facilities and all related operations, in form acceptable to Purchaser and the Company.

5.6 **Compliance Certificate**. The Chief Executive Officer of the Company shall deliver to Purchaser and each of the Sellers at the Closing a certificate certifying that the conditions specified in Subsections 5.1, through 5.5 have been fulfilled.

5.7 **Secretary's Certificate**. Purchaser shall deliver to the Sellers at such Closing copies of the following certified by the Secretary of Purchaser and/or Parent (as the case may be): (i) the resolutions duly adopted by Purchaser's/Parent's (as the case may be) Board of Directors authorizing and approving: (a) the execution, delivery and performance of this Agreement and each of the other agreements contemplated hereby, (b) the issuance and sale of the shares of Purchaser Common Stock to be delivered to such Sellers as partial consideration for the Purchased Interests hereunder, and (c) the consummation of all other transactions contemplated by this Agreement.

5.8 **Seller Resolutions**. Each of the Sellers shall deliver to Purchaser at such Closing copies of the following certified by the members or managers (as the case may be) of such Seller: (i) the resolutions duly adopted by such members/managers (as the case may be) authorizing and approving: (a) the execution, delivery and performance of this Agreement and each of the other agreements contemplated hereby by such Seller; (b) the sale and transfer of the Purchased Interests by such Seller; (c) the consummation by such Seller of all other transactions contemplated by this Agreement.

5.9 **Proceedings and Documents**. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to each of the parties hereto, and each such party (or its counsel) shall have received all such counterpart original and certified or other copies of such documents as reasonably requested.

5.10 **Failure of Conditions.** In the event that all of the foregoing conditions to closing have not occurred on or before December 31, 2020, Purchaser or Sellers may deliver written notice (with copy to the Company and Parent) of their intention to terminate this Agreement to the other party, which termination shall be effective if any such conditions to closing remaining to be satisfied as of the date of such notice remain unsatisfied for a period of sixty (60) days after delivery of such notice to all parties hereto and Parent. If this Agreement is terminated, the parties shall exercise commercially reasonable efforts to provide for the return of all consideration paid by Purchaser and/or Parent to each of the Sellers, and all transactions provided for by this Agreement shall thereafter terminate, without further obligations or liability of the parties hereto (or where applicable, without further obligations of Parent).

6. **MISCELLANEOUS.**

6.1 **Definitions.** In addition to the terms defined above, the following terms used in this Agreement shall be construed to have the meanings set forth or referenced below:

(a) “**Affiliate**” means with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including, without limitation any general or limited partner, managing member, officer, or director of such person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

(b) “**Hazardous Materials**” shall mean (a) “hazardous waste,” “hazardous substances,” “pollutants or contaminants,” “toxic substances,” “solid waste” or other similar or related terms as defined or used from time to time in the Environmental Laws; (b) petroleum or any fraction thereof; and (c) any other material, substance or waste that is regulated under any Environmental Law.

(c) “**Knowledge**,” including the phrase “to the Company’s knowledge,” shall mean that the individual is actual knowledge after reasonable investigation by the Key Employees.

(d) “**Material Adverse Effect**” means a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, prospects or results of operations of the Company.

(e) “**Person**” means any individual, general partnership, limited partnership, corporation, trust, limited liability company, association, joint stock company, joint venture, unincorporated organization or other governmental entity or department, agency or political subdivision of any such entity.

(f) “**Transaction Agreements**” means this Agreement, the Operating Agreement and any other agreements, instruments or documents ancillary to the transactions contemplated hereby or thereby.

6.2 **Governing Law; Venue.** This Agreement shall be governed by and construed under the laws of the State of Ohio without regard to conflicts-of-law principles thereof. Any legal action, suit or proceeding relating to this Agreement or the transactions contemplated in this Agreement, must be in a federal or state court sitting in Franklin County, Ohio. Each party irrevocably submits to the jurisdiction of either of the courts.

6.3 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 **Titles and Subtitles; Construction.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against either party. Any reference to any applicable laws shall be deemed also to refer to all rules and regulations promulgated thereunder unless the context requires otherwise. Whenever required by the context, any gender shall include any other gender, the singular shall include the plural and the plural shall include the singular. The words "herein," "hereof," "hereunder," and words of similar import refer to the Agreement as a whole and not to a particular section. Whenever the word "including" is used in this Agreement, it shall be deemed to mean "including without limitation," "including, but not limited to" or other words of similar import such that the items following the word "including" shall be deemed to be a list by way of illustration only and shall not be deemed to be an exhaustive list of applicable items in the context thereof. Whenever the word "or" is used, it means "and/or," unless the context dictates otherwise.

6.5 **Notices.** Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon (a) personal delivery to the party to be notified upon such party's signed acceptance thereof, (b) transmission by confirmed electronic mail, or (c) one business day after deposit with a nationally recognized overnight courier service, postage prepaid and (in each case) addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten days' advance written notice to the other parties.

6.6 **Amendments and Waivers.** Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of Purchaser, the Company (authorized by the manager of the Company) and each of the Sellers.

6.7 **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

6.8 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. No party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party.

6.9 **Entire Agreement.** This Agreement (including all exhibits attached hereto) and the other Transaction Agreements referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and no party shall be liable or bound to any other party in any manner by any warranties, representations, or covenants with respect to such subject matter except as specifically set forth herein or therein.

6.10 **Survival of Representations and Warranties.** All representations, warranties, covenants and agreements set forth in this Agreement or in any writing or certificate delivered in connection with this Agreement shall survive the execution and delivery of this Agreement and the Closing of the transactions contemplated hereby for a period equal to the earliest of: (i) the liquidation and dissolution of the Person providing such representation, warranty, covenant or agreement, and (ii) the expiration of statute of limitations applicable to any particular representation or warranty and shall in no way be affected by any investigation or knowledge of the subject matter thereof made by or on behalf of the Investors. All covenants and other agreements shall survive indefinitely unless otherwise expressly stated herein

6.11 **WAIVER OF JURY TRIAL.** EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION AGREEMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PURCHASER:

NEVADA MEDICAL GROUP, LLC
(a Nevada limited liability company)

By: /s/ "Robert Hasman"

Name: Robert Hasman

Its: President

COMPANY:

NMGOHIO, LLC
(an Ohio limited liability company)

By: /s/ "Robert Hasman"

Name: Robert Hasman

Its: President

PARENT:

BODY AND MIND INC.
(a Nevada corporation)

By: /s/ "Darren Tindale"

Name: Darren Tindale

Its: Chief Financial Officer

MEMBERSHIP INTEREST PURCHASE AGREEMENT
SIGNATURE PAGE OF PURCHASER AND COMPANY

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SELLERS:

KAJ Universal Investments, LLC
(a Nevada limited liability company)

By: /s/ "*Kevin Hooks*"
Kevin Hooks, Member

NOTE WORTHY OPTIONS, LLC
(an Ohio limited liability company)

By: /s/ "*Mike Maloof*"
Mike Maloof, Member

MBK INVESTMENTS, LLC
(a California limited liability company)

By: /s/ "*Mark Kanter*"
Mark Kanter, Member

THE ROZOK FAMILY TRUST
(a family trust with a California address)

By: /s/ "*Susan Paulson*"
Susan Paulson, Trustee

By: /s/ "*Susan Paulson*"
Susan Paulson, Trustee

NV TREES, LLC
(a Nevada limited liability company)

By: /s/ "*Johnathan Wendel*"
Johnathan Wendel, Member

SW FORT APACHE, LLC
(a Nevada limited liability company)

By: /s/ "*Robert Hasman*"
Robert Hasman, Managing Member

MEMBERSHIP INTEREST PURCHASE AGREEMENT
SIGNATURE PAGE OF SELLERS

Exhibit A

SCHEDULE OF SELLERS

Seller	Company Interest & Sharing Ratios
KAJ Universal Investments, LLC	10.33%
Note Worthy Options, LLC	13.33%
MBK Investments, LLC	10.33%
NV Trees, LLC	10.33%
The Rozok Family Trust	10.32%
SW Fort Apache, LLC	15.36%
TOTAL:	70.00%

Exhibit B

CONSIDERATION

Seller	Effective Date	Closing Date	Total
KAJ Universal Investments, LLC	\$141,173	\$58,106	\$199,279
Note Worthy Options, LLC	\$191,798	\$74,981	\$266,779
MBK Investments, LLC	\$141,173	\$58,106	\$199,279
NV Trees, LLC	\$141,173	\$58,106	\$199,279
The Rozok Family Trust	\$141,004	\$58,050	\$199,054
SW Fort Apache, LLC	\$214,534	\$86,400	\$300,934
TOTAL:	\$970,855	\$393,749	\$1,364,604**

PARENT COMMON SHARES

Seller	Effective Date	Closing Date	Total
KAJ Universal Investments, LLC	351,279	117,093	468,372
Note Worthy Options, LLC	453,296	151,099	604,395
MBK Investments, LLC	351,278	117,093	468,371
NV Trees, LLC	351,278	117,093	468,371
The Rozok Family Trust	350,939	116,980	467,919
SW Fort Apache, LLC	522,327	174,109	696,436
TOTAL:	2,380,397	793,467	3,173,864

* Based on CAD \$0.66 price per share of Parent Common Stock (see Exhibit A).

** Balance of cash consideration, in cumulative amount of USD \$210,396, comprised of return of capital distributions in accordance with Section 2 and Exhibit C.

Exhibit C

RETURN OF CAPITAL DISTRIBUTIONS

The Company shall distribute the following amounts to each of the Sellers on the Effective Date:

Seller	Return of Capital Distribution (\$USD)
KAJ Universal Investments, LLC	\$33,146
Note Worthy Options, LLC	\$33,146
MBK Investments, LLC	\$33,146
NV Trees, LLC	\$33,146
The Rozok Family Trust	\$33,146
SW Fort Apache, LLC	\$44,666
TOTAL:	\$210,396

Exhibit D

ASSIGNMENT OF MEMBERSHIP INTEREST

Exhibit E

DISCLOSURE SCHEDULES

THIS INVESTMENT AGREEMENT made as of the 31st day of January, 2019.

AMONG:

AUSTRALIS CAPITAL INC., a corporation formed under the laws of Alberta, Canada (“**Australis**”)

– and –

BODY AND MIND INC., a corporation formed under the laws of Nevada, USA (“**BaM**”)

WHEREAS

- A. Australis wishes to subscribe for and purchase from BaM, and BaM has agreed to issue and sell to Australis, 1,768,545 Common Shares (as defined herein) of BaM at a price of \$0.585 per Common Share.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective promises, covenants, representations, warranties, indemnities and agreements herein contained and for other good and valuable consideration (the receipt and sufficiency of which are expressly acknowledged), the Parties (as defined herein) covenant and agree as follows:

ARTICLE 1
INTERPRETATION

Definitions

1.1 In this Agreement, including the recitals hereto, unless the context otherwise requires, the following words and phrases will have the meanings specified below:

- (a) “**Applicable Laws**” means, in relation to any person, property, transaction or event, all applicable provisions of (i) any federal, provincial, state or local laws, statutes, rules and regulations, and (ii) orders, judgments, decisions and official directives of Governmental Authorities to which the person is a party or by which it is bound or having application to the property, transaction or event, as the case may be;
 - (b) “**Applicable Securities Laws**” means, collectively, and as the context may require, the securities legislation having application and the rules, policies, notices and orders issued by securities regulatory authorities having application in the circumstances;
 - (c) “**Australis**” means Australis Capital Inc.;
 - (d) “**BaM**” means Body and Mind Inc.;
 - (e) “**Board**” means the board of directors of BaM;
 - (f) “**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
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- (g) “**Closing**” means the completion of the issue and sale of the Purchased Securities as provided herein;
 - (h) “**Closing Date**” means the date of the Closing, to be on or about January 31, 2019, or such other date as may be agreed to between BaM and Australis;
 - (i) “**Commissions**” has the meaning given to it in Section 4.2;
 - (j) “**Common Share**” means one common share in the share capital of BaM;
 - (k) “**CSE**” means the Canadian Securities Exchange;
 - (l) “**Financing**” means the non-brokered private placement of the Purchased Securities under the terms of this Agreement;
 - (m) “**Governmental Authority**” means: (i) any federal, provincial, state, county, municipal or local government or governmental body, including any department, agency, commission, board or other authority thereof, exercising any statutory, regulatory, expropriation or taxing authority; (ii) any quasi-governmental body acting under the valid authority of any of the foregoing; and (iii) any domestic, foreign or international judicial, quasi-judicial or administrative court, tribunal, commission, board, panel or arbitrator having competent jurisdiction over BaM;
 - (n) “**Hazardous Substances**” has the meaning given to it in Section 3.1(r);
 - (o) “**Material Adverse Effect**” means a fact, circumstance, change or event that (individually or in the aggregate with all such other facts, circumstances, changes or events) is materially adverse to the business, operations, results of operations, cash flow, revenue, assets, liabilities, obligations (whether absolute, accrued, conditional or otherwise) or condition (financial or otherwise) of BaM and its subsidiaries on a consolidated basis, other than a change, event, violation, inaccuracy or circumstance:
 - (i) relating to the global economy or securities markets in general;
 - (ii) resulting from conditions affecting the cannabis industry as a whole;
 - (iii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada; or
 - (iv) resulting from the rate at which Canadian dollars or United States dollars can be exchanged for any foreign currency;
 - (p) “**Parties**” means BaM and Australis, collectively;
 - (q) “**PCMLTFA**” has the meaning given to it in Section 4.1(t);
 - (r) “**Permits**” has the meaning given to it in Section 3.1(t);
 - (s) “**Public Record**” means information which has been publicly filed at www.sedar.com by BaM under Applicable Securities Laws;
 - (t) “**Purchase Price**” has the meaning given to it in Section 2.1;
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- (u) “**Purchased Securities**” means the Common Shares purchased by Australis pursuant to this Agreement;
- (v) “**Subscriptions Funds**” means the funds representing the Purchase Price;
- (w) “**Transfer Agent**” means New Horizon Transfer Agency, the transfer agent for BaM;
- (x) “**U.S. Person**” has the meaning ascribed to such term in Rule 902(k) of Regulation S under the U.S. Securities Act; and
- (y) “**U.S. Securities Act**” means the *United States Securities Act* of 1933, as amended.

Interpretation

1.2 Unless the context otherwise requires, the following provisions will govern the interpretation of this Agreement:

- (a) the terms “in writing” or “written” include printed or typewritten communications or any electronic means of communication by which words are capable of being visually reproduced at a distant point of reception, including by facsimile;
- (b) “this Agreement”, “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions refer to this Agreement as a whole, and not to any particular Article, Section or other subdivision hereof, and includes each and every instrument varying, amending, modifying or supplementing this Agreement;
- (c) the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement; and
- (d) unless otherwise specified all dollar amounts referred to in this Agreement are in lawful money of Canada.

ARTICLE 2 PURCHASE PRICE

Purchase Price

2.1 Subject to the terms and conditions set forth herein, Australis hereby subscribes for and agrees to purchase from BaM, and BaM hereby accepts the subscription and agrees to issue and sell to Australis, 1,768,545 Common Shares at a price of \$0.585 per Common Share for an aggregate purchase price of \$1,034,598.82 (the “**Purchase Price**”).

**ARTICLE 3
REPRESENTATIONS, WARRANTIES
AND COVENANTS OF BaM**

Representations and Warranties of BaM

3.1 BaM represents and warrants to Australis, as at the Closing Date, and acknowledges that Australis is relying upon such representations and warranties in entering into this Agreement, as follows:

- (a) BaM is a valid and subsisting corporation under the laws of the state of Nevada and is qualified or registered to transact business in each jurisdiction in which failure to be so qualified or registered would reasonably be expected to constitute a Material Adverse Effect;
 - (b) BaM has the corporate power and capacity to enter into this Agreement and to perform all of its obligations hereunder. The execution and delivery of this Agreement, and the consummation by BaM of the transactions hereunder, has been duly authorized by all necessary corporate action on the part of BaM (including the approval of the Board) and no other proceedings on the part of BaM are or will be necessary to authorize this Agreement or the transactions contemplated hereunder;
 - (c) this Agreement has been duly executed and delivered by BaM and is a legal, valid and binding obligation of BaM, enforceable against BaM in accordance with its terms, subject to applicable bankruptcy or similar laws affecting enforcement of creditors' rights generally and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought;
 - (d) BaM has the power and authority to issue and deliver the Common Shares;
 - (e) each of the execution and delivery of this Agreement and all documents contemplated hereunder, the performance by BaM of its obligations hereunder or thereunder, the issue and sale of the Purchased Securities hereunder and the consummation of the transactions contemplated hereby do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (i) any statute, rule or regulation applicable to BaM, including Applicable Securities Laws; (ii) the constating documents or resolutions of BaM which are in effect at the date hereof; (iii) any debt instrument, material agreement, mortgage, indenture, contract, agreement, instrument, lease or other document to which BaM is a party or by which it is bound; or (iv) any judgment, decree or order binding BaM or the property or assets of BaM;
 - (f) the Purchased Securities issued at Closing, when paid for in accordance with the provisions of this Agreement will be duly and validly issued as fully paid and non-assessable Common Shares in the capital of BaM;
 - (g) to BaM's knowledge, (i) there is no civil, administrative, regulatory, criminal or investigative action or proceeding, or arbitration or other dispute settlement procedure, pending or threatened against BaM by or before any Governmental Authority; and (ii) no event has occurred that would reasonably be expected to give rise to any such action, proceeding or procedure where the same would in each case reasonably be expected to constitute a Material Adverse Effect;
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- (h) there is no judgment, decree, award or order of any Governmental Authority outstanding against (and binding upon) BaM that has or is reasonably expected to constitute a Material Adverse Effect or which prohibits or materially impairs the conduct of BaM's business as currently conducted;
 - (i) to the best of the knowledge of BaM, no person, firm or corporation acting or purporting to act at the request of BaM is entitled to any brokerage, agency or finder's fee in connection with the transactions described herein;
 - (j) BaM is a "reporting issuer" in the provinces of British Columbia and Ontario and the Common Shares are listed on the CSE under the symbol "BAMM";
 - (k) as of the date hereof, the authorized capital of BaM consists of 900,000,000 Common Shares with a par value of \$0.0001, of which 68,479,141 Common Shares are issued and outstanding as fully paid and non-assessable. Additionally, the Company has a commitment to issue an aggregate of 282,000 Common Shares and an aggregate of 2,909,091 convertible debentures, 22,900,660 share purchase warrants and 6,075,000 stock options outstanding, as previously disclosed to Australis and, except as disclosed in the Public Record, no person has any right, agreement or option, present or future, contingent or absolute, or any right capable of becoming such a right, agreement or option, pre-emptive, contractual or otherwise, for the issue or allotment of any unissued shares in the capital of BaM or any other security convertible into or exchangeable for any such shares, or to require BaM to purchase, redeem or otherwise acquire any of the issued and outstanding shares in its capital other;
 - (l) the Public Record complies in all material respects with the requirements of Applicable Securities Laws;
 - (m) the Public Record and all financial, marketing, sales and operational information provided to Australis are true and correct in all material respects and do not contain any misrepresentations (as such term is defined in the Applicable Securities Laws);
 - (n) the financial statements filed with the Commissions or supplied by BaM have been prepared in accordance with Canadian generally accepted accounting principles, international financial reporting standards or in conformity with accounting principles generally accepted in the United States of America, as applicable; contain no misrepresentations; present fairly, fully and correctly, in all material respects, the financial position and all material liabilities (accrued, absolute, contingent or otherwise) of BaM, as of the date thereof; and there have been no adverse material changes (as defined in Applicable Securities Laws) in the financial position of BaM since the date thereof and the business of BaM has been carried on in the usual and ordinary course consistent with past practice since the date thereof;
 - (o) the auditors of BaM who audited the financial statements of BaM for the most recent financial year-end and who provided their audit report thereon are independent public accountants as required under Applicable Securities Laws and there has never been a reportable event (within the meaning of National Instrument 51-102) with the present auditors of BaM;
 - (p) BaM has complied and will comply fully with the requirements of all applicable corporate and securities laws and administrative policies and directions, including, without limitation, the Applicable Securities Laws in relation to the issue and trading of its securities and in all matters relating to the Financing;
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- (q) other than in respect of certain United States federal laws relating to the cultivation, distribution or possession of marijuana in the United States as disclosed in the continuous disclosure documents of BaM, BaM is in compliance in all material respects with all applicable laws in the jurisdictions in which it carries on business and which may materially affect BaM, has not received a notice of non-compliance, nor knows of, nor has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws, regulations and statutes, and is not aware of any pending change or contemplated change to any applicable law or regulation or governmental position that would materially affect the business of BaM or the business or legal environment under which BaM operates;
 - (r) BaM has not caused or permitted the release, in any manner whatsoever, of any pollutants, contaminants, chemicals or industrial toxic or hazardous waste or substances (collectively, the “**Hazardous Substances**”) on or from any of its properties or assets nor has it received any notice that it is potentially responsible for a clean-up site or corrective action under any applicable laws, statutes, ordinances, by-laws, regulations, or any orders, directions or decisions rendered by any government, ministry, department or administrative regulatory agency relating to the protection of the environment, occupational health and safety or otherwise relating to dealing with Hazardous Substances;
 - (s) all operations conducted by BaM on the properties of BaM have been conducted and are currently conducted in all material respects in accordance with good engineering practices and any applicable material workers’ compensation, and health, safety and workplace laws, regulations and policies;
 - (t) BaM has all licences, permits, approvals, consents, certificates, registrations and other authorizations (collectively the “**Permits**”) under all applicable laws and regulations, other than in respect of certain United States federal laws relating to the cultivation, distribution or possession of marijuana in the United States as disclosed in the continuous disclosure documents of BaM, necessary for the operation of the businesses carried on or proposed to be commenced by BaM and each Permit is valid, subsisting and in good standing and BaM is not in default or breach in any material respect of any Permit, and to the best of the knowledge of BaM, no proceeding is pending or threatened to revoke or limit any Permit;
 - (u) to BaM’s knowledge, information and belief, none of the directors or officers of BaM is or has been ever been subject to prior regulatory, criminal or bankruptcy proceedings in Canada or elsewhere;
 - (v) there is not presently, and will not be until the Closing, any material change or change in any material fact relating to BaM which has not been disclosed to the public;
 - (w) to the best of BaM’s knowledge, BaM is not in default in the observance of performance of any terms, covenant, obligation to be performed by BaM, under any material instrument, document, agreement, or arrangement (including memorandums of understanding or joint venture agreements) to which BaM or its subsidiaries is a party or otherwise bound and all such material instruments, contracts, agreements, or arrangements (including memorandums of understanding or joint venture agreements) are in good standing and no event has occurred which with notice or lapse of time or both would constitute such a default by BaM or, to the best of BaM’s knowledge, any other party;
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- (x) BaM is not a party to any actions, suits or proceedings which could materially affect its business or financial condition, and to the best of BaM's knowledge no such actions, suits or proceedings are contemplated or have been threatened;
 - (y) there are no judgments against BaM which are unsatisfied, nor are there any consent decrees or injunctions to which BaM is subject;
 - (z) no order ceasing, halting or suspending trading in securities of BaM nor prohibiting the sale of such securities has been issued to and is outstanding against BaM or, to the knowledge of BaM, any of its directors, officers or promoters or against any other companies that have common directors, officers or promoters and to the knowledge of BaM no investigations or proceedings for such purposes are pending or threatened;
 - (aa) BaM has filed, or is in the process of filing, all federal, provincial, local and foreign tax returns which are required to be filed, or have requested extensions thereof, and has or intends to pay all taxes required to be paid by BaM, including its subsidiaries and any other assessment, fine or penalty levied against BaM and/or its subsidiaries, or any amounts due and payable to any governmental authority, to the extent that any of the foregoing is due and payable;
 - (bb) BaM has established on its books and records reserves which are adequate for the payment of all taxes not yet due and payable and there are no liens for taxes on the assets of BaM, except for taxes not yet due, and there are no audits of any of the tax returns of which are known by BaM's management to be pending, and there are no claims which have been or may be asserted relating to any such tax returns which, if determined adversely, would result in the assertion by any governmental agency of any deficiency which would have a material adverse effect on the properties, business or assets of BaM;
 - (cc) BaM owns or possesses adequate rights to use all material patents, trademarks, service marks, trade names, copyrights, trade secrets, information, proprietary rights and other intellectual property necessary for the business of BaM now conducted to the knowledge of BaM, without any conflict with or infringement of the rights of others. BaM has received no communication alleging that BaM has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity;
 - (dd) BaM does not have any loans or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is used in the *Income Tax Act* (Canada));
 - (ee) BaM will not take any action which would be reasonably expected to result in the delisting or suspension of its common shares on or from the CSE or on or from any stock exchange, market or trading or quotation facility on which its common shares are listed or quoted and BaM will comply, in all material respects, with the rules and regulations thereof; and
 - (ff) BaM has and will have filed all documents that are required to be filed under the continuous disclosure provisions of the Applicable Securities Laws, including annual and interim financial information and annual reports, press releases disclosing material changes and material change reports.
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ARTICLE 4
REPRESENTATIONS, WARRANTIES
AND COVENANTS OF AUSTRALIS

Representations, Warranties and Covenants of Australis

4.1 Australis represents and warrants to BaM, as at the Closing Date, and covenants with BaM, and acknowledges that BaM is relying upon such representations, warranties and covenants in entering into this Agreement, as follows.

- (a) Australis is a valid and subsisting corporation under the laws of Alberta, Canada;
 - (b) Australis is neither a U.S. Person nor subscribing for the Purchased Securities for the account of a U.S. Person or for resale in the United States and Australis confirms that the Common Shares have not been offered to Australis and that this Agreement has not been signed in the United States;
 - (c) the Common Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold in the United States or to any U.S. Person, except pursuant to applicable exemptions from United States federal and state registration requirements;
 - (d) Australis has the corporate power and capacity to enter into this Agreement and to perform all of its obligations hereunder. The execution and delivery of this Agreement and the consummation by Australis of the transactions hereunder have been duly authorized by all necessary corporate action on the part of Australis;
 - (e) this Agreement has been duly executed and delivered by Australis and is a legal, valid and binding obligation of Australis, enforceable against Australis in accordance with its terms, subject to applicable bankruptcy or similar laws affecting enforcement of creditors' rights generally and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought;
 - (f) each of the execution and delivery of this Agreement and all documents contemplated hereunder, the performance by Australis of its obligations hereunder or thereunder and the consummation of the transactions contemplated hereby, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (i) any statute, rule or regulation applicable to Australis; (ii) the constating documents or resolutions of Australis which are in effect at the date hereof; (iii) any debt instrument, material agreement, mortgage, indenture, contract, agreement, instrument, lease or other document to which Australis is a party or by which it is bound; or (iv) any judgment, decree or order binding Australis or the property or assets thereof;
 - (g) Australis is purchasing the Purchased Securities as principal within the meaning of Applicable Securities Laws, for its own account and not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Purchased Securities;
 - (h) Australis is resident in the Province of British Columbia and the Purchased Securities have an acquisition cost to Australis of not less than C\$150,000, payable in cash at Closing, and Australis was not created and is not being used solely to purchase or hold securities in reliance on the prospectus exemptions provided under Section 2.10 of NI 45-106, it pre-existed the Financing and has a bona fide purpose other than investment in the Purchased Securities;
-

(i) Australis acknowledges that no securities commission, agency, Governmental Authority, stock exchange or other regulatory body has reviewed or passed on the merits of the Purchased Securities and there are risks associated with the purchase of the Purchased Securities;

(j) Australis acknowledges that the certificates representing the Purchased Securities will bear the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT AND SUCH LAWS COVERING SUCH SECURITIES, OR THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY STATING THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF THE U.S. SECURITIES ACT AND SUCH LAWS. THE SECURITIES REPRESENTED BY THE CERTIFICATE HEREBY CANNOT BE THE SUBJECT OF HEDGING TRANSACTIONS UNLESS SUCH TRANSACTIONS ARE CONDUCTED IN COMPLIANCE WITH THE U.S. SECURITIES ACT.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [FOUR MONTHS PLUS ONE DAY FROM THE CLOSING DATE]”

(k) Other than 20,311,243 Common Shares, Australis does not currently hold, directly or indirectly, any other securities of BaM;

(l) Australis is able to bear economic risk of loss of its investments in the Financing;

(m) Australis is not in possession of any material information concerning BaM that has not generally been disclosed;

(n) Australis understands the political, economic and other business risks of its investment, including the fact that cannabis is currently registered as a Schedule 1 drug under the Controlled Substances Act in the United States of America;

(o) Australis is not acting jointly or in concert with any other person in connection with its purchase of securities of BaM, and is not a party to any agreement, commitment or understanding with any other person for the acquisition or holding of securities of BaM, whether by BaM, such other person, or other third party;

(p) Australis acknowledges that there are restrictions under Applicable Securities Laws on Australis’s ability to resell the Common Shares and that it has been advised to consult its own legal advisors with respect to the particulars of such resale restrictions, and that it is Australis’s sole responsibility to find out what those restrictions are and to comply with them;

- (q) Australis has not taken any action which will or may result in BaM, or any its directors, officers, employees or agents breaching any regulatory or legal requirements of any jurisdiction in connection with the purchase and sale of the Purchased Securities hereunder;
 - (r) Australis acknowledges that there may be material tax consequences to Australis from the purchase of the Purchased Securities under Canadian federal, provincial or local laws or foreign laws, and BaM makes no representations regarding the tax consequences to Australis;
 - (s) to the best of the knowledge of Australis, this subscription for Purchased Securities has not been made through or as a result of, and the distribution of Purchased Securities is not being accompanied by, any form of advertisement, including, without limitation, in printed public media, radio, television, internet or telecommunications, including electronic display, or as part of a general solicitation;
 - (t) none of the funds Australis is using to purchase the Purchased Securities are, to the knowledge of Australis, proceeds obtained or derived, directly or indirectly, as a result of illegal activities. The funds being used to purchase the Purchased Securities which will be advanced by Australis to BaM hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and Australis acknowledges that BaM may in the future be required by law to disclose Australis's name and other information relating to this Agreement and Australis's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of Australis's knowledge (i) none of the funds to be provided by Australis are being tendered on behalf of a person who has not been identified to Australis, and (ii) Australis will promptly notify BaM if Australis discovers that any of such representations cease to be true, and to provide BaM with appropriate information in connection therewith;
 - (u) to the best of the knowledge of Australis, no person, firm or corporation is entitled to any brokerage, agency or finder's fee in connection with the transactions described herein, except as disclosed to BaM; and
 - (v) Australis acknowledges that no prospectus has been filed by BaM with any securities commission or similar authority, in connection with the issuance of the Purchased Securities, and the issuance and the sale of the Purchased Securities is subject to such sale being exempt from the prospectus requirements under Applicable Securities Laws and accordingly:
 - (i) Australis is restricted from using certain civil remedies available under such legislation;
 - (ii) Australis may not receive information that might otherwise be required to be provided to it under such legislation; and
 - (iii) BaM is relieved from certain obligations that would otherwise apply under such legislation.
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Privacy

4.2 Australis provides its consent to the disclosure of personal information by BaM to the CSE, to the British Columbia Securities Commission and to any other applicable securities regulatory authorities (the “**Commissions**”), BaM’s registrar and transfer agent, legal counsel and any other party involved in the purchase and sale of the Purchased Securities for the following purposes;

- (a) internal use with respect to managing the relationships between and contractual obligations of BaM and Australis;
- (b) indirect collection of personal information and queries by the Commissions;
- (c) use and disclosure to BaM’s transfer agent and registrar;
- (d) use and disclosure for income tax related purposes, including without limitation, where required by law, disclosure to Canada Revenue Agency or United States Internal Revenue Services;
- (e) disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trade and similar regulatory filings;
- (f) disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;
- (g) disclosure to professional advisers of BaM in connection with the performance of their professional services;
- (h) disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with the Australis’ prior written consent;
- (i) disclosure to a court determining the rights of the parties under this Agreement; or
- (j) for use and disclosure as otherwise required or permitted by law.

4.3 In addition, Australis acknowledges that BaM will file with the Commissions Forms 45-106F1 and 45-106F6, which will be publicly available, and which will include Australis’ name and the amount of their subscription.

ARTICLE 5 CONDITIONS PRECEDENT

Mutual Conditions

5.1 The respective obligations of BaM and Australis under this Agreement are subject to the fulfillment of the following conditions being satisfied at or before the Closing:

- (a) receipt of all required regulatory, shareholder and third party approvals, and compliance with all applicable regulatory requirements and conditions necessary to complete the Financing;
 - (b) this Agreement will not have been terminated pursuant to Article 7;
-

- (c) there being no prohibition at law against the completion of the subscription and issuance of the Purchased Securities; and
- (d) the Purchased Securities issued in connection with the Financing being issued in a manner that is exempt from applicable prospectus requirements of Applicable Securities Law.

Conditions of Closing in Favour of BaM

5.2 The completion of the sale of the Purchased Securities by BaM is conditional upon the following conditions in favour of BaM being satisfied at or before the Closing:

- (a) Australis complying with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing;
- (b) the representations and warranties of Australis contained in this Agreement being true and correct in all material respects as of the Closing; and
- (c) Australis having delivered the requisite deliverables contemplated by Section 6.1 of this Agreement.

Conditions of Closing in Favour of Australis

5.3 The completion of the purchase of the Purchased Securities by Australis is conditional upon the following conditions in favour of Australis being satisfied at or before the Closing:

- (a) BaM complying with all the terms, covenants and conditions of this Agreement on its part to be complied with up to the Closing;
 - (b) there being no material change or change in a material fact or a new material fact or an undisclosed material fact or change in respect of BaM which might be reasonably be expected to have a Material Adverse Effect and Australis will be satisfied that BaM will not have taken any act, entered into or become a party to or subject to any agreement or transaction or incurred or become liable for any obligation except in the ordinary course of business.
 - (c) the representations and warranties of BaM contained in this Agreement being true and correct in all material respects as of the Closing;
 - (d) BaM having made all requisite filings with the CSE in connection with the Financing in accordance with the policies of the CSE; and
 - (e) BaM having delivered the requisite certificate contemplated by Section 6.2 of this Agreement.
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**ARTICLE 6
CLOSING MATTERS**

Closing Deliveries

6.1 BaM's obligation to sell the Purchased Securities at Closing will be conditional upon the satisfactory receipt by BaM at or before or at Closing of the following:

- (a) payment of the Subscription Funds made by certified cheque delivered by Australis to BaM or electronic funds transfer to such account as may be directed by BaM; and
- (b) a certified copy of the resolutions of the Board of Directors of Australis authorizing this Agreement and the transactions contemplated hereby.

6.2 Australis's obligation to purchase the Purchased Securities at the Closing will be conditional upon the satisfactory receipt by Australis at or before the Closing of the following:

- (a) a certificate dated as of the Closing Date in substantially the form as Appendix I, signed by the appropriate officers of BaM addressed to Australis; and
- (b) a share certificate representing the Common Shares.

**ARTICLE 7
TERM AND TERMINATION**

Termination

7.1 This Agreement may be terminated at any time prior to the Closing Date:

- (a) by mutual written agreement of the Parties;
- (b) by Australis if a breach of any representation or warranty or failure to perform any obligation on the part of BaM as set forth in this Agreement will have occurred that would cause the conditions set forth in Section 5.1 and Section 5.3 not to be satisfied or such conditions are incapable of being satisfied by the Closing Date, as reasonably determined by BaM, provided however that BaM is not then in breach of this Agreement so as to cause any condition in Section 5.1 or Section 5.3 not to be satisfied; or
- (c) by BaM if a breach of any representation or warranty or failure to perform any obligation on the part of Australis as set forth in this Agreement will have occurred that would cause the conditions set forth in Section 5.1 or Section 5.2 not to be satisfied, or such conditions are incapable of being satisfied by the Closing Date as reasonably determined by Australis, provided however, that Australis is not then in breach of this Agreement so as to cause any condition in Section 5.1 or Section 5.2 not to be satisfied.

**ARTICLE 8
MISCELLANEOUS**

Confidentiality

8.1 Except as required by Applicable Laws, Applicable Securities Laws or applicable stock exchange requirements, neither BaM nor Australis will make any public announcement or statement with respect to the transactions contemplated by and in this Agreement without the approval of the other party, acting reasonably. Moreover, in any event, each party agrees to give 24 hours prior notice to the other of any public announcement relating to the transactions contemplated by and in this Agreement and agrees to consult with the other prior to issuing each such public announcement.

Expenses

8.2 Each party will bear its own expenses in connection with this Agreement and the transactions contemplated herein.

Further Assurances

8.3 Each party will from time to time hereafter, at the reasonable request of the other party and without further consideration, do such further acts and execute and deliver such further instruments and documents as may be reasonably required in order to fully perform and carry out the terms of this Agreement.

Successor and Assigns

8.4 This Agreement will enure to the benefit of and will be binding upon the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by any of the parties hereto without the express written consent of the other party.

Time of Essence

8.5 Time is of the essence of this Agreement.

Governing Law

8.6 This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, excluding reference to conflicts of laws principles that, if applied, would require the application of the laws of another jurisdiction. Each of the parties hereby irrevocably submits to and attorns to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to any actions, claims, disputes or proceedings arising out of this Agreement or the transaction contemplated hereby.

Survival

8.7 The representations, warranties, covenants and agreements made herein will survive the Closing and the completion of the transactions hereunder for a period of two years following the date of the Closing.

Notice

8.8 Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "notice") shall be in writing addressed as follows:

- (a) If to BaM, to:

Body and Mind Inc.
750 – 1095 West Pender Street
Vancouver, BC
V6E 2M6

Attention: Leonard Clough
Email: len@altuscapital.ca

with a copy (for informational purposes only and not constituting notice) to:

DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON
M5X 1E2

Attention: Derek Sigel
Email: derek.sigel@dlapiper.com

(b) If to Australis, to:

Australis Capital Inc.
Address: Suite 900, 510 Seymour Street
Vancouver, BC
V6B 1V5

Attention: Scott Dowty
Email: scott@ausacap.com

with a copy (for informational purposes only and not constituting notice) to:

McMillan LLP
1500 – 1550 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Mark Neighbor
Email: mark.neighbor@mcmillan.ca

or to such other address as any of the parties may designate by notice given to the others.

Each notice shall be personally delivered to the addressee or sent by means of electronic transmission to the addressee and: (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by means of electronic transmission shall be deemed to be given and received on the first Business Day following the day on which it is sent.

Amendments and Waivers

8.9 Any term of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

Severability

8.10 The invalidity or unenforceability of any particular provision of this Agreement will not affect or impair the validity or enforceability of the remaining provisions of this Agreement, and the provision determined to be invalid or unenforceable will be severable from the remaining provisions hereof.

Entire Agreement

8.11 This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and will supersede any and all prior negotiations, understandings and agreements between the parties.

Counterparts

8.12 This Agreement may be executed and delivered (including by facsimile or other electronic transmission) by the parties hereto in separate counterparts, each of which will when executed be deemed an original and all of which taken together will constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or electronic transmission will constitute effective execution and delivery of this Agreement as between the parties and may be used in lieu of the original agreement for all purposes. Signatures of the authorized signatories of the parties transmitted by facsimile or electronic transmission will be deemed to be their original signatures for all purposes.

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IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

AUSTRALIS CAPITAL INC.

Per: /s/ "Scott Dowty"
Authorized Signatory

BODY AND MIND INC.

Per: /s/ "Leonard Clough"
Authorized Signatory

APPENDIX I
Form of Officer's Certificate

This certificate is provided pursuant to the Investment Agreement dated for reference January 31, 2019 (the "**Investment Agreement**") between Body and Mind Inc. (the "**Company**") and Australis Capital Inc. (the "**Subscriber**") in relation to an offering of common shares of the Company.

I, Leonard Clough, signing in my capacity as the Chief Executive Officer of the Company, and I, Darren Tindale, signing in my capacity as the Chief Financial Officer of the Company and not in our personal capacities, hereby certify to the best of our knowledge, information and belief, after having made due inquiry, that:

1. the representations and warranties made by the Company in the Investment Agreement remain true and correct in all material respects as of the date hereof and the Company has complied with all the covenants and satisfied all of the conditions contained therein;
 2. no transaction out of the ordinary course of business, which is of a nature material to the Company, has been entered into by the Company;
 3. there are no actions, suits, proceedings or inquiries pending or threatened against or affecting the Company at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau or agency, domestic or foreign, which may in any way materially and adversely affect the Company;
 4. no order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued to the Company or its directors, officers or promoters or to any reporting companies that have common directors, officers or promoters and no proceedings for such purposes are pending or threatened;
 5. the offering and the sale of its securities by the Company does not and will not conflict with or result in a breach of or constitute a default under or result in a violation of, whether after notice or lapse of time or both, any of the terms, conditions or provisions of the constating documents, bylaws or resolutions of the Company or any indenture or other agreement or instrument to which the Company is a party or by which it is bound or any order, decree, statute, bylaw, regulation, covenant or restriction applicable to the Company or any of its assets;
 6. the Company is not presently in default in the performance of any covenant or obligation contained in any indenture or other agreement which creates, evidences or secures the indebtedness of the Company;
 7. there are no persons, firms or corporations having any agreement or option or any right or privilege capable of becoming an agreement for the purchase, subscription or issuance of any securities of the Company;
 8. the Company's directors and officers have been duly elected or appointed; and
 9. the Company is not in default with respect to any material filings it is required to make with the Canadian Securities Exchange or the applicable securities regulatory authorities.
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DATED •

/s/ "Leonard Clough"
Leonard Clough
Chief Executive Officer

/s/ "Darren Tindale"
Darren Tindale
Chief Financial Officer



NEWS RELEASE– For Immediate Distribution

Body and Mind Inc. Announces Retail Acquisition in Ohio, Financing, and Update

VANCOUVER, B.C., CANADA (February 1, 2019) – Body and Mind Inc. (CSE: BAMB, US OTC PINK: BMMJ) (the “Company” or “BaM”) a multi-state operator, is pleased to announce Nevada Medical Group LLC (“**NMG Nevada**”), a wholly owned subsidiary of the Company, has entered into a definitive agreement (the “**Definitive Agreement**”) whereby NMG Nevada will acquire 100% ownership of NMG Ohio LLC (“**NMG Ohio**”). NMG Nevada, which previously held a 30% interest in NMG Ohio, will purchase the remaining 70% interest (the “**Transaction**”) for fair value consideration of USD \$3,150,000 (the “**Consideration**”). NMG Ohio owns a dispensary in Loraine County, Elyria and a production license.

The Transaction

The Consideration will be settled equally in cash and in common shares in the capital of the Company (“**Common Shares**”) on the following basis:

CASH PAYMENTS

- i. USD \$1,181,250 to be paid on execution of the Definitive Agreement (“**Effective Date**”); and
- ii. USD \$393,750 to be paid within 10 days of closing the Transaction, to be determined pending regulatory approval.

COMMON SHARE ISSUANCES

- iii. 2,380,398 Common Shares to be issued on the Effective Date; and
- iv. 793,466 Common Shares to be issued within 10 days of closing the Transaction, to be determined pending regulatory approval.

The Common Shares were valued using a Bank of Canada’s January 29, 2019 USD/CAD exchange rate of 1.33 and a price of CAD \$0.66 per Common Share.

Two of the Company’s directors have a financial interest in NMG Ohio. The two applicable directors will receive aggregate net proceeds of USD \$461,251 and 929,488 Common Shares, 75% of which to be paid and issued on the Effective Date and 25% within 10 days of closing the Transaction to be determined pending regulatory approval. Both directors abstained from discussions and voting in respect of the Transaction.

Australis Investment

Concurrent with the Transaction, Australis Capital Inc. (“**Australis**”) (CSE:AUSA) and the Company have entered into an investment agreement pursuant to which Australis purchased 1,768,545 Common Shares. Pursuant to a prior investment agreement between Australis and the Company, the Company granted Australis anti-dilution participation rights which included discount rates as permitted by the Canadian Securities Exchange. Australis purchased the 1,768,545 Common Shares at a price of CAD \$0.585 per Common Share for an aggregate purchase price of USD \$777,894.

The USD \$777,894 investment by Australis will be used by BaM for the purchase of the 70% ownership interest of NMG Ohio and will allow Australis to maintain its 35.783% ownership interest in the Company. The financing remains subject to the approval of regulators.

Robert Hasman, director of the Company commented, “Revenue consolidation of our Ohio platform is critical to BaM’s growth and we are delighted to have executed upon this accretive transaction. We are now positioned to evaluate tie-on acquisitions in Ohio and across our multi-state footprint. We would like to thank Australis for their continued support, both financially and as advisors to the Company.”

Ohio Update

NMG Ohio has completed construction of its dispensary, the Clubhouse, in Elyria, Ohio and is awaiting final inspections which are scheduled to occur on or around February 12, 2019.

“Our team in Ohio brings years of dispensary experience and is eager to educate medical patients in the emerging Ohio medical cannabis market,” stated Robert Hasman, director the Company. “We are extremely pleased with the design and build out of the Clubhouse dispensary and look forward to serving our patrons upon receiving final approval. Images of the dispensary, media links and related information are available on the BaM website.”

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

For further information, please contact:

Michael Mills
778-389-0007
mmills@bamcannabis.com

About Body and Mind

BaM is a publicly traded company investing in high quality medical and recreational cannabis cultivation and production and retail. Our wholly-owned Nevada subsidiary was awarded one of the first medical marijuana cultivation licences and holds cultivation and production licenses. BaM products include dried flower, edibles, topicals, extracts as well as GPEN Gio cartridges. BaM marijuana strains have won numerous awards including the Las Vegas Hempfest Cup 2016, High Times Top Ten, the NorCal Secret Cup and the Emerald Cup. BaM continues to expand operations in Nevada, Ohio and its investment in California and is dedicated to increasing shareholder value by focusing time and resources on improving operational efficiencies, facility expansions, state licensing opportunities as well as mergers and acquisitions.

Please visit www.bamcannabis.com and www.clubhousedispensary.com for more information.

About Australis Capital

Australis Capital identifies and invests in the cannabis industry predominantly in the United States, a highly-regulated, fragmented, rapidly-expanding and evolving industry. Investments may include and are not limited to equity, debt or other securities of both public and private companies, financings in exchange for royalties or other distribution streams, and control stake acquisitions. Australis Capital adheres to stringent investment criteria and will focus on significant near and mid-term high-quality opportunities with strong return potentials while maintaining a steadfast commitment to governance and community. Australis Capital’s Board and management team have material experience with, and knowledge of, the cannabis space in the U.S., extensive backgrounds in highly-regulated industries, adherence to stringent regulatory compliance, public company, and operational expertise. In addition to the Company’s expertise and strong execution on strategic M&A, which to date includes Rthm Technologies Inc., Body and Mind Inc., Quality Green Inc., and Folium Biosciences Inc., Australis has developed strategic partnerships with companies such as Wagner Dimas.

Australis' Common shares trade on the CSE under the symbol "AUSA".

For further information about Australis, please visit the website at ausacap.com or contact the Company by e-mail at ir@ausacap.com.

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.

**NEWS RELEASE – For Immediate Distribution****Body and Mind Inc. Completes Financing with Australis Capital Inc.**

VANCOUVER, B.C., CANADA (February 5, 2019) – Body and Mind Inc. (CSE: BAMB, US OTC: BMMJ) (the “Company” or “BaM”) announced today that it has closed the previously announced sale of securities with Australis Capital Inc. (CSE: AUSA) (“Australis”). Australis purchased 1,768,545 Common Shares at a price of CAD \$0.585 per Common Share for an aggregate purchase price of USD \$777,894.

“The financing support from Australis and transaction to acquire 100 % ownership of NMG Ohio LLC will allow BaM to consolidate revenue from our Ohio operations and increase our multi-state influence,” stated Robert Hasman, director of the Company. “We are on target for opening the Clubhouse dispensary in Elyria, Ohio with our final inspection anticipated on or around February 12, 2019 and an opening date scheduled for on or around February 22, 2019.”

The securities issued by the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws, and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release does not constitute an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The securities issued by the Company are “restricted securities” as defined under Rule 144(a)(3) of the U.S. Securities Act and will contain the appropriate restrictive legends as required under the U.S. Securities Act and National Instrument 45-102.

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

For further information, please contact:

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About BaM

BaM is a publicly traded company investing in high quality medical and recreational cannabis cultivation, production and retail. Our wholly-owned Nevada subsidiary was awarded one of the first medical marijuana cultivation licences and holds cultivation and production licenses. BaM products include dried flower, edibles, topicals, extracts as well as GPEN Gio cartridges. BaM marijuana strains have won numerous awards including the Las Vegas Hempfest Cup 2016, High Times Top Ten, the NorCal Secret Cup and the Emerald Cup. BaM continues to expand operations in Nevada, Ohio and its investment in California and is dedicated to increasing shareholder value by focusing time and resources on improving operational efficiencies, facility expansions, state licensing opportunities as well as mergers and acquisitions.

About Australis

Australis Capital identifies and invests in the cannabis industry predominantly in the United States, a highly-regulated, fragmented, rapidly-expanding and evolving industry. Investments may include and are not limited to equity, debt or other securities of both public and private companies, financings in exchange for royalties or other distribution streams, and control stake acquisitions. Australis Capital adheres to stringent investment criteria and will focus on significant near and mid-term high-quality opportunities with strong return potentials while maintaining a steadfast commitment to governance and community. Australis Capital's Board and management team have material experience with, and knowledge of, the cannabis space in the U.S., extensive backgrounds in highly-regulated industries, adherence to stringent regulatory compliance, public company, and operational expertise. In addition to the Company's expertise and strong execution on strategic M&A, which to date includes Rthm Technologies Inc., Body and Mind Inc., Quality Green Inc., and Folium Biosciences Inc., Australis has developed strategic partnerships with companies such as Wagner Dimas.

Australis' Common shares trade on the CSE under the symbol "AUSA".

For further information about Australis, please visit the website at ausacap.com or contact the Company by e-mail at ir@ausacap.com.

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.

The CSE has in no way passed upon the merits of the Financing and has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Market Regulator (as that term is defined in the policies of the CSE) accepts responsibility for the adequacy or accuracy of this release.
