



EARLY WARNING NEWS RELEASE OF AUSTRALIS CAPITAL INC.

LAS VEGAS, NV, FEBRUARY 7, 2019 – Australis Capital Inc. (“**Australis**”), with an address at Suite 900, 510 Seymour Street, Vancouver, British Columbia, V6B 1V5 has acquired (the “**Acquisition**”), through a private placement, ownership of 1,768,545 common shares (the “**Common Shares**”) in the capital of Body and Mind Inc. (the “**Company**”). The Common Shares were purchased pursuant to an investment agreement dated February 1, 2019 entered into between the Company and Australis (the “**Investment Agreement**”). The head office of the Company is located at 750 – 1095 West Pender Street, Vancouver BC V6E 2M6.

The Acquiror purchased the Common Shares pursuant to an anti-dilution right exercised in connection with the Issuer’s issuance of 2,380,398 common shares for the acquisition (the “**Ohio Transaction**”) of NMG Ohio LLC (“**NMG Ohio**”) by a wholly-owned subsidiary of the Company. The Issuer will also issue an additional 793,466 common shares pursuant to the Transaction, subject to regulatory approval.

Prior to the Acquisition, Australis held 20,311,243 common shares, 12,793,840 warrants of the Company (the “**Warrants**”) and debentures in the principal amount of \$1,600,000 (the “**Debentures**”) convertible into common shares at \$0.55 per common share. Upon exercise of the Warrants, Australis may acquire up to 12,793,840 common shares and upon conversion of the Debentures, Australis may acquire up to 2,909,091 common shares. Assuming the exercise of all Warrants and conversion of all Debentures, Australis would have held 36,014,174 common shares, which on a partially diluted basis was equal to approximately 41.6% of the issued and outstanding common shares of the Company (excluding in the calculation of issued and outstanding common shares of the Company, the 2,380,398 common shares issued pursuant to the Ohio Transaction and the 793,466 common shares to be issued pursuant to the Ohio Transaction).

After the Acquisition, Australis holds 22,079,788 common shares, 12,793,840 Warrants and Debentures in the principal amount of \$1,600,000. Assuming the exercise of all Warrants and conversion of all Debentures, Australis would hold 37,782,719 common shares, which on a partially diluted basis is equal to approximately 42.77% of the issued and outstanding common shares of the Company (including in the calculation of issued and outstanding common shares of the Company, the 2,380,398 common shares issued pursuant to the Ohio Transaction and excluding the 793,466 common shares to be issued pursuant to the Ohio Transaction).

The Common Shares were acquired by Australis for \$0.585 per Common Share for an aggregate purchase price of \$1,034,598.83.

Australis acquired the Common Shares for investment purposes. In pursuing such purposes, Australis takes a long-term view of its investment. It reserves the right to formulate other plans or make other proposals, and take such actions with respect to its investment in the Company. Depending on market conditions and other factors, Australis may acquire additional securities of

the Company as Australis may deem appropriate, whether in open market purchases, privately negotiated transactions or otherwise. Australis may dispose of some or all of such securities. Australis may also reconsider and change its plans or proposals relating to the foregoing.

Australis continues to evaluate its investment in the Company and to review the Company's business, and from time to time has engaged in discussions with the Company's management in respect of further investments in or an acquisition of the Company. All such discussions are preliminary in nature and Australis has no current intention to make further investments in the Company or to make a proposal to acquire the Company. Any such proposal would be subject to a number of conditions, including, as applicable, the approval of the Company's board of directors and shareholders, and all necessary regulatory consents and approvals.

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