



## NEWS RELEASE

### AUSTRALIS ENTERS LETTER OF INTENT TO ACQUIRE RTHM TECHNOLOGIES INC.

**LAS VEGAS, NV, September 18, 2018** – Australis Capital Inc. (“**Australis**” or the “**Company**”) is pleased to announce that the Company has entered into a non-binding letter of intent (the “**LOI**”) to acquire 100% of the outstanding shares of Rthm Technologies Inc. (“**Rthm**”), the # 1 health app in 26 countries, in exchange for cash and common shares in the capital of the Company (the “**Acquisition**”).

Rthm is a privately held, federally incorporated company developing a mobile app for iOS and Android aimed at helping users achieve health and fitness goals by creating personalized plans based off the user’s biological data. Rthm holds several brand-associated trademarks and a multitude of patent applications at different stages of prosecution. Having been ranked the #1 health app in 26 countries, and the world’s first mobile genetics and circadian rhythm mapping platform, Rthm has over two million downloads and an above industry average retention rate of 45.5%.

“By coupling strain specific datasets with in-app experiences designed to enhance efficacy, Rthm addresses the chief shortcoming of the existing cannabis industry, namely the burden placed on consumers and patients to navigate a variety of cannabis products with divergent biological effects,” said Alexander Mosa, Chief Executive Officer of Rthm. “Data driven strain and delivery method selection derived from our proprietary biometric algorithms will resolve the various terpene and cannabinoid combinations into use-case specific categories, while providing a safe, and seamless portal for new and experienced cannabis consumers to access the emerging marketplace.”

“Rthm is uniquely positioned to leverage its proprietary biometric technologies to develop the world’s most advanced cannabis curation, delivery, and loyalty platform,” said Scott Dowty, Chief Executive Officer of Australis Capital. “Rthm’s transformative and licensable technology has the capability to alter the direct to consumer product experience, the creation of a database with broad industry impacts while leap frogging existing rudimentary delivery models”.

Pursuant to the terms of the Rthm LOI, the Company would acquire a 100% equity interest in Rthm and would pay the following consideration to the shareholders of Rthm:

- the payment of an aggregate of CAD \$800,000 in cash payable upon closing;
- the payment of an aggregate of CAD \$200,000 in cash payable upon certain patents being granted to Rthm;
- the issuance of an aggregate of 1,250,000 common shares of Australis (“**Shares**”) to the shareholders of Rthm payable upon closing;

- the issuance of Shares to the shareholders of Rthm with an aggregate value of CAD \$1,000,000 at a price equal to the greater of CAD \$0.20 per Share or the price per Share at which Australis completes its next equity financing following listing on the Canadian Securities Exchange; and
- the issuance of shares to the shareholders of Rthm with an aggregate value of CAD \$1,250,000 at a price equal to the greater of CAD \$0.20 per Share or the closing price of the Shares at time of issue payable upon the achievement of certain milestones.

The LOI is non-binding and the completion of the Acquisition is subject to numerous conditions including, among other things: (i) completion of satisfactory due diligence by each of Australis and Rthm, (ii) negotiation of a definitive agreement and the entering into of a binding definitive agreement in connection with the Acquisition; (iii) receipt of all required corporate approvals from the board of directors and all regulatory and shareholder approvals, as applicable, by each of Australis and Rthm; and (iv) any required third-party consents.

### **About Australis Capital Inc.**

Australis Capital identifies and invests in the cannabis industry predominately 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, Management and Advisory Committee members 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.

For further information, please contact the Company by e-mail at [ir@ausacap.com](mailto:ir@ausacap.com).

### **About Rthm**

Launched in 2016, the Rthm mobile app is among the most advanced digital health platforms in the world. With a complete suite of proprietary technology including advanced heart rate tracking and analysis algorithms and comprehensive circadian rhythm mapping techniques, Rthm was built and designed to support every customer in achieving their unique health and wellness needs. With millions of downloads worldwide, Rthm has been the top ranked health app in 26 countries.

ON BEHALF OF THE BOARD OF DIRECTORS

*“Scott Dowty”*

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Scott Dowty  
Chief Executive Officer

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**Forward-Looking Information Statement**

*This news release contains statements and information that, to the extent that they are not historical fact, constitute "forward-looking information" within the meaning of applicable securities legislation, including statements in respect of the entering into of definitive agreements and completion of the proposed acquisition of Rthm. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. There is no assurance that the Acquisition will be completed as proposed or at all.*

*Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by the forward-looking information. Accordingly, readers should not place undue reliance on any such forward-looking information. Further, any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time, and it is not possible for the Company's management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. The Company does not undertake any obligation to update any forward-looking information to reflect information, events, results, circumstances or otherwise after the date hereof or to reflect the occurrence of unanticipated events, except as required by law including securities laws.*

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

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