

**FORM 51-102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102**

Item 1 Name and Address of Company

Australis Capital Inc. (the “**Company**”)
Suite 900, 510 Seymour Street
Vancouver, British Columbia
V6B 1V5

Item 2 Date of Material Change

October 26, 2018

Item 3 News Release

A News Release was disseminated via CNW and filed on SEDAR on October 29, 2018 and November 5, 2018.

Item 4 Summary of Material Change

The Company entered into a share purchase agreement (the “**Share Purchase Agreement**”) dated October 26, 2018 with Rthm Technologies Inc. (“**Rthm**”), pursuant to which the Company acquired 100% of the issued and outstanding common shares of Rthm (the “**Common Shares**”) for an aggregate purchase price (the “**Purchase Price**”) of \$3,874,308.15 (the “**Transaction**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Pursuant to the Share Purchase Agreement, the Company acquired 100% of the issued and outstanding common shares of Rthm. The Purchase Price was paid and satisfied by the following:

- i. the issuance of 1,742,611 common shares in the capital of the Company (“**Company Shares**”) to the shareholders of Rthm, with a deemed value of \$1.65 per Closing Share for a deemed aggregate value of \$2,874,308.15;
- ii. a cash payment to the shareholders of Rthm in the aggregate amount of \$800,000; and
- iii. the issuance of promissory notes (the “**Promissory Notes**”) of the Company in the aggregate amount of \$200,000. The Promissory Notes are payable upon the grant of certain patents to Rthm.

Pursuant to the Share Purchase Agreement the Purchase Price was allocated among the shareholders of Rthm *pro rata* to their proportional shareholdings in Rthm immediately prior to the closing of the Transaction.

In addition to the Purchase Price, the Company has agreed to issue additional Company Shares to the shareholders of Rthm upon the achievement of certain milestones, with an aggregate value of CAD \$1,250,000 at a price equal to the greater of CAD \$0.20 per Company Share or the closing price of the Company Shares at the time Rthm achieves such milestones (the “**Performance Shares**”).

The business purpose of the transaction is to leverage the proprietary biometric technologies developed by Rthm, to develop the world’s most advanced cannabis curation, delivery and loyalty platform.

The Company anticipates that acquiring the intellectual property and technology developed by Rthm will allow the Company to create a database with broad industry impacts.

Arlene Dickinson, a director of the Company, held an interest in an aggregate of 138,014 Common Shares, or approximately 11.06% of the issued and outstanding Common Shares, at the time of closing the Transaction (“**Closing**”) through her controlling interests in District Ventures CPG-1 LP (“**District Ventures**”) and Venture Communications Ltd (“**Venture Communications**”).

As a result of the Transaction, through District Ventures and Venture Communications, Ms. Dickinson acquired 192,745 Company Shares at a deemed value of \$1.65 for a deemed aggregate value of \$318,029.25 and Promissory Notes in the Aggregate Amount of \$22,120.55. Upon the achievement of certain milestones by Rthm, Ms. Dickinson will receive Performance Shares with such number of Performance Shares to be determined at a later date.

Ms. Dickinson did not participate in the Board of Director’s approval process for the Transaction and abstained from voting on the Transaction.

The Company is exempt from the requirement to obtain a formal valuation of the Transaction as (i) pursuant to Section 5.5 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), at the time of the Transaction was entered into, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Transaction, insofar as it involved Ms. Dickinson, exceeded 25% of the Company’s market capitalization; and (ii) pursuant to Section 5.6 of MI 61-101, no securities of the Company are listed or quoted on a “Specified Market”.

The Company is exempt from the requirement to obtain minority shareholder approval for the Transaction as pursuant to Section 5.7(a) of MI 61-101 at the time of the Transaction was entered into, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Transaction, insofar as it involved Ms. Dickinson, exceeded 25% of the Company’s market capitalization.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Scott Dowty
Chief Executive Officer
702 817 2214
scott@ausacap.com

Item 9 Date of Report

November 5, 2018.