

CONCERNED AUSTRALIS SHAREHOLDERS TAKE DECISIVE ACTION TO MOVE AUSTRALIS FORWARD BY REQUISITIONING A SHAREHOLDER MEETING

- The incumbent Board continues to engage in transparent delay tactics and appears to be scrambling for new ideas
- The Concerned Shareholders have a well-advanced strategy to move the company forward and are excited to soon share it with shareholders
- The Concerned Shareholders, together with other shareholders that have expressed support, collectively hold approximately 38% of Australis outstanding shares – it is clear the time is now for the incumbent Board to step aside

TORONTO, August 31, 2020 /CNW/ - Terry Booth, Lola Ventures Inc., Roger Sykes, 1703469 Alberta Ltd., Duke Fu, Green Therapeutics LLC and Jason Dyck (the "**Concerned Shareholders**") of Australis Capital Inc. ("**Australis**" or the "**Company**") (CSE: AUSA), have today requisitioned a meeting of the shareholders of Australis pursuant to Section 142 of the Business Corporations Act (Alberta) (the "**Requisition**") to, among other things, elect new directors to the board of Australis in order to protect and preserve shareholder's interests.

The Requisition demands that a meeting of the shareholders be held as soon as practical and no later than the November 17, 2020, date disclosed by the Board. The Concerned Shareholders now collectively own, direct or control 13,932,321 common shares or approximately 7.9% of Australis' outstanding common shares. Altogether, without having commenced a solicitation for proxies, The Concerned Shareholders already have indications of support from shareholders holding over 35% of Australis' shares.

IMMEDIATE BOARD CHANGE IS NEEDED

As demonstrated by the Company's poor share price performance since inception, it is clear that an immediate change in leadership is required to protect shareholder value. The Concerned Shareholders, in an attempt to preserve the Company's resources, have made repeated efforts to negotiate with the incumbent Board of Directors (the "**Board**") to reach a settlement agreement resulting in a refreshed board comprised of individuals capable of leading Australis forward. Unfortunately, the Board has refused to engage in negotiations and has instead resorted to delay tactics in a clear effort to entrench themselves at the expense of serving shareholders' best interests. The Board has postponed, delayed and avoided direct discussions with the Concerned Shareholders, preferring instead backchannel discussions and obfuscation.

FAILURE TO COMMUNICATE WITH SHAREHOLDERS AND PROVIDE A CLEAR STRATEGY FOR AUSTRALIS

The Board has categorically failed in its duty to provide oversight and to effectively communicate with shareholders. **We question why the Board continues to use delay tactics. Are the Board members concerned about a new board identifying breaches in fiduciary duties to shareholders which could result in reputational or legal consequences?** The Board has also failed to address the numerous corporate governance concerns including the non-arm's length nature of the proposed transaction to acquire Passport Technology Inc. ("**Passport**"), questionable payments made to Passport, and whether or not the shareholder meeting, originally scheduled for September 22, 2020, was postponed by a properly called meeting of the Board. These governance lapses could not have occurred without the tacit and active involvement of the so-called independent directors of the Board, who continue to steer the ship toward disaster. Accordingly, removal and replacement of the Board is necessary, and the Board should not be trusted with proposing any new transactions or directors to shareholders given their abysmal track record to date. The Board has, time and again, failed to act in Australis shareholders' best interests and simply cannot be entrusted with the responsibility of proposing any new business or leadership to shareholders.

Over their two-year tenure at the helm of Australis, the current Board members have destroyed shareholder value through their failed pursuit of non-arm's length transactions, their inability to develop the Company's core cannabis assets, and their unwillingness to communicate a strategic direction to both shareholders and the market. Instead, the Concerned Shareholders believe a prosperous future for Australis is attainable only under the qualified, independent and motivated leadership of the Concerned Shareholder Nominees

(as set forth in the Concerned Shareholders' press release dated August 17, 2020) who are better aligned with the interests of all shareholders. When the date for a meeting of shareholders is confirmed, the Concerned Shareholders will share their advanced and well thought out strategy with Australis shareholders and are excited about the opportunity to present a clear path forward for the Company.

TIME FOR ACTION

The Concerned Shareholders believe it is time to take decisive action. Since announcing the termination of the failed acquisition of Passport four weeks ago, the Board has failed to provide any guidance or direction to shareholders, and has continued their habit of lax governance and the pursuit of their own personal narrow self interest. Furthermore, while the Company announced in its August 20, 2020, press release that it has scheduled its annual general and special meeting of shareholders for November 17, 2020, nearly two weeks later, the Company has not taken the required steps for legally confirming this meeting date. Clearly, moving the Company forward and enabling shareholders to voice their legitimate concerns is not a top priority for the current leadership at Australis.

Further information with respect to the requisitioned meeting will be contained in an information circular to be mailed to Australis shareholders in advance of the meeting.

Additional Information

The information contained in this news release does not and is not meant to constitute a solicitation of a proxy within the meaning of applicable securities laws. In connection with the Meeting, the Concerned Shareholders intend to file a dissident information circular in due course in compliance with applicable corporate and securities laws.

Notwithstanding the foregoing, the Concerned Shareholders are voluntarily providing the disclosure required under section 9.2(4) of National Instrument 51-102 – Continuous Disclosure Obligations (NI 51-102) and have filed a document (the "Document") containing the disclosure required under section 9.2(6) of NI 51-102 in respect of the Concerned Shareholder Nominees in accordance with corporate and securities laws applicable to public broadcast solicitations. The Document is available under the Company's profile on SEDAR at www.sedar.com.

This news release and any solicitation made by the Concerned Shareholders in advance of the Meeting is, or will be, as applicable, made by the Concerned Shareholders, and not by or on behalf of the management of Australis. All costs incurred for any solicitation will be borne by the Concerned Shareholders, provided that, subject to applicable law, the Concerned Shareholders may seek reimbursement from Australis of the Concerned Shareholders' out-of-pocket expenses, including proxy solicitation expenses and legal fees.

The Concerned Shareholders are not soliciting proxies in connection with the Meeting at this time, and shareholders are not being asked at this time to execute proxies in favour of the Concerned Shareholders (in respect of the Meeting). Proxies may be solicited by the Concerned Shareholders pursuant to an Information Circular sent to shareholders after which solicitations may be made by or on behalf of the Concerned Shareholders, by mail, telephone, fax, email or other electronic means as well as by newspaper or other media advertising, and in person by the Concerned Shareholders, who will not be specifically remunerated therefor. The Concerned Shareholders may also solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws, conveyed by way of public broadcast, including through press releases, speeches or publications, and by any other manner permitted under applicable Canadian laws. The Concerned Shareholders may engage the services of one or more agents and authorize other persons to assist in soliciting proxies on behalf of the Concerned Shareholders.

The Concerned Shareholders are not requesting that Australis shareholders submit a proxy at this time. If and when the Concerned Shareholders commence a formal solicitation of proxies in connection with the Meeting, proxies may be revoked by a registered holder of the Company's shares (i) by completing and signing a valid proxy bearing a later date and returning it in accordance with the instructions contained in

the accompanying form of proxy; (ii) by depositing an instrument in writing executed by the shareholder or by their attorney authorized in writing, as the case may be: (a) at the registered office of the Company at any time up to and including the last business day preceding the day the Meeting or any adjournment or postponement of the Meeting is to be held; or (b) with the Chairman of the Meeting prior to its commencement on the day of the Meeting or any adjournment or postponement of the Meeting; or (iii) in any other manner permitted by law. If and when the Concerned Shareholders have commenced a formal solicitation of proxies in connection with the Meeting, proxies may be revoked by a non-registered holder of the Company's shares at any time by written notice to the intermediary in accordance with the instructions given to the non-registered holder by its intermediary.

None of the Concerned Shareholders or the Concerned Shareholder Nominees or, to their knowledge, any of their associates or affiliates, (i) has any material interest, direct or indirect, in any matter proposed to be acted on at the Meeting, other than the election of directors or (ii) has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company's last financial year that has materially affected or could materially affect the Company or any of its subsidiaries (if applicable) other than as set forth below in respect of Dr. Fu.

Green Therapeutics, LLC, a company in which Dr. Fu owns, directs or controls 49.5% of the shares, completed a transaction with Australis in May 2019 to acquire Green Therapeutics, LLC's Tsunami™, Provisions™, and GT Flowers cannabis brands, certain operating assets, intellectual property and the right to assume, complete and expand the construction of a state-of-the-art 55,000 square foot cultivation and production facility in North Las Vegas, Nevada. Pursuant to the terms of the transaction Australis issued 7,831,855 common shares valued at \$6.4 million upon the signing of the definitive agreement. An additional \$800,000 are to be issued when a new cultivation and production facility in North Las Vegas is fully licensed and operational and an additional \$800,000 in shares are to be issued if certain performance goals are reached utilizing the acquired assets within specified timeframes per the definitive agreement. In a separate transaction completed in May 2019, Australis acquired from Meridian Companies LLC, a company in which Dr. Fu owns, directs or controls 37.5% of the outstanding shares, an 8.9-acre parcel of land in North Las Vegas in exchange for \$2.93 million USD of its common stock or 3,585,521 Australis common shares where the new cultivation and production facility will be located. Full details of these transactions can be found in the Australis public disclosure record.

Based on public disclosure documents, it is our understanding that the head office of Australis is 376 E. Warm Springs Road, Suite 190, Las Vegas, Nevada 89119.

The Concerned Shareholders have filed this press release, which contains the information required by section 9.2(4)(c), and the Document which contains the information required by section 9.2(6) of NI 51-102 and Form 51-102F5 Information Circular in respect of the Concerned Shareholders Nominees, under Australis' profile on SEDAR at www.sedar.com.

For further information:

For further information, please contact the Concerned Shareholders' shareholder communications advisor:

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