

AUSTRALIS ISSUES LETTER TO CONCERNED SHAREHOLDERS

- Dissident demand for 100% control of the Board rebuffed, so shareholder group holding only ~7.9% of Company's shares lowers its demand to "only" 60% of the Board seats
- Offer for Duke Fu to join a reconstituted Board still outstanding

LAS VEGAS, NV, September 8, 2020 – Australis Capital Inc. (CSE: AUSA) (OTC: AUSA) ("AUSA" or the "Company") today announced that the Concerned Shareholders made a presentation to the Company last week with respect to their proposed plans for the Company, including its Board composition. At the conclusion of the presentation, AUSA received an ultimatum from the Concerned Shareholders and has sent them the following letter in response:

To the Concerned Shareholders,

For the past few weeks, your group has issued a series of press releases, calling for change at Australis. These press releases are riddled with inaccuracies and paint an extremely one-sided picture. As we discussed, the Passport transaction was not well received and was not consummated. Of course, hindsight is 20/20, but at all times the Board of Directors and, where appropriate, its Independent Committee, have acted in the best interests of the Company after considering the interests of all stakeholders.

As you are well aware, the Independent Committee of the Board has been busy setting the Australis house in order. In the past few weeks, Australis has transformed itself from a company attempting to get into the financial services business and has returned to its roots as a US cannabis business.

As is the case with almost all cannabis companies – AUSA's share price is down. However, we strongly believe in the opportunity that US cannabis presents, and we intend to pursue it to the best of our abilities. We will more fully detail our US cannabis plan in our proxy circular, which will be published in advance of the annual general and special meeting.

We invited you to meet with us and committed to doing so with an open mind. We also publicly and privately asked that you do the same so that we might reach an outcome that is in the best interest of the Company and maximizes value for shareholders. While I applaud your group's decision to meet with us last Friday, September 4, 2020 it's unfortunate that you chose not to do so in good faith. While some members of your group have at times made a number of valid points and continued to do so on Friday, other members of your group and your public communications have continued to demonstrate a propensity to fabricate and obfuscate. These continued actions call into question the Concerned Shareholder's true intentions with Australis and your collective commitment to reaching an outcome that is in the interests of all stakeholders. For example:

1. The Concerned Shareholders have repeatedly claimed that the current Board is unwilling to meet with them. This is demonstrably false. Independent members of the Australis Board met in person with Terry Booth and Roger Sykes on two separate occasions and have held numerous calls with the Concerned Shareholders' attorney on their behalf. Personally, I have spent many hours on the phone with Concerned shareholder member Duke Fu – and,

as a large individual shareholder, we have offered Mr. Fu a position on the Australis Board of directors, and a C-level position in the Company both of which have gone unanswered.

2. Your group claimed that it wanted to engage in negotiations. In press releases, your group has demanded a wholesale change in the Board. In fact, in our conversation this past Friday, your group demanded that the Australis Board simply walk away from their fiduciary duty to protect the interests of the Company and its shareholders and hand over 100% control to your group, which has not been elected by any shareholders. An impartial observer would hardly consider this a desire to engage in constructive negotiations and would reasonably conclude that this was a grab for the corporate reins, without any shareholder consideration. Generally speaking, one has to pay a control premium to gain control of a company.

3. At various points, your group has claimed significant support from Australis' shareholder base, but your group's continued actions suggest that this is far from the case. When pressed on Friday, your group dropped its demands to change the Board wholesale, and offered a simple 3-2 majority, where your group would retain majority control of the Board – essentially no concession. Obviously, if there was widespread support for your group among the shareholder base, there would be no need for discussions or negotiations. I remind you that your group has stated that it controls the voting over approximately 7.9% of the Company's outstanding shares. How one would conclude that this holding should entitle your group to 60% of the Board seats is baffling. Your position is all the more outlandish given your admission on Friday that you do not have a plan you are willing to share yet, nor have you presented one to the shareholders that your group has spoken to.

This is a time for serious people to come together to deliver a reasoned solution and clear path to value creation for all shareholders. There is one thing that we all agree upon, and that is that Australis should be in the US Cannabis business. But how that should happen and who should guide Australis is the main difference between us.

Your group, including Terry Booth and Roger Sykes, has put forth a board slate that is chock full of former Aurora insiders with extremely limited experience in US cannabis. When one looks at the history of Aurora, with its history of mismanagement, slipshod acquisitions, and the largest write down in the history of cannabis – it is clear that shareholders of this Company cannot afford another regime headed by Mr. Booth and his yes men. Creating a \$1 billion company with \$4 billion of investors' money is nothing to be proud of - and nothing the investors in Australis should want to be involved with.

Our newer shareholders may not be aware that Australis was birthed out of Aurora, and many of the original sins of Australis can be traced directly to Mr. Booth as the architect of Australis. He picked the CEO he was recently complaining about, he largely installed the Board he now wants to remove, and he absolutely refuses to take any responsibility for any of the deals he recommended to Australis - nor Aurora's continued destruction of shareholder value. We seriously doubt that the write down taken by Aurora today – which could approach ~ \$2 billion – will even be acknowledged by Mr. Booth or his team of yes men.

While we are bound by an NDA regarding the actual board members that your group would like to put forth, needless to say, we are not impressed, nor do their track records suggest we should be. The three candidates ultimately put forward by your group have a track record of capital destruction across multiple companies.

In our proxy circular, the Company will demonstrate what a proper board for a US cannabis company looks like, while articulating a strategy to generate significant shareholder value through operational excellence - not hype, press releases and deal after deal. Capital is not free no matter what the Concerned Shareholders might think. It is not 2013 again. It is a time to cut all ties with Aurora - both past and present - and time to start focusing the company resources where they belong - in the US market.

It is a time for serious people, with reasoned solutions and a clear path to value creation. It is time for dedicated, impartial leaders who actually understand the US cannabis market to lead. Australis remains ready to work with anyone who meets these simple criteria and who can further the interests of the Company and its shareholders. Your group needs to determine if it wants to continue to be part of the problem or a constructive part of the solution. If it's the latter, you'll continue to find a willing partner on the other side of the table.

On behalf of the Board of Directors,

Harry DeMott,
Director, Australis Capital Inc.

About Australis Capital Inc.

AUSA invests in, operates and builds differentiated companies primarily in the cannabis industry. AUSA focuses on significant near and mid-term opportunities with strong return potentials. AUSA's assets include Cocoon Technology, a cloud-based, self-service point of sale kiosk designed for cannabis dispensaries and other highly-regulated industries. The purpose-built platform features data analytics, privacy, security and regulatory compliance to drive enhanced consumer experience and generate incremental revenue for dispensary owners. AUSA's assets also include Body and Mind Inc., Quality Green, and Folium Biosciences.

The Company's Common shares trade on the CSE under the symbol "AUSA" and on the OTCQB under the symbol "AUSAF".

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

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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. This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities.

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