

ENTRENCHED AUSTRALIS BOARD REJECTS SETTLEMENT OFFER AND RESORTS TO ADDITIONAL STALL TACTICS REVEALING A COMPLETE LACK OF REGARD FOR AUSTRALIS SHAREHOLDERS

- *Current board continues to show disturbing trends of self-serving acts, entrenchment, willingness to carelessly spend shareholders' cash and lack of transparency to shareholders*
- *Australis shareholders who are supportive of Board change are encouraged to contact Laurel Hill Advisory Group at 1-877-452-7184, or assistance@laurelhill.com to register their support.*

TORONTO, September 18, 2020 /CNW/ - Terry Booth, Lola Ventures Inc., Roger Sykes, 1703469 Alberta Ltd., Duke Fu, Green Therapeutics LLC and Jason Dyck (the "**Concerned Shareholders**") each of whom is a shareholder of Australis Capital Inc. ("**Australis**" or the "**Company**") (CSE: AUSA) wish to provide fellow shareholders an update regarding stalled negotiations with members of the current board of Australis (the "**Board**") including Roger Swainson, Harry DeMott and John Dover.

Current Board Continues to use Stalling Tactics in Settlement Discussions

Over the past several weeks, the Concerned Shareholders have acted in good faith in attempting to negotiate a settlement that would establish a new leadership team at Australis and in doing so, presented the Board with a detailed business plan to maximize shareholder value. In an effort to avoid an unnecessary and costly proxy fight, the Concerned Shareholders graciously entertained discussions around DeMott and Swainson continuing to serve as members of a refreshed board. Much to the disappointment of the Concerned Shareholders, these efforts were met with stall-tactics and an unwillingness on behalf of the Board to communicate any strategy to move the Company forward. Instead, the Board has entrenched themselves and stubbornly refuses to respect the will of the Concerned Shareholders who have the support of approximately 40% of Australis outstanding shares and want meaningful change. Ultimately, it has become clear that the Board members are not interested in preserving shareholder value and feel they have nothing to lose by proceeding to a proxy fight. With little to no personal capital invested in Australis, DeMott and Swainson appear content to squander shareholder money on their own aggrandizement.

Continued Poor Decision-Making that Confirms the Current Board's Self-Serving Actions

Another disturbing example of the Board's self-serving actions are the highly suspect terms of former Australis Executive Chairman and former CEO Scott Dowty's departure from the Company. In addition to not obtaining the contractual break fee on behalf of Australis shareholders for the termination of the Passport transaction, the Special Committee went a step further to entrench themselves by issuing Mr. Dowty 4,250,000 Australis shares from treasury which are required to be voted in favour of the Board's resolutions as per a voting support agreement approved by the Special Committee. The Special Committee, including Swainson, who we remind shareholders is a lawyer, effectively bought Mr. Dowty's support by giving him an excessive and unearned golden parachute, including the 4,250,000 Australis shares which the Company was not required to issue him, further diluting shareholder value. In addition, this arrangement was not disclosed to shareholders in the Company's September 2, 2020 press release announcing Dowty's departure and was instead buried at the bottom of a regulatory filing. This blatant effort by the Board to shore up support, and the lack of transparency with which it was conducted, clearly underscores the need to replace the entire Board.

Swainson, DeMott and Dover's gross incompetence, has left Australis without direction. They continue to protect their own interests and destroy shareholder value through their lack of stewardship resulting in burned cash resources. The mandate of Australis has always been the pursuit of cannabis opportunities in the United States and not a financial services business as proposed to shareholders by the Board. It is clear, this board has repeatedly failed to execute any sustainable revenue generating activity in their time at the helm. In contrast the Concerned Shareholders have a detailed plan to return Australis to its cannabis roots.

We remind shareholders of the stewardship of this group of directors and Scott Dowty who have overseen the following:

- The Board clearly failed to properly conduct due diligence in connection with the Folium transaction – a mistake which cost the company over \$1.2 million in wasted transaction costs.
- The Board has repeatedly failed to ensure proper governance measures are enacted at Australis. Nowhere is this more evident than their glaring lack of oversight concerning Dowty's relationship with Passport including questionable payments and the failed attempt to acquire Passport at an egregiously high valuation.
- The Board has proven time and time again to be irresponsible stewards of shareholder capital. Look no further than their wasteful spending on bad deals (i.e. \$3.6 million on unused marketing projects) and excessive compensation to executives whose performance did not merit reward.
- The Board refuses to be transparent with shareholders and has repeatedly dodged the question of whether or not the shareholder meeting, originally scheduled for September 22, 2020, was postponed by a properly called meeting of the Board.
- The Company's recently announced Q2 2020 financial results are atrocious. They paint a clear picture that the Board is incapable of creating shareholder value and will continue to deplete the Company's cash resources with almost nothing to show for it.
- The Board unnecessarily delayed the Company's upcoming shareholder meeting because the Board members are unprepared to answer for the opportunities they have squandered and their reckless decision making which has led to failure after failure.
- It has been six weeks since the Passport transaction was terminated, and the Board has yet to put forward a plan for the future of the Company. This inaction is indicative of a clear lack of accountability and strategic thought and underscores the need for change.

The Concerned Shareholders Will Proceed with Plans to Refresh the Australis Board

In light of the Board's reckless allocation of the Company's resources and the Board members' brazen tactics to entrench themselves while delaying negotiations, the Concerned Shareholders will continue to press for a refreshed slate of directors at the Company's upcoming shareholder meeting. The Concerned Shareholders have assembled a group of qualified, independent, and motivated director nominees (as set forth in the Concerned Shareholders' press release dated August 17, 2020) this group has a detailed strategy to restore shareholder value which they intend to articulate to fellow shareholders in short order.

For further information or to register your support for Board change, please contact the Concerned Shareholders' shareholder communications advisor, Laurel Hill Advisory Group, toll free: 1-877-452-7184, International: +1 416-304-0211 outside Canada and the U.S., or by email: assistance@laurelhill.com.

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 Concerned 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 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: please contact the Concerned Shareholders' shareholder communications advisor:
Laurel Hill Advisory Group, Toll Free: 1-877-452-7184, International: +1 416-304-0211 outside Canada and
the US, By Email: assistance@laurelhill.com