

CONCERNED AUSTRALIS SHAREHOLDERS OUTLINE STRATEGY TO GROW CORE CANNABIS BUSINESS AND PRESERVE SHAREHOLDER VALUE

- *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 24, 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) are pleased to outline their strategy to return Australis to its cannabis roots and preserve shareholder value.

The mandate of Australis has always been the pursuit of cannabis opportunities in the United States. However, Australis has lost its way under the misguided stewardship of the current board of directors (the "**Incumbent Board**") and shareholders have suffered as the result. The Concerned Shareholders still believe passionately that a bright future for Australis can be achieved, however, only under the leadership of a new board. With a track record of a series of failed transactions and careless expenditure of shareholders' capital without generating any meaningful revenue, the Incumbent Board has demonstrated a complete lack of vision and inability to execute. Regardless of what opportunities the Incumbent Board may bring forward at this late date, how can shareholders have any confidence in their ability to capitalize on growth initiatives, no matter how attractive they appear to be? The time for real change is now. In contrast to the Incumbent Board, the Concerned Shareholders have a plan ready to be implemented that will get Australis back on track to finally becoming a U.S. cannabis powerhouse.

THE U.S. CANNABIS INDUSTRY LANDSCAPE

Since the inception of Australis, the U.S. cannabis landscape has changed rapidly. The Concerned Shareholders have a vision for the future, taking into account the shifting environment due to competitive pressures, capital scarcity, political developments and the COVID-19 pandemic among other challenges. The Concerned Shareholders understand the U.S. cannabis market, including the opportunities available to Australis and their shareholders. Below is a summary of our approach to the growth opportunities in this market.

U.S. multi-state operators ("**MSO**"s) have, to-date, focused on building costly, redundant infrastructure to grow, harvest, manufacture, process, distribute and sell cannabis products in each state in which they operate. The existing regulatory environment requires a U.S. operator to treat each state as a separate market. At the same time, there are many well run single-state operators struggling to access the necessary growth capital required to reach a profitable scale.

A VISION FOR AUSTRALIS

There is ample opportunity for growth in the U.S. cannabis market, however, a new business model with the right leadership is needed.

Our vision is to build Australis into a branded products and cannabis technology company. We intend to achieve this vision by using Australis' existing investment in Green Therapeutics, LLC's ("GT") to establish a dominant presence in the Nevada market and expand our footprint to other states through 4 targeted acquisitions described below. Our focus will be consolidating assets in the western U.S. while strategically entering the burgeoning east coast states as adult-use markets come online.

Critical to the success of our strategy is a capital-light approach, that leverages technology and brands to create partnerships that maximize existing infrastructure. Superior cannabis growth and processing technology and sought-after brands will be key to gaining exposure to new markets without having to acquire costly licenses or build expensive facilities. Under the leadership of the Concerned Shareholder board nominees (the "**Concerned Shareholder Nominees**"), Australis will pursue this strategy by growing its current cannabis asset base into an integrated national cannabis company.

MAXIMIZING EXISTING ASSETS

The Current Board's inability to develop the Company's high quality assets, does not reduce their value to serve as a launch pad for future growth for a competent leadership team. Through the acquisition of GT's premier cannabis brands, licenses, and real estate, Australis has an underutilised beachhead into the highly lucrative Nevada cannabis market. The Company's existing portfolio of Nevada assets, including award-winning products with established brand equity, will serve as the foundation upon which Australis the Concerned Shareholders Nominees plan to build one of the preeminent manufacturers of cannabis products in the U.S.

Nevada alone presents a \$730 million market opportunity with strong tourist demand, notable resident cannabis consumer base, and high barriers to entry given the limited licensing structure. Through GT's grow and extraction licenses and operations along with their award winning, sought after brands, Australis has already established a footprint in this market and leveraging these assets is the most constructive way to create value for shareholders. There are ample opportunities to broaden the reach of GT's brands by accessing low-cost biomass and utilizing new technologies either by way of direct ownership or partnership with another operator. The market dynamics in Nevada are such that quality flower and biomass are scarce. Combining access to low cost biomass and extraction capabilities with the well-regarded GT brands we already own is a winning formula.

SYNERGISTIC ASSETS

In pursuit of a capital light, low cost multi-state strategy, the Concerned Shareholders are also well-positioned to grow Australis by acquiring new technologies, intellectual property and cannabis infrastructure, among other opportunities, and leveraging those assets to solve problems, address untapped niches, and create value along the way. After extensive research and advanced negotiations, the Concerned Shareholders have identified several acquisition targets which are synergistic to Australis' existing cannabis footprint. These targets allow for growth in new markets, augment the value of the Company's existing assets and have business models which are inherently capital light, high margin and poised to exhibit high growth:

- **Target #1 - Processing Technology:** proprietary technology solution enabling cost savings right at the intersection of cultivation and extraction by allowing large quantities of biomass to be processed into extracts without trimming or drying.
- **Target #2- Cultivation Technology:** state-of-the-art experienced cultivation facility engineering, design and technology provider with a proven track record of enabling the cultivation of low-cost high-quality cannabis at scale. The specific technology involves a proprietary supervisory control and data acquisition SaaS product for automating and optimizing cannabis cultivation facilities.
- **Target #3 - Cannabis Infrastructure:** extraction, product manufacturing, distribution and branding capabilities in markets that are complementary to Australis' existing footprint such as Nevada, Colorado, California, and Oregon. Ultimately the company will also be laser focused on the eastern United States as the adult usage market develops in states like Pennsylvania, New York, New Jersey and Florida.
- **Target #4 - Cannabis Licenses:** cannabis licenses permitting cultivation, extraction, and retail in states such as Nevada, Oklahoma, Missouri, and Michigan. These license opportunities can either be acquired outright by Australis or monetized using other forms of partnership arrangements such as profit-sharing joint ventures.

These acquisitions and other steps in line with a value-add capital light strategy will allow Australis to secure inexpensive biomass from existing and new client grow facilities. Using this biomass, Australis will work with those growers and utilize Australis operated low cap-ex extraction and manufacturing facilities to produce Australis branded product.

A Proven Track Record of Success

The Concerned Shareholder Nominees are the right team to deploy the strategy aimed at returning Australis to its cannabis roots. These carefully selected individuals have significant experience in building reputable companies and identifying investments that create shareholder value.

While the Incumbent Board has assumed no accountability for their track record of failed transactions, the fact remains, they have squandered the plentiful advantages and resources initially endowed upon them including over \$30 million of cash which has since been whittled down to \$13 million with little to show. The Incumbent Board and management wasted Australis assets over the past two years. In contrast, the Concerned Shareholder Nominees have turned several companies into multi-million-dollar businesses. The Concerned Shareholder Nominees are investors, officers and directors of several companies that achieved success in cannabis and other industries. The Concerned Shareholders believe that pursuing the strategy, projects and acquisitions outlined above represents a significantly more attractive allocation of Australis' cash reserves when compared to any haphazard and ineffective efforts undertaken by the Incumbent Board.

The Concerned Shareholders are confident that shareholder value can be maximized by successfully executing the strategy outlined above. Australis shareholders are being presented with a choice: continue to allow the Incumbent Board to squander shareholder resources on frivolous and ineffective strategies or pursue meaningful change, backed by cannabis-savvy entrepreneurs who have built successful cannabis companies before and are prepared to do it again.

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 upcoming annual and special meeting of shareholders of the Company (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 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