

AUSTRALIS SHAREHOLDERS ARE NOT FOOLED BY THE RECENT COSMETIC BOARD AND MANAGEMENT CHANGES

- *Australis shareholders who are supportive of meaningful Board change are encouraged to contact Laurel Hill Advisory Group at 1-877-452-7184, or assistance@laurelhill.com to register their support.*

TORONTO, October 13, 2020 /CNW/ - Terry Booth, Lola Ventures Inc., Roger Sykes, 1703469 Alberta Ltd., Duke Fu, Green Therapeutics LLC, Jason Dyck and John Esteireiro: (the "**Concerned Shareholders**"), each of whom is a shareholder of Australis Capital Inc. ("**Australis**" or the "**Company**") (CSE: AUSA), are not fooled by the recent changes to the management and Board of Directors of Australis (the "**Board**") by the same team are who responsible for the demise of Australis.

The recently announced appointments of Harry DeMott as CEO and Rick Cutler and Sameer Kumar as members of the Board are simply attempts to cover the tracks of the historical failures and fundamentally flawed corporate culture at Australis. Legacy board members Roger Swainson and Harry DeMott oversaw and approved multiple catastrophic transactions which depleted Australis' capital and squandered years of opportunities. Allowing these two to not only remain in positions of authority, but to continue to control the hiring with their hand-selected picks is woefully irresponsible and unacceptable to the Concerned Shareholders. Promoting Harry DeMott to CEO in the wake of his disastrous track record on the Board further demonstrates that Australis is rudderless and lost. During their tenure on the Board, DeMott and Swainson approved multiple value-destroying transactions and demonstrated repeated governance failures, which should disqualify them from wielding any control at the Company going forward, including:

- X Demonstrated a glaring lack of oversight concerning former CEO Scott Dowty's relationship with Passport Technologies Inc. ("**Passport**"), questionable payments to Passport and the failed attempt to acquire Passport at an egregiously high valuation (the "**Passport Transaction**");
- X Failure to properly conduct due diligence in connection with the proposed acquisition of Folium Biosciences – a mistake which cost the Company over \$1.2 million in squandered transaction costs and more in opportunity costs and wasted time;
- X Wasteful spending on bad deals including \$3.6 million on unused marketing projects and excessive compensation to executives whose performance did not merit reward;
- X An attempt to buy Scott Dowty's support by giving him an excessive and unearned golden parachute, including 4,250,000 Australis shares, further diluting shareholder value; and
- X Ignoring the Concerned Shareholders' broad-based support from over 40% of fellow Australis shareholders and continuing to waste resources on a proxy fight where they do not have solid ground on which to stand.

The appointment of DeMott to the role of CEO is especially disconcerting. Setting aside his abysmal track record as a Board member of Australis, DeMott has no public company leadership experience and his role in the cannabis industry has primarily been that of an investor, not an operator. Being an early investor in Columbia Care Inc. does not qualify someone to operate and grow a highly regulated cannabis company. During his tenure on the Board, DeMott has demonstrated both an inability to create value and a lack of vision for the business of Australis. Accordingly, the notion of allowing him to remain on the Board while also staking the Company's future on his ability to execute as CEO is both reckless and unacceptable. In contrast, the Concerned Shareholders have put forward a slate of director nominees (the "**Concerned Shareholder Nominees**") comprised of individuals with notable public company experience who have built, operated, and were instrumental in the success of numerous cannabis companies. Further details regarding the Concerned Shareholder Nominees are set forth below.

In the months since the termination of the Passport Transaction, the Board members have shown an unwillingness to take responsibility for their failures, to listen to shareholder concerns, and to present their own path forward for Australis. The only changes the Company has undergone are the recent additions and resignations at the executive and Board level. These have been little more than an attempt to obfuscate the fact that the same dysfunctional leadership team is still in control. These thinly veiled attempts to appear open to change are insufficient. The Concerned Shareholders will continue to demand meaningful change in the form of an entirely refreshed Board.

Concerned Shareholder Nominees

The Concerned Shareholders wish to announce that Terry Booth and Paul Vandebosch are stepping aside from consideration as directors of the Company given their respective growing business commitments elsewhere. Mr. Booth is actively involved in the development of U.S. cannabis companies which could potentially become acquisition targets of Australis. In order to avoid conflicts of interest, Mr. Booth is supporting the election of an independent Board. Nevertheless, Mr. Booth continues to work closely alongside the Concerned Shareholder Nominees in support of their efforts to rebuild shareholder value at Australis. In addition to the four other highly qualified Concerned Shareholder Nominees, the Concerned Shareholders propose the addition of John Esteireiro to the board of Australis.

Mr. Esteireiro is a Principal and the Head of Equities at Eight Capital (formerly Dundee Securities Inc.). Mr. Esteireiro has over two decades of capital markets experience at some of Canada's premier full-service investment firms. His previous roles include Managing Director and Head of Canadian Institutional Equity Trading at Canaccord Genuity, Founding Partner and Head of Equity Trading at Genuity Capital Markets, a firm he helped build into one of Canada's leading independent brokerage firms, and Managing Director and Head of Institutional Equity Trading at CIBC World Markets. John brings a wealth of experience advising on M&A and capital raising within the cannabis space having led numerous financings for U.S. cannabis companies.

The Concerned Shareholder Nominees consist of the following cannabis industry and capital markets professionals:

- Dr. Duke Fu, Pharm D., MBA
- John Esteireio
- Avi Geller
- Hanoz Kapadia
- Dr. Jason Dyck, PhD

In the coming days, the Concerned Shareholders will be filing and mailing their proxy circular providing detailed biographies of the Concerned Shareholder Nominees as well as further details on their strategy to place Australis on the right path.

For further information or to register your support for meaningful 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 meeting of shareholders of the Company (the "**Meeting**"), the Concerned Shareholders intend to file a dissident information circular 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