

CONCERNED SHAREHOLDERS' PROXY CIRCULAR

TO BE USED IN CONNECTION WITH THE ANNUAL AND
SPECIAL MEETING OF HOLDERS OF COMMON SHARES OF

Australis Capital Inc.

TO BE HELD ON NOVEMBER 17, 2020

Australis Shareholders Have Suffered Long Enough
But **YOU** Can Make a Difference.

Vote the **YELLOW** Proxy to Support Positive Change



Vote FOR Fixing the Number of Directors at Five



Vote FOR the Election of the Concerned Shareholder Nominees

Time is of the Essence
Vote Your **YELLOW** Proxy Today

Questions or requests for voting assistance may be directed to the Concerned Shareholders'
Shareholder Communications Advisor and Proxy Solicitation Agent:

Laurel Hill Advisory Group
Toll Free: 1-877-452-7184 (416-304-0211 outside North America)
Email: assistance@laurelhill.com

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Important Message to Shareholders of Australis

Board Change is Needed to Save Your Investment

Don't be fooled by the Sudden Cosmetic Board and Management Changes. You Deserve Better.

- ✓ **Vote FOR the resolution to fix the number of directors at five (5); and**
- ✓ **Vote FOR the election of the Concerned Shareholder Nominees to the board of directors of Australis.**

October 16, 2020

Dear Fellow Shareholders,

Australis Capital Inc. ("**Australis**" or the "**Company**") is at a crossroads. As a Shareholder of Australis, your vote represents a meaningful opportunity to implement positive change and to finally put Australis on the path towards building a successful U.S. cannabis enterprise. Under the leadership team of Scott Dowty, Roger Swainson, John Dover, and newly minted CEO Harry DeMott, Australis never missed an opportunity to miss an opportunity. Endowed with the benefits of a hot cannabis market, exceptionally strong capital backing, and wide-open opportunity, the Australis board failed at every turn. Harry DeMott and Roger Swainson accounted for half of the board which failed at every turn.

Despite these lost years and squandered opportunities, Australis once again has the chance to make up for lost time and fulfil its potential to become a market leader in the U.S. cannabis space. But the window is short and the choice is stark. Australis Shareholders cannot entrust their future to the hands of a team who has time and time again failed to perform. Our slate of directors, on the other hand, is made up of successful business people and entrepreneurs who know how to build companies and create value for shareholders. And they have a plan – a realistic, smart plan to make up for lost ground and make Australis successful. More on our plan later in this letter.

After a steep downturn in the cannabis markets, momentum has shifted toward further acceleration of legalization in new states, and mature markets are ripe with opportunity. With the right management team, Australis can finally be in a position to pursue an aggressive growth strategy and capitalize on these opportunities.


But we also believe that the window may be short. Well-capitalized and well-run MSO's are expanding and Australis cannot afford further failures of leadership. Financing markets, which are tentatively open now, can close at any time. The U.S. election, COVID-19 and a slew of other factors all add to the pressure to act decisively. Urgent action is required in order to protect our investments from further erosion in value. Australis needs a team with a vision and the experience to execute on that vision. The Australis board and management, led by an opportunistic Harry DeMott who seized the reigns despite having a limited investment in the Company despite years of service, cannot be entrusted to protect your interests in what is sure to be the last opportunity Australis will have to meet its potential.

As such, we Australis shareholders - Roger Sykes, 1703469 Alberta Ltd., Duke Fu, Green Therapeutics LLC, Jason Dyck, Terry Booth and Lola Ventures Inc. (the "**Concerned Shareholders**") - are writing to you, our fellow shareholders in Australis ("**Shareholders**") for your support at the upcoming annual and special meeting (the "**Meeting**") of Australis to be held on November 17, 2020.

Under the stewardship of the current board of directors (the "Incumbent Board") and management ("Management"), our investments in Australis are at risk of further erosion in value. We cannot continue to accept the status quo and propose refreshing the Company's board and leadership team in order to bring about real change for the better. To do this, vote **FOR** the new slate of director nominees (the "**Concerned Shareholder Nominees**") that the Concerned Shareholders have put forward in conjunction

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with the Concerned Shareholders' detailed plan to return Australis to its cannabis roots. The independent and qualified Concerned Shareholder Nominees will ensure Shareholders' interests are prioritized above all else while properly steering Australis in the right direction. The Concerned Shareholders collectively own, direct or control approximately 8.45% of Australis' outstanding common shares ("**Common Shares**") and have garnered indications of support of other shareholders of over 31% of Australis' outstanding common shares – **collectively, these holders of approximately 40% of Australis' issued and outstanding common shares demand leadership change**. This is in stark contrast to the members of the current board who collectively hold only 2,193,600 Common Shares or only approximately 1.2% of Australis' outstanding Common Shares.

Harry DeMott and Roger Swainson have an abysmal track record as directors of the Company. Ignoring the concerns of over a third of Australis' shareholder base, they have hastily appointed two new directors, Sameer Kumar and Rick Cutler, to the Incumbent Board and have appointed Mr. DeMott as CEO without conducting proper due diligence or any effort to search out the best candidate. Harry's main qualification for the job seems to be that he was there at the right time, wanted the job, and without any governance and rigour, received the support of his friend Roger Swainson.

Harry is, in fact, already the CEO of a "cannabis" company called Proper - <https://aproperhigh.com>. But for some reason, we can find little information on Proper. Is Proper profitable? What is its revenue? What is its business model? We can't find much and can only assume that's because there isn't much. This hardly instills confidence and far from qualifies Harry to develop and grow a leading cannabis CPG company.

During the tenure of Messrs. DeMott and Swainson, the Incumbent Board directly approved and implemented catastrophic capital allocation decisions which burned through over \$20 million of cash while failing to establish any meaningful revenue-generating operations. Instead, this leadership team pursued multiple failed transactions riddled with corporate governance issues, highlighted by related-party transactions, negligent due diligence and inadequate disclosure. Along the way, the Incumbent Board showed a complete lack of regard for Shareholders' mounting concerns and has failed to articulate a coherent strategy to create shareholder value going forward. But the Incumbent Board's greatest failure was a lack of vision, and where it articulated a vision, it could not follow through.

Despite the mounting body of evidence suggesting that they are unfit to propose transactions to Shareholders or appoint effective leaders, the Incumbent Board is now asking Shareholders for yet another chance to dither and meander, and are seeking a renewed mandate at the helm of the Company. These individuals have had almost two years to prove themselves as worthy stewards of shareholder capital and the abysmal results speak for themselves. The opportunity for the Incumbent Board to course correct has come and gone. Shareholders deserve meaningful change that can only arise from the Concerned Shareholder Nominees taking the reins and implementing their comprehensive plan to right the ship.

YOUR VOTE IS EXTREMELY IMPORTANT – VOTE YOUR YELLOW PROXY ONLINE OR BY TELEPHONE TODAY FOR THE CONCERNED SHAREHOLDER NOMINEES

AUSTRALIS HAS LOST ITS WAY: LET'S GET BACK TO OUR ROOTS

Prior to voting, Shareholders are asked to consider the following:

1. The Incumbent Board's Abysmal Track Record Over the Last 2 Years.

Dismal Shareholder Return and Operating Results. Australis was launched in 2018 as a U.S. based spin-off of Aurora Cannabis Inc. ("**Aurora**"). At the time, the Company was endowed with over \$30 million of cash, the support of cannabis industry heavyweight Aurora, and a groundswell of investor optimism surrounding the prospects for U.S. cannabis operators. Since then, the Incumbent Board's inaction and inability to execute has resulted in a massive destruction in shareholder value and missed opportunities to capitalize on an enviable position in the industry.

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Under the oversight of the Incumbent Board, Australis Shareholders have suffered a -94.8%¹ total shareholder return since Australis' initial public offering. Over the past 12 months, Australis' share price has declined 75.8%, which has resulted in underperformance against the Horizons US Marijuana Index ETF by 50.1%¹. The 1-year indexed chart has been provided below. The Company recently reported pathetic Q2 2020 financial results, highlighted by meager revenues of \$62,802 and negative cash flow from operations of \$2.9 million. Clearly, these results do not inspire confidence in the Incumbent Board's ability to operate a cannabis business. This is the legacy of Harry DeMott and Roger Swainson.



Source: Thomson Reuters Eikon

2. The Lack of Leadership and Direction Demonstrated by the Incumbent Board.

Lack of Proper Focus and Direction. During their tenure, the Incumbent Board unilaterally changed the Company's strategy and attempted to transition Australis from cannabis, to CBD, and finally into a cash access and payment processing company. This led to a series of misguided endeavours culminating in the failed attempt by the Company to acquire Passport Technologies Inc. ("**Passport**") in a deeply flawed, related-party transaction (the "**Passport Transaction**"). The Passport Transaction was reviewed and approved by the Incumbent Board who categorically failed in their duties to insulate the Company from former Executive Chairman and former CEO Scott Dowty's brazen attempt to personally enrich himself at the expense of Shareholders. *Who was on the Special Committee that approved the Passport Transaction?* DeMott and Swainson. The Incumbent Board's poor judgment ultimately led Australis down the path of not just another failed acquisition, but a transaction that would have bankrupted the Company with almost the entire treasury paid to Dowty and his friends and family. DeMott and Swainson let Passport proceed and scrambled in panic and anger when Dowty belatedly did the right thing and terminated the ill begotten Passport Transaction. We cannot trust DeMott and Swainson with yet another kick at the can.

In the months since the termination of the Passport Transaction, the Incumbent Board has shown an unwillingness to take responsibility for its failures, to listen to Shareholders' concerns, or to present its own path forward for Australis. Australis, has even explicitly admitted in its circular that "**...the company has jumped from strategy to strategy and the share price has suffered.**" The

¹ As at close of business on October 5, 2020.

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only changes the Company has undergone are the recent additions and resignations at the executive and Board level intended to obfuscate the fact that the same dysfunctional leadership team is attempting to retain control. These thinly-veiled attempts to appear open to change only took place in response to the pressure applied by the Concerned Shareholders who are deeply unsatisfied with the status quo.

Meet the New Boss, Same as the Old Boss—Harry DeMott. After sitting quietly on the board and letting Dowty have his way, it appears that DeMott saw an opportunity to seize control of the Company for his own selfish self-interest due to the continued pressure from the Concerned Shareholders. He has now appointed his friends to the board, Kumar and Cutler, and he wants to go shopping with your money, without a plan, and without actually having successful experience in rolling up acquisitions and managing a company. This is further evidenced by not having the Incumbent Board conduct a proper search for a CEO. It's more like a coup d'état than a democratic, governance-driven transition of power. DeMott likely sees the Company as a shell with cash for him to have fun with. He has nothing to lose if he doesn't win this fight, and is just trying to feather his own nest.

Having Harry DeMott in the role of CEO is like having another version of Scott Dowty at the helm. Harry, like Scott, can't be trusted by Shareholders to develop a vision for the Company, let alone execute on a plan. Any plan put forward by this leadership team is worthless because they cannot be trusted to execute the plan. DeMott had almost two years on the board to execute on a plan and failed. *Why should Shareholders believe that anything is different now?*

When the Concerned Shareholder Nominees are successfully elected at the Meeting, DeMott will be released as CEO, one of the elected directors will act as *interim* CEO, and a fulsome search will be launched immediately for a permanent CEO. Suitable permanent CEO candidates will have demonstrated experience and success running a cannabis company that is involved in production, derivatives, medical and retail sales.

3. Exceedingly Poor Corporate Governance.

Questionable Corporate Governance. During their tenure, the Incumbent Board has exhibited irresponsible decision-making and poor governance practices. Some of the most egregious lapses in judgment include:


- The glaring lack of oversight concerning Dowty's relationship with Passport including questionable payments to Passport, Dowty's failed attempt to acquire Passport at an unjustifiably high valuation, Dowty's diversion of his time and attention away from advancing the business of Australis and towards Passport;
- Irresponsible and wasteful spending on unnecessary goods and services, excessive compensation to executives whose performance did not merit reward, and payments to third-party vendors with ties to Management, including Dowty;
- The Incumbent Board's attempt to buy Dowty's support by giving him an excessive and unearned golden parachute, including the 4,250,000 Common Shares which the Company was not required to issue him, further diluting shareholder value; and

The Incumbent Board members have demonstrated a consistent track record of poor corporate governance which indicates a systemic failure to put Shareholder interests above their own. These decisions were approved at every level and orchestrated by DeMott and Swainson, who are only concerned with continuing to control the Company and with protecting their own jobs.

Unsupportable Resolutions at this Meeting. Furthermore, at this Meeting, the Incumbent Board has proposed THREE resolutions which do not meet good governance standards of the Canadian

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Coalition for Good Governance ("**CCGG**"), and the proxy advisors ISS ("**ISS**") and Glass Lewis and Co. ("**Glass Lewis**"). The Concerned Shareholders expect that those resolutions described below will receive negative recommendations from each of ISS and Glass Lewis and negative votes from institutional investors:

- The proposed Stock Option Plan and RSU Plan resolutions each have included a shared rolling cap of 15%. To put it in perspective for Shareholders, this is much more than the typical 10% cap to which venture-stage companies usually restrict themselves. This represents MASSIVE potential dilution to Shareholders and ENORMOUS value transfer to plan participants (i.e. the directors and executives of Australis) at the expense of Shareholders. ISS and Glass Lewis are explicit in their voting policies and are expected to automatically recommend against any equity compensation plan for which dilution among all plans is in excess of 10%. This is another example of the actions of this self-serving and self-enriching Incumbent Board.
- The continuance to British Columbia resolution is bundled with a new set of articles. While the articles conform to the British Columbia law, the articles fall well short of the current governance standards of the CCGG, ISS and Glass Lewis. The proposed articles bear resemblance to the structure of articles from decades ago. It is as though, the Incumbent Board dusted off an old, outdated template from a defunct junior mining company and just went with it—current governance practices and shareholder rights be damned. Swainson is supposedly an experienced lawyer. Such a lack of rigour does not reflect well on him.

4. **The Incumbent Board Has Very Little Skin in the Game.**

Poor Shareholder Alignment at Australis Has Led to Reckless Decision-Making by the Incumbent Board. Regardless of what DeMott and Swainson have to say regarding their commitment to act in the best interest of Shareholders, the fact remains that Swainson owns 1,001,100 Common Shares and DeMott, who the Incumbent Board has selected to hold the most impactful role within the Company, owns a meager 100,000 Common Shares. DeMott never cared enough or believed enough in Australis to actually invest any significant amount. Is this the leader the Shareholders deserve? Clearly, the Incumbent Board and Management have very little investment in the Company and thus have no issue in continuing to deplete the Company's treasury. This lack of concern for placing Shareholders' interest first is evidenced by the Incumbent Board's refusal to negotiate a settlement with the Concerned Shareholders and allow a new leadership team to focus on creating value for all Shareholders.


5. **The Concerned Shareholders Tried to Settle with Australis Several Times.**

In an effort to avoid a costly proxy battle, and with a desire to begin executing on the vision of the Concerned Shareholders while capital markets are responsive and before the U.S. election the Concerned Shareholders reached out to DeMott and Swainson on several occasions, submitted settlement proposals, floated ideas for compromise, but never once received a substantive reply from the Incumbent Board.

Regardless of what DeMott and Swainson would like you to think, the Concerned Shareholders represent a broad cross section of interests and ideas - and DeMott and Swainson know this. They worked tirelessly over the past months to try and divide and conquer between the Concerned Shareholders - and they would have succeeded had they been able to articulate a vision and engender confidence in their ability to perform. Instead, the Incumbent Board rejected all proposed compromises, failed to put forward any counterproposals, and "went for broke" in an effort for DeMott and Swainson to control what is, to them, a shell with cash.

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VOTE FOR AN INDEPENDENT BOARD WITH A PLAN THAT WILL WORK

The Concerned Shareholders believe passionately that a bright future for Australis can be achieved under the qualified, independent and motivated leadership of the Concerned Shareholder Nominees who are better aligned with the interests of all Shareholders. *Detailed backgrounds of each director nominee can be found under the section titled "Election of Directors of Australis" of the Concerned Shareholders' Proxy Circular.*

The Concerned Shareholders' Plan

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 Concerned Shareholders understand the U.S. cannabis market, including the opportunities available to Australis and its Shareholders. Below is a summary of our approach to the growth opportunities in this market:


- **Build the right team** to make Australis a North American cannabis juggernaut. This includes:
 - **Refreshing our board of directors** with internationally respected individuals with cannabis and capital markets experience and an extensive professional network.
 - **Replacing the C-suite** with a cannabis-focused executive team who can execute and has the vision, experience, and network to grow Australis into a leader in the cannabis space through aggressive deal-making and intelligent capital allocation decisions.
- **Capitalize on Australis' existing cannabis assets**, including Green Therapeutics' market-leading position in Nevada, to build a national cannabis company focused on the following strategic pillars:
 - **Capital-light approach** that utilizes the existing operational footprint of industry partners.
 - **Use technology and know-how** to create a "trojan horse" opportunity to secure consistent and cost-effective supplies of biomass without massive infrastructure investment.
 - **Disciplined M&A** focused on profitable and synergistic assets along the cannabis value chain which are easily within reach.
 - **Focus on scaling brands** and utilizing technology to create value in concert with industry partners.
 - **Build a robust investor relations strategy** in order to broaden Australis' profile within the public markets.

It is important to note that the Concerned Shareholders have been developing similar synergistic plans individually, based on their divergent experiences in cannabis. Having come together, the Concerned Shareholders have melded their ideas to form a unique vision with very real and present opportunities for Australis. The full version of the Concerned Shareholders' plan can be found in the section entitled *"The Concerned Shareholders' Path Forward – Returning to our Roots" of the Concerned Shareholders' Proxy Circular.*

We are confident in our people and their ability to execute our well-developed strategy. We stand prepared to breathe new life into the Company and are looking forward to rolling up our sleeves. We know there are many of you who feel the same way that we do. The large support that we continue to receive daily only reinforces the crucial need for all Shareholders to take a stand now and vote. Vote using only your **YELLOW** Proxy as set out in the Concerned Shareholders' Proxy Circular, including:

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- ✓ **FOR** fixing the number of directors at five (5).
- ✗ **AGAINST** fixing the number of directors at four (4).
- ✓ **FOR** the election of the Concerned Shareholder Nominees.
- ✓ **FOR** the appointment of Baker Tilly LLP, formerly known as Squar Milner LLP, as auditors of Australis for the ensuing year and to authorize the board of directors to set their remuneration.
- ✗ **AGAINST** the approval of the Company's Stock Option Plan.
- ✗ **AGAINST** the approval of the Company's Restricted Share Unit Plan.
- ✓ **FOR** the special resolution approving a name change of the Company to "AUSA Corporation".
- ✗ **AGAINST** the special resolution approving the continuance of the Company out of the jurisdiction of Alberta and into the jurisdiction of British Columbia.
- ✓ **FOR** the ordinary resolution authorizing the Company to amend By-Law No. 1 of the Company pursuant to subsection 102(2) of the *Business Corporations Act* (Alberta) to provide that meetings of shareholders may be held entirely virtually.

If you have already voted using Management's proxy but support our efforts for necessary change, you may vote again by using the **YELLOW** Proxy enclosed. Only the later dated proxy will count. Voting is easy. Non-registered Shareholders may cast votes online at www.proxyvote.com or by calling the number provided on the **YELLOW** voting instruction form ("**YELLOW VIF**"). Registered shareholders can vote by email at assistance@laurelhill.com or by fax at +1-416-646-2415. Full instructions can be found on the **YELLOW** Proxy.

We would like to thank Shareholders who have voiced their support for us. Notwithstanding the tremendous support the Concerned Shareholders have received, we encourage and invite all Shareholders to vote as we recommend above to ensure real and positive change is implemented.

Yours sincerely,


/s/ "Duke Fu" and "Roger Sykes"

Duke Fu and Roger Sykes,

On Behalf of the Concerned Shareholders of Australis Capital Inc.

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**Vote Well in Advance of the Proxy Voting Deadline at 6:00 p.m. Mountain Time on Nov. 12, 2020.
Questions and requests for assistance may be directed to the Concerned Shareholders'
shareholder communications advisor and proxy solicitation agent:**




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Outside of North America: 416-304-0211
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PROXY CIRCULAR

This proxy circular, dated October 16, 2020 (the "**Circular**"), and the accompanying **YELLOW** form of proxy or **YELLOW** voting instruction form (together, the "**YELLOW Proxy**") are furnished to you in connection with the solicitation of proxies by and on behalf of the Concerned Shareholders, to be used at the annual and special meeting of holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Australis Capital Inc. ("**Australis**" or the "**Company**"), to be held virtually-only via live audio webcast online at <https://web.lumiagm.com/245085872>, on November 17, 2020, at 11:30 a.m. (Mountain Time) and at any and all adjournments or postponements thereof (the "**Meeting**").

This solicitation of proxies is made by the Concerned Shareholders. This solicitation of proxies is **NOT** made by or on behalf of the Management of Australis. You recently received a management proxy circular dated October 13, 2020, from Australis soliciting proxies for:

- a resolution fixing the number of directors on the Australis board at four (4) persons;
- the election of Management's nominees for directors;
- the appointment of Baker Tilly LLP, formerly known as Squar Milner LLP ("**Baker Tilly**") as auditors of Australis for the ensuing year and to authorize the board of directors to set their remuneration;
- the approval of the Company's Stock Option Plan (the "**Stock Option Plan**");
- the approval of the Company's Restricted Share Unit Plan (the "**RSU Plan**");
- a special resolution approving a change of name of the Company to "AUSA Corporation", or such other name acceptable to the board of directors (the "**Name Change**");
- a special resolution approving the continuance of the Company out of the jurisdiction of Alberta under the *Business Corporations Act* (Alberta) and into the jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) and, in the process, adopt new Articles for the Company (the "**Continuance**"); and
- an ordinary resolution authorizing the Company to amend By-Law No.1 of the Company ("**By-Law No.1**") pursuant to subsection 102(2) of the *Business Corporations Act* (Alberta) to provide that meetings of Shareholders may be held entirely virtually (the "**Virtual Meeting By-Law**").


The Concerned Shareholders are soliciting your support and ask you to return your completed **YELLOW** Proxy for use at the Meeting and recommend Shareholders vote:

1. **FOR** a motion to fix the number of directors at five (5);
2. **AGAINST** a motion to fix the number of directors at four (4);
3. **FOR** the election of the following nominees of the board of directors of Australis:
 - Dr. Duke Fu, Pharm D., MBA
 - Dr. Jason Dyck, PhD
 - Hanoz Kapadia
 - Avi Geller
 - John Esteireiro

(collectively, the "**Concerned Shareholder Nominees**");

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4. **FOR** the appointment of Baker Tilly as auditors of the Company for the ensuing year and to authorize the board of directors to set their remuneration;
5. **AGAINST** the approval of the Stock Option Plan;
6. **AGAINST** the approval of the RSU Plan;
7. **FOR** the proposed Name Change;
8. **AGAINST** the proposed Continuance to British Columbia; and
9. **FOR** the amendment to By-Law No.1 for the Virtual Meeting By-Law.

TIME IS OF THE ESSENCE – VOTE YOUR YELLOW PROXY ONLINE OR BY TELEPHONE TODAY.

IF YOU HAVE VOTED USING MANAGEMENT'S PROXY, YOU CAN STILL SUPPORT THE CONCERNED SHAREHOLDERS BY USING THE YELLOW PROXY. THE LATER DATED PROXY WILL SUPERSEDE.

IMPORTANT INFORMATION

If you support the Concerned Shareholder Nominees, you must act quickly and vote today. Seize this opportunity TO MAKE REAL AND POSITIVE CHANGE and VOTE using only the YELLOW Proxy enclosed and disregard any other form of proxy.

IN ORDER TO BE DEPOSITED WITH AUSTRALIS CAPITAL INC.'S REGISTRAR AND TRANSFER AGENT IN TIME TO BE USED AT THE MEETING, YOUR YELLOW PROXY MUST BE RECEIVED BY LAUREL HILL PRIOR TO 6:00 P.M. (MOUNTAIN TIME) ON NOVEMBER 12, 2020.

See the section entitled "General Proxy Information" for additional voting information.


If you have any questions, or require any assistance in voting your shares, please contact:



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Collect Outside of North America: 416-304-0211
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GENERAL INFORMATION

Unless otherwise noted, the information concerning Australis contained in this Circular has been taken from, or is based upon, publicly available documents or records on file with Canadian securities regulatory authorities and other public sources. The information set out under the headings "*Corporate Governance*" and "*Statement of Executive Compensation*" of the management information circular of Australis dated October 13, 2020 (the "**Management Circular**") is incorporated in this Circular by reference. Information regarding Management, the Incumbent Board, the Stock Option Plan, the RSU Plan, the proposed Name Change, the proposed Continuance, and the proposed Virtual Meeting By-Law is provided to Shareholders in the Management Circular. This Circular contains the recommendations and reasons of the Concerned Shareholders for voting on Management's proposals. Although the Concerned Shareholders do not have knowledge that would indicate that any statements contained therein are untrue or incomplete, the Concerned Shareholders do not assume responsibility for the accuracy or completeness of such information or for any failure by Australis to disclose material information which may affect the significance or accuracy of such information. Information concerning Australis is available for review on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

These securityholder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner, and have had these materials sent directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with the applicable securities regulatory requirements from the intermediary holding on your behalf.

CURRENCY

Unless otherwise indicated, all amounts in this Circular are stated in Canadian dollars. References to "USD \$" are to United States dollars.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Circular constitute forward-looking statements. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to the Concerned Shareholders, the Company or its future management, are intended to identify forward-looking statements. Such statements reflect the Concerned Shareholders' or the Concerned Shareholder Nominees' current views and intentions with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements that may be expressed or implied by such forward-looking statements to vary from those described herein should one or more of these risks or uncertainties materialize. Such factors include, but are not limited to, economic, business, technological, competitive and regulatory factors. Any such forward-looking statements are expressly qualified in their entirety by this cautionary statement. Moreover, the Concerned Shareholders do not assume responsibility for the accuracy or completeness of such forward-looking statements. The forward-looking statements included in this Circular are made as of the date of this Circular and the Concerned Shareholders undertake no obligation to publicly update or revise forward-looking statements, other than as required by applicable law.


BACKGROUND TO THIS SOLICITATION

On June 25, 2020, Australis first announced the proposed acquisition (the "**Passport Acquisition**") of Passport Technology Inc. ("**Passport**") and scheduled a meeting of Shareholders in relation to the Passport Acquisition that was supposed to be held on September 22, 2020.

On July 21, 2020, certain members of the Concerned Shareholders announced that they were opposed to the Passport Acquisition and would vote AGAINST any resolution to approve the Passport Acquisition at the meeting of Shareholders scheduled for September 22, 2020.

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On August 3, 2020, Passport terminated the pending acquisition agreement leaving the Incumbent Board to scramble to find an alternate strategy. The Incumbent Board did not address the litany of concerns regarding the transaction that were raised by the Concerned Shareholders.

On August 7, 2020, the Concerned Shareholders submitted a notice of director nominations to Australis and, on August 31, 2020, the Concerned Shareholders requisitioned the Incumbent Board to call a meeting of Shareholders for the purpose of, among other things, electing a new board of directors.

Only after the Concerned Shareholders requisitioned a Shareholder meeting did the Incumbent Board take steps to confirm the November 17, 2020 Meeting. The Concerned Shareholders have repeatedly attempted to engage the Incumbent Board in good faith settlement negotiations that would establish a new leadership team at Australis. In an effort to avoid a costly proxy battle, the Concerned Shareholders entertained discussions that would allow two of the directors of the Incumbent Board to remain on the refreshed board. To the regret of the Concerned Shareholders, the Incumbent Board continued to use delay tactics and demonstrated an unwillingness to communicate a strategy to move the Company forward.

As a result of the foregoing events, the Concerned Shareholders have put forward the Concerned Shareholder Nominees to replace the Incumbent Board at the Meeting.

As of the date of this Circular, the Concerned Shareholders, together with the Concerned Shareholder Nominees beneficially own an aggregate of 14,893,183 Common Shares representing approximately 8.45% of the Common Shares that were disclosed as issued and outstanding as of the date of this Circular. As of the record date of the Meeting, October 1, 2020, Australis had 176,199,062 Common Shares outstanding, each carrying the right to one vote per share.

REASONS FOR THIS SOLICITATION

The purpose of this solicitation of proxies by the Concerned Shareholders is to seek the support of Shareholders in voting:


- **FOR** fixing the number of directors at five (5);
- **AGAINST** fixing the number of directors at four (4);
- **FOR** the election of the Concerned Shareholder Nominees;
- **FOR** the appointment of Baker Tilly as auditors of Australis for the ensuing year and to authorize the board of directors to set their remuneration;
- **AGAINST** the approval of the Stock Option Plan;
- **AGAINST** the approval of the RSU Plan;
- **FOR** the proposed Name Change;
- **AGAINST** the proposed Continuance to British Columbia; and
- **FOR** the approval of the amendment to By-Law No.1 for the Virtual Meeting By-Law.

URGENT NEED FOR CHANGE

The Concerned Shareholders believe that Shareholders are being abandoned by a board and management team that are destroying shareholder value while seeking to entrench their positions at the expense of their duties to all Shareholders. This is evidenced by the poor governance track record, resulting in lack of

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growth, lack of focus and direction, continued excessive compensation schemes, and value-destroying attempts at acquisitions.

Over the past several months, there have been developments which have made it clear to the Concerned Shareholders—and to many other fellow Shareholders—that Australis' Incumbent Board and Management do not have the ability, the experience, or the desire to execute on the Company's founding vision. Instead, it appears as though the Incumbent Board would rather pursue related-party transactions, some in non-cannabis business verticals that have not been properly described to Shareholders.

That is why we're asking for your support to vote on the YELLOW Proxy FOR the Concerned Shareholder Nominees to refresh our board with an experienced and qualified team that can add value to the Company's existing investments and focus on building a robust business around its original vision.

Australis was spun out of Aurora Cannabis Inc. ("**Aurora**") in September of 2018 with the intention of serving as a foothold into the U.S. cannabis space and a plan to grow the Company into a global leader in the cannabis industry.

Since Australis' spin out, the cannabis industry in the U.S. has been growing at a rapid pace despite facing short term headwinds. Challenges facing existing operators are creating opportunities to acquire well positioned cannabis assets at highly attractive valuations. According to the Company's latest financial statements, Australis currently holds over \$13 million² in cash and the Concerned Shareholders believe it is time to put this money to work in pursuit of the Company's founding vision to build and operate an industry-leading North American cannabis platform.

Since Australis' IPO in 2018, the value of the Common Shares has plummeted by 94.8%.³ Over the past year alone, the share price has decreased by 75.8%, which represents an underperformance in relation to the Horizons US Marijuana Index ETF by 50.1%. Despite having raised \$49 million of equity capital and having the support of Aurora, Australis has failed to establish any meaningful position in the cannabis industry.

The Incumbent Board is Unwilling to Capitalize on Growth Opportunities

We, the Concerned Shareholders, have tried to work constructively with the Incumbent Board and Management to move Australis forward. Specifically, we have:


- Urged the Incumbent Board to move aggressively to capitalize on opportunities to grow Australis' footprint in Nevada through investment in existing projects, acquisitions, alliances, strategic partnerships, and new business development. The out-of-touch Incumbent Board refused, and instead have proceeded to appoint two new directors with very little experience in leading public companies and to appoint Harry DeMott, a board member who voted to approve several questionable Australis transactions, as CEO effective on October 5, 2020.
- Tried to encourage Management to invest in revenue and cash flow generating projects. The Company has not achieved material revenue or cash flow from operations since inception, despite having paid substantial amounts in executive compensation over the last few years.
- Advised the Incumbent Board that it was time to upgrade the Company's C-suite positions because incumbent executives did not have the experience or desire to execute the strategy that the Company initially raised capital for and are instead diverting their attention and Shareholder resources towards unproven endeavours that have limited or no synergies with the existing assets.

² As of the date of the last financial statements for the three months ended June 30, 2020.

³ As at close of business on October 5, 2020.

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The Common Shares Have Underperformed

The Company's total shareholder returns since listing on the Canadian Securities Exchange ("CSE") on September 18, 2018 have been dismal. Under the current leadership team, the price of Australis Common Shares is trading on the CSE at less than 10% of its price at the time of listing.

The Concerned Shareholders believe that a lack of strategic focus and an inability to execute have led to the Common Shares being persistently undervalued by the market. Over the past 12 months, Australis' share price has declined by 75.8%, which has resulted in underperformance against the Horizons US Marijuana Index ETF by 50.1%.³ The 1-year indexed chart has been provided below.



Source: Thomson Reuters Eikon

Furthermore, the Company's cash balance⁴ represents approximately 48.8% of the Company's current market capitalization⁵ (and well over 100% if the marketable securities are included), which shows the lack of confidence in the incumbent leadership team. In the past, Management has repeatedly touted the synergies between the Company's portfolio of investments and the benefit that it enjoyed by having Aurora's support, but the Company's lack of action in relation to its investments in operational cannabis assets shows their lack of commitment to the original business vision that the Company set out for its Shareholders.

Poor Execution and Lack of Coherent Business Strategy

We, the Concerned Shareholders, believe that Australis has tremendous potential to create shareholder value by executing on the Company's founding vision and by responsibly deploying capital into opportunities that we see in the current market environment. The Company's latest MD&A classifies its investments into Body and Mind Inc. ("**BaM**") and Folium Equity Holding, LLC ("**Folium**") as passive, demonstrating no desire to focus on the vision that it originally set out for its Shareholders, despite significant cash and Management attention invested in trying to advance these investments over the last few years.

⁴ As of the date of the last financial statements for the three months ended June 30, 2020.

⁵ As at close of business on October 5, 2020.

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We believe that this lack of foresight, poor execution on the existing projects and desire to focus on questionable related-party transactions will continue to erode shareholder value, unless immediate action is taken. Management has also failed to provide Shareholders with a meaningful plan for the future of Australis.

Since inception, Australis has enjoyed enviable advantages in pursuit of its founding vision, including \$49 million of capital raised and the widely-publicized support of industry heavyweight Aurora. Despite these advantages, Management's track record of execution has been exceedingly poor:

- **Failure to advance the acquisition of Green Therapeutics, LLC and take advantage of the opportunities in the Nevada market:** In May 2019, Australis acquired certain assets from Green Therapeutics, LLC ("**Green Therapeutics**") for \$8.6 million including several well-known Nevada brands and the right to construct a state-of-the-art 55,000 sq. ft. cultivation and production facility, which Mr. Dowty proclaimed would be the "Aurora Sky of the US".⁶ Management outlined its plans to take advantage of the acquired brands, but seems unwilling to commit to doing so, evidenced by the fact that to date, Australis has yet to apply to the Cannabis Control Board to acquire an ownership interest in the licenses attached to the project. Despite the claims that they may decide to expand on the Green Therapeutics assets, on July 7, 2020, the Company entered into a non-binding letter of intent for the sale of its 8.9-acre parcel of land in North Las Vegas. In addition, Management and the Incumbent Board continued to falsely say that there was a "moratorium" on license transfers when it was actually an extended review period which has long since lifted. As a result, Shareholders are missing out on a massive opportunity to capitalize on the Nevada cannabis market due to lack of execution and massive overspending, which boasts some of the highest wholesale prices for cannabis in North America where flower is currently selling for between USD \$5.33 - \$7.91/gram.⁷
- **Waste of resources relating to the Folium Merger:** In December 2019, Management announced a proposed merger with Folium (the "**Folium Merger**") that would have helped the Company establish a solid foothold in the hemp-derived CBD space. The end result of these efforts has been: i) failure to capitalize on the Company's existing \$4.0 million minority investment in Folium; ii) halting trading of the Common Shares for 3 months; iii) significant diversion of time and resources away from advancing the Company's core business; and iv) recording over \$1.2 million of costs relating to the Folium Merger (excluding the additional charges that accrued between December 31, 2019 and termination of the deal on February 18, 2020).⁸ At the time, Management praised the virtues of the Folium Merger only to turn around in February and terminate the transaction. Management cited adverse information discovered in due diligence, despite the red flags being available in the public domain well before the termination. Having invested a significant amount of time, capital and effort into securing a foothold in the hemp-derived CBD space, abandoning these efforts altogether is an example of a catastrophic waste of resources.
- **Failure to Articulate a Value Creation Plan relating to the Company's Minority Portfolio Investments:** Since inception, Management has deployed over \$24 million of shareholder capital into minority investments in non-synergistic businesses including:
 - \$10.5 million invested to acquire 18,855,096 common shares of BaM, a U.S. multi-state operator whose share price has declined to \$0.355 representing a loss of 36.2% or \$3.8 million.

⁶ Proactive Investors Interview on October 30, 2019 (<https://ca.proactiveinvestors.com/companies/news/907798/australis-capital-poised-to-take-advantage-of-rapidly-growing-us-cannabis-market-907798.html>)

⁷ Source: <https://mjbizdaily.com/wholesale-marijuana-prices-for-flower-dip-in-nevada/>

⁸ According to the Company's financial statements for the three and nine months ended December 31, 2019.

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- \$4.0 million invested into Folium which remains stranded as a minority investment in a private company. Moreover, Folium is currently undergoing an inquiry from the U.S. Securities and Exchange Commission regarding payments made to friends and family of Australis' former Executive Chairman and former CEO, Scott Dowty, starting in May 2019. The payments, which are stated to be in relation to interest distributions for equity ownership in Folium, are out of line with what other investors in the firm have received, which is chief among the accusations made against Folium.⁹
- \$2.0 million invested into the failed going public transaction of Quality Green Inc., a small-scale Canadian producer, who to this date can only sell clones and seeds. Quality Green, has yet to achieve any material traction in the Canadian market or complete a liquidity event.
- No plans or limited plans to create value or updates on its investments into Rthm Technologies Inc., Mr. Natural Productions Inc., Australis Holdings LLP (which holds two parcels of land in Whatcom County, Washington), and Green Therapeutics, despite having deployed \$8.6 million to acquire these assets, and transferring 5 million common shares in the capital of BaM to a marketing firm. In an interview in June 2019, Mr. Dowty stated that all deals have been accretive; however, as of the date of this Circular, the Company has yet to demonstrate evidence of this.
- **Pivot into Payment Processing:** Beginning in the fall of 2018, Management began pivoting Australis away from the Company's founding vision and instead towards an unproven business model focused on payment processing. In connection with these efforts, Management has deployed over \$4.0 million of shareholder capital into acquisitions which have yet to produce any material revenue or cash flow and have only served to divert Management's time and resources away from executing on the core business.
- **The Failed Passport Transaction.** The circumstances and terms of the transaction provide another example of the Incumbent Board's questionable corporate governance practices. The Incumbent Board placed a \$31.5 million valuation on a company with minimal revenue, an unproven business model and which is majority owned by Australis' former Executive Chairman and former CEO, Scott Dowty. The Passport Transaction was an example of the failure of the Incumbent Board to ensure proper governance measures were taken in the evaluation of a proposed transaction. There was a lack of oversight concerning Mr. Dowty's relationship with Passport. To add further insult to Shareholders, the Incumbent Board entered a settlement agreement with Passport on termination of the transaction, whereby the Incumbent Board released Passport from its break fee obligations, allowed Mr. Dowty to retain his previously awarded restricted share units, and agreed to issue him 4.25 million Common Shares. Further, the settlement agreement precludes any future claims between the parties - a clear attempt by the Incumbent Board to frustrate any refreshed board and management team from taking action to pursue Mr. Dowty for unwarranted Board-approved payments to Passport.

The terminated Passport Transaction was just the latest example of an endemic failure of corporate governance at Australis.


Why keep in place a board of directors with a consistent record of self-interested dealing and depletion of shareholder value?

Australis' latest financial statements for the three months ended June 30, 2020 reveal mismanagement of the Company and a lack of strategic direction. The following facts highlight the obvious need for change:

⁹ Source: <https://cannabislaw.report/folium-biosciences-and-australis-dealings-lead-to-start-of-sec-inquiry/>

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- **Depleting the treasury.** During the 3-month period, the Company's cash position declined by \$3 million. *What does the Incumbent Board have to show for this irresponsible and wasteful use of shareholder capital?*
- **Pathetic revenue generation.** During the second quarter of 2020, Australis generated a meager \$62,802 of revenue, of which \$48,337 was derived from consulting services to BaM and \$14,465 consisted of merchant service fees derived from the Company's wholly owned subsidiary, Paytron, LLC. Australis generated no revenue from plant touching cannabis operations, which underscores the fact that, despite having strong access to capital, the Incumbent Board's inability to execute has led to missed opportunities to capitalize on an enviable and advantageous position.
- **Zero traction in Cocoon kiosk business.** In contrast to the exaggerated business prospects for Australis within the dispensary kiosk business touted by the Incumbent Board, Australis reported negligible revenue from its Cocoon Technology platform (the "**Cocoon Platform**"). Furthermore, in December 2019, Australis entered into a vendor agreement with RapidCash ATM Ltd. ("**RapidCash**") for the purchase of kiosks to be used in conjunction with the Cocoon Platform. Pursuant to the vendor agreement, Australis paid 5 million common shares of BaM valued at \$2.7 million to RapidCash. *What has Australis received in return for this investment? Unfortunately, nothing, as Australis recently disclosed that it has not yet procured any kiosks from RapidCash. How can the Incumbent Board be trusted to continue leading Australis when it's clear that the path they've gone down has been a complete failure?*
- **Wasteful spending on bad deals.** In November 2019, Australis paid 5 million BaM shares, valued at \$3.6 million, to ASTOUND GROUP ("**Astound**") in exchange for brand optimization and awareness services aimed at promoting the brand assets acquired from Green Therapeutics. As disclosed in Australis' Q2 financials, Australis has only used \$105,665 in services from Astound. This not only highlights Australis' failure to advance previously acquired cannabis assets and take advantage of the opportunities in the Nevada market, but also Management's track record of making bad deals. The agreement with Astound calls for a make-whole payment if the BaM shares are valued at less than \$0.72 per share on November 20, 2020. BaM shares are currently valued at \$0.34 per share, which equates to a make-whole payment of approximately \$1.9 million. *Why is Management squandering the Company's resources on unutilized marketing projects and why is the Incumbent Board allowing this wasteful spending to go unchecked?*
- **Questionable compensation.** Australis' Q2 financial results revealed a highly suspect head office spend and executive compensation when compared to Australis' exceedingly poor share price performance and lack of execution. Australis paid \$979,702 in salaries and benefits, of which \$319,576 was paid to related parties and \$137,000 was paid out as bonuses to Management. *How can the Incumbent Board and Management which has overseen the Company's share price decline of over -90% since inception justify paying themselves bonuses? Clearly, the Incumbent Board is looking out for its own best interests and Shareholders are picking up the tab.*

This abysmal performance reiterates the case for the Incumbent Board's swift removal. Our informed, unyielding view is that the current leadership of the Company is broken and not acting in the best interests of Shareholders. New stewardship is needed. The Concerned Shareholder Nominees have significant experience in the cannabis industry (including in the United States) and will seek to restore shareholder value through disciplined capital allocation. The Concerned Shareholder Nominees will chart a new path forward for Australis focused on ramping up revenues derived from the Company's existing plant-touching cannabis assets and acquiring additional assets that are synergistic to the goal of achieving profitable growth.

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We do not undertake this proxy fight lightly. However, we believe that years of dismal operating performance, repeated instances of poor judgment on the part of the Incumbent Board and Management, and a continuing unwillingness and inability to execute on the founding vision of Australis necessitate immediate change.

MATTERS TO BE ACTED UPON AT THE MEETING

Fixing the Number of Directors of Australis

The Shareholders will be asked to consider a resolution fixing the number of directors to be elected at the Meeting. The Concerned Shareholders propose that the number of directors to be elected at the Meeting be set at five (5). In accordance with good governance practices, the Concerned Shareholders propose fixing the number of directors at five, an uneven number, in order to prevent deadlocks at the board level. There are presently four (4) directors of the Company, each of whom have been nominated for re-election by the Company.

Unless otherwise directed, it is the intention of the named proxyholders of the Concerned Shareholders to vote proxies in the accompanying form in favour of setting the number of directors to be elected at the Meeting at five (5), and to vote such proxies against setting the number of directors to be elected at the Meeting at four (4).

THE CONCERNED SHAREHOLDERS RECOMMEND:

Voting FOR the fixing of the number of directors of Australis at five (5), and voting AGAINST the fixing of the number of directors of Australis at four (4) in the accompanying YELLOW form of proxy or voting instruction form.


Election of Directors of Australis






In the following table and notes thereto is stated the name of each of the Concerned Shareholder Nominees, the province, state, territory and country in which each is ordinarily resident, their principal occupation and the number of Common Shares beneficially owned directly or indirectly, or over which each exercises control or direction. The information set forth below with respect to each of the Concerned Shareholder Nominees is given as at the date hereof. The Concerned Shareholders will withhold their vote, and the vote of any proxies received from Shareholders, on Management's nominees.

The Concerned Shareholders do not contemplate that any of the Concerned Shareholder Nominees will be unable to serve as a director. However, if before the Meeting any nominee becomes unable to serve as a director for any reason, the persons named in the accompanying proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Alberta).

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	Name, Province or State and Country of Residence Present Principal Occupation, Business or Employment and Principal Occupation, Business or Employment During the Preceding Five Years	Number of Common Shares Beneficially Owned or Controlled or Directed (Directly or Indirectly)
	<p>Dr. Duke Fu Pharm D., MBA <i>Nevada, USA</i></p> <ul style="list-style-type: none"> Chief Executive Officer of Green Therapeutics, LLC since April, 2015 	<p>5,688,975⁽¹⁾</p>
	<p>Dr. Jason Dyck, PhD <i>Alberta, Canada</i></p> <ul style="list-style-type: none"> Professor in the Department of Pediatrics and the Director of the Cardiovascular Research Centre at the University of Alberta since 1999. 	<p>1,253,028</p>
	<p>Hanoz Kapadia <i>Ontario, Canada</i></p> <ul style="list-style-type: none"> Managing Partner, Kapadia & Associates since 2003 	<p>Nil</p>
	<p>Avi Geller <i>New York, USA</i></p> <ul style="list-style-type: none"> Interim Chief Executive Officer of Parkit Enterprise Inc. since October 30, 2018. Currently the Chief Investment Officer of Leonite Capital LLC since 2017. Chief Operating Officer of FirstFire Capital from 2015 to 2016. 	<p>Nil</p>
	<p>John Esteireiro <i>Ontario, Canada</i></p> <ul style="list-style-type: none"> Principal and Head of Equities at Eight Capital (formerly Dundee Securities Inc.) since September 2015. 	<p>800,000</p>

Notes:

⁽¹⁾ Includes 795,423 Common Shares owned by Green Therapeutics, LLC, an entity for which Dr. Fu serves as CEO.

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Concerned Shareholder Nominee Profiles

Further background information with respect to the Concerned Shareholder Nominees is set forth below:

1. Dr. Duke Fu Pharm D., MBA


- Extensive executive, management, and entrepreneurial experience from Fortune 500 to start-up companies. Successful skillset in large scale pharmaceutical manufacturing and brand building.
- Co-founder and current CEO of Green Therapeutics, a premier cannabis cultivation and manufacturing company operating in Nevada since 2015. Green Therapeutics has developed multiple High Times Cup award winning cannabis brands and products.
- Former President of MedMen Enterprises responsible for driving early strategic and operational direction for one of the best-known brands in cannabis.
- Holds a Doctor of Pharmacy and MBA from University of New Mexico and member of the Board-Certified Nuclear Pharmacists (BCNP) in the state of Nevada.
- Former Manager and Equity Partner of Biotech Pharmacy, one of the largest independent nuclear pharmacy chains in the Southwest of the United States. In 2009, Biotech Pharmacy exited to healthcare giant Cardinal Health (ranked 19th on the Fortune 500 list).
- Co-founder of Duopross, a large-scale FDA approved medical device manufacturer awarded the largest U.S. Department of Defence contract for syringes. Duopross manufactures devices for the largest pharmaceutical companies in the world such as GE, Pfizer, and Cardinal Health.
- Co-owner of lifestyle brand Crate and Secret Service. As manufactures and retailers of clothing and motorcycles, Crate was carried by retailers such as Barneys, Urban Outfitters, and Neiman Marcus. The company white labeled for high end designers such as Thom Browne.

2. Dr. Jason Dyck, PhD

- Professor in the Department of Pediatrics and the Director of the Cardiovascular Research Centre at the University of Alberta.
- Former Research and Science team lead at Aurora Cannabis Inc. (TSX: ACB)
- Canada Research Chair in Molecular Medicine, having published over 230 peer-reviewed research papers in this area.
- Extensive experience in the field of drug discovery and commercialization and co-founder of a successful University of Alberta spin-off company, currently holds more than 100 patents and has numerous collaborations with large pharmaceutical companies.
- Serves on the board of Nutritional High International Inc. (CSE: EAT), a U.S. multi-state cannabis company engaged in the manufacturing, branding and distribution of cannabis consumer products.
- Also served on the board of CTT Pharmaceutical Holdings, Inc., and is the Co-chairman of the National Research Council at Diabetes Canada.
- Received a PhD in Medical Sciences from the University of Alberta in 1995 and trained at Dartmouth Medical School (Hanover, New Hampshire) and Baylor College of Medicine (Houston, Texas).

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3. Hanoz Kapadia

- Managing Partner at Kapadia & Associates and was formerly with PwC (PriceWaterhouseCoopers).
- Experienced entrepreneur, with over 23 years of experience advising on regulatory, tax and finance matters in public, private, and non-profit enterprises.
- Chair of Finance and Governance at the Ontario Cannabis Retail Corporation, Chair of the By-law review committee and has also previously served as interim Chairman of the Board of Directors at the Ontario Cannabis Retail Corporation.
- Serves on the Board at AI – LP, a firm focused on early stage technology start-ups, and is currently the Chair of the Advisory Board at Huex Labs, a leading artificial intelligence company.
- Former member of the Board at Optimal Research Corporation.
- Holds a Bachelor of Arts from the University of Waterloo and a Masters of Accounting from the University of Waterloo.

4. Avi Geller


- Extensive experience in the small and microcap markets and has worked on a variety of debt, equity and hybrid deals across all industries.
- Chief Investment Officer, Leonite Capital LLC, a diversified family office investment vehicle with extensive holdings in real estate, venture capital, private equity, public equities (with a focus on small-cap and micro-cap public companies), alternative lending, and hedge funds.
- Interim CEO and Executive Director, Parkit Enterprise Inc. (TSXV: PKT), a company engaged in the acquisition, optimization and asset management of income producing parking facilities across North America.
- Non-Executive Director, Nova Minerals Ltd. (ASX: NVA), a mining company based in Australia focused on gold exploration.
- Member, Board of Directors, DealFlow Financial Products Inc., an information services provider to investment banks, investment funds and financial services companies.

5. John Esteireiro

- Principal and Head of Equities at Eight Capital (formerly Dundee Securities Inc.), a leading independent full-service brokerage firm in Canada.
- Head of Canadian Institutional Equity Trading at Canaccord Genuity.
- Founding partner and Head of Equity Trading at Genuity Capital Markets, a firm Mr. Esteireiro helped develop into one of Canada's leading independent brokerage firms.
- Managing Director and Head of Institutional Equity Trading at CIBC World Markets.
- Director at Skyline Agricultural Financial Corp., a private corporation focused on helping to finance the next generation of farmers.
- Received a Bachelor of Commerce from the University of Toronto.

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Unless instructed otherwise, the representatives named in the enclosed **YELLOW** proxy intend to cast the votes represented by such **YELLOW** proxy, **FOR** the election of each of the Concerned Shareholder Nominees.

THE CONCERNED SHAREHOLDERS RECOMMEND:
Voting FOR the election of the Concerned Shareholder Nominees named in the accompanying YELLOW form of proxy or voting instruction form.

Additional Information Regarding the Concerned Shareholder Nominees

Solicitation of Proxies

Other than the Concerned Shareholders, none of the Concerned Shareholder Nominees is involved in the solicitation of proxies for the Meeting (other than by virtue of their agreement to stand for election to the board of directors of Australis) and none are engaged in organizing, directing or financing the Concerned Shareholders' solicitation activities. To the knowledge of the Concerned Shareholders, there are no contracts or understandings between the Concerned Shareholders, or any associate of the Concerned Shareholders, and any other person or company with respect to future employment by Australis or any of its affiliates or to future transactions which Australis or any of its affiliates will or may be a party.

Indebtedness to the Company

To the knowledge of the Concerned Shareholders, none of the Concerned Shareholder Nominees is or has been indebted to the Company or any of its subsidiaries at any time since the beginning of the Company's most recently completed financial year or which have indebtedness to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding by the Company or any of its subsidiaries.

Other Reporting Issuers

As at the date hereof, the Concerned Shareholder Nominees are directors of the following reporting issuers:

Nominee	Current Directorships
Dr. Duke Fu	None
Dr. Jason Dyck	Nutritional High International INC. (CSE: EAT)
Hanoz Kapadia	None
Avi Geller	Parkit Enterprise Inc. (TSXV: PKT) Nova Minerals LTD. (ASX: NVA)
John Esteireiro	None


Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Concerned Shareholders, no Concerned Shareholder Nominee is, as at the date of this Circular, or has been, within 10 years before the date of this Circular:

- (a) a director, chief executive officer or chief financial officer of any company (including Australis) that:
 - (i) was subject to an order that was issued while the Concerned Shareholder Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or

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- (ii) was subject to an order that was issued after the Concerned Shareholder Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) a director or executive officer of any company (including Australis) that, while such Concerned Shareholder Nominee was acting in that capacity, or within a year of such Concerned Shareholder Nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Concerned Shareholder Nominee.

For the purposes of section (a) above, the term "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

Penalties and Sanctions

To the knowledge of the Concerned Shareholders, as of the date of this Circular except as disclosed herein, no Concerned Shareholder Nominee has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors


The auditors of the Company are Baker Tilly, formerly known as Squar Milner LLP. Shareholders will be asked to approve the reappointment of Baker Tilly as auditors to hold office until the next annual general meeting of Shareholders and to authorize the board to fix their remuneration. The individuals named in the enclosed form of proxy intend to vote FOR such reappointment of Baker Tilly and authorization of the board of directors to fix their remuneration.

Unless instructed otherwise, the representatives named in the enclosed **YELLOW** Proxy intend to cast the votes represented by such **YELLOW** proxy, **FOR** the approval of the Appointment of Auditors.

THE CONCERNED SHAREHOLDERS RECOMMEND:
Voting FOR the approval of the Appointment of Auditors in the accompanying YELLOW form of proxy or voting instruction form.

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Rejection of the Stock Option Plan

At the Meeting, Shareholders will be asked to approve the Stock Option Plan dated June 15, 2018, as amended April 13, 2019 and August 15, 2019. The Stock Option Plan is a "rolling" stock option plan, which requires annual approval from Shareholders.

The terms of the Stock Option Plan are described in the Management Circular. The Stock Option Plan provides that the number of Common Shares available for purchase under options granted pursuant to the Stock Option Plan, plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, plus any Restricted Share Units granted pursuant to the Company's RSU Plan (as the same may be amended from time to time), may be up to 15% of the issued and outstanding Common Shares of the Company.

The Concerned Shareholders recommend that Shareholders vote "**AGAINST**" the approval of the Stock Option Plan.

In our opinion, the proposed Stock Option Plan with its individual rolling cap of 15% and global rolling cap among all equity compensation plans of the Company of 15%, represents MASSIVE potential dilution to Shareholders and ENORMOUS value transfer to plan participants (i.e. the directors and executives of Australis) at the expense of Shareholders. To help Shareholders put the 15% rolling cap into perspective, this is much more than the typical 10% cap to which venture-stage companies usually restrict themselves across all equity plans. As well, proxy advisors ISS and Glass Lewis are explicit in their voting policies and will generally automatically recommend that shareholders vote against any equity compensation plans for which dilution among all plans is in excess of 10%. Either the Incumbent Board doesn't know what is generally considered acceptable, or doesn't care. In either case, this is another example of the Incumbent Board acting in a self-serving and self-enriching manner.

Unless instructed otherwise, the representatives named in the enclosed **YELLOW** Proxy intend to cast the votes represented by such **YELLOW** proxy, **AGAINST** the approval of the Stock Option Plan.

THE CONCERNED SHAREHOLDERS RECOMMEND:
Voting AGAINST the approval of the Stock Option Plan in the accompanying YELLOW form of proxy or voting instruction form.

Rejection of the RSU Plan

At the Meeting, Shareholders will be asked to approve the RSU Plan dated November 13, 2018, as amended April 13, 2019 and August 15, 2019. The RSU Plan is a "rolling" plan, which requires annual approval from Shareholders.


The terms of the RSU Plan are described in the Management Circular. The RSU Plan provides that the maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time by the board of directors, but may be up to 15% of the Common Shares issued and outstanding from time to time, less any Common Shares reserved for issuance under all other share compensation arrangements, subject to adjustments as provided in the RSU Plan.

The Concerned Shareholders recommend that Shareholders vote "**AGAINST**" the approval of the RSU Plan.

The proposed RSU Plan, just like the proposed Stock Option Plan, is subject to the 15% rolling global cap among all equity compensation plans of the Company. Furthermore, as with the Stock Option Plan, the RSU Plan represents MASSIVE potential dilution to Shareholders. However, what is even more concerning about the RSU Plan, is that RSU awards represents EVEN MORE Shareholder value transfer than possible

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through the award of stock options alone. Since RSUs are full value awards, participants receive whole Common Shares in value without having to pay an exercise price as is the case with stock options. Therefore, in the interests of preserving Shareholder value, Shareholders should be even more concerned that the RSU Plan could be used as a vehicle to transfer up to 15% of the value of the Company to the directors and executives of Australis at their expense. And just as with the Stock Option Plan, ISS and Glass Lewis are expected to recommend that Shareholders vote against the proposed RSU Plan for having dilution in excess of 10%. Certainly, RSU plans have a place in the executive compensation schemes of publicly-listed companies, but only if reasonably limited—which this plan is not, and is therefore not supportable by Shareholders.

Unless instructed otherwise, the representatives named in the enclosed **YELLOW** Proxy intend to cast the votes represented by such **YELLOW** proxy, **AGAINST** the approval of the RSU Plan.

THE CONCERNED SHAREHOLDERS RECOMMEND:

Voting AGAINST the approval of the RSU Plan in the accompanying YELLOW form of proxy or voting instruction form.

Approval of the Name Change

At the Meeting, Shareholders will be asked to approve a special resolution approving a change of the name of the Company to "AUSA Corporation", or such other name acceptable to the board of directors. The Concerned Shareholders recommend that Shareholders vote "**FOR**" the approval of the Name Change.

As described in the Management Circular, the Company has agreed with a third party that it would complete a name change in connection with a trademark infringement claim related to the use of the word "Australis".

Unless instructed otherwise, the representatives named in the enclosed **YELLOW** Proxy intend to cast the votes represented by such **YELLOW** proxy, **FOR** the approval of the Name Change.

THE CONCERNED SHAREHOLDERS RECOMMEND:

Voting FOR the approval of the Name Change in the accompanying YELLOW form of proxy or voting instruction form.


Rejection of the Continuance to British Columbia

At the Meeting, Shareholders will be asked to approve a special resolution approving the continuance of the Company out of the jurisdiction of Alberta under the *Business Corporations Act* (Alberta) and into the jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) and, in the process, adopt new Articles for the Company. The new Articles fall well short of the current Canadian governance standards of CCGG, ISS and Glass Lewis. The Concerned Shareholders recommend that Shareholders vote "**AGAINST**" the approval of the Continuance for the following reasons, each of which is enough to warrant Shareholder opposition:

- ✘ Any director may appoint an alternate director (that was not elected by shareholders) to serve in their place, and will have the full power of a director that has been elected by you, the shareholder.
- ✘ The board may, without further shareholder approval, make alterations to the capital structure of the Company. For example, the board could unilaterally, perform a share consolidation which may reduce your voting or economic interest in Australis WITHOUT your permission.

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- ✘ The chair of board meetings may have a second casting vote in the case of a tie. With Australis' proposed board of only four members, that means that the chair and one other director can decide on all matters before the board—regardless of the votes of the other two directors. Potentially, DeMott and Swainson could steamroll every issue under consideration right over-top of the other two recently appointed directors Cutler and Kumar.
- ✘ The quorum for the transaction of business at shareholders meetings has not been specified. It was just left blank. The quorum has been set to one person representing an unknown number of shares. Normally, Canadian companies require at least two shareholders representing at least 25% of shares in order to conduct business. This proposed tiny (or even non-existent quorum requirement depending on how you interpret the blank space) represents a risk to shareholders that business items at shareholder meetings could be decided by a frighteningly small minority share interest that will be binding upon ALL shareholders, including you.
- ✘ The articles contain an advance notice requirement for the nomination of directors by shareholders. This type of requirement at most Canadian companies is generally structured to prevent stealth proxy contests; provide a reasonable framework for shareholders to nominate directors by allowing shareholders to submit director nominations within a reasonable timeframe; and provide all shareholders with information about potential nominees. However, this particular requirement bundled in the continuance resolution is fraught with restrictions, each of which foists onerous requirements on shareholders trying to exercising shareholder democracy—such as the Concerned Shareholders. In terms of complying with good governance standards, this requirement represents a puzzling step backwards from what was already in place.

The proposed articles bear resemblance to the structure of articles from decades ago. It is as though, the Incumbent Board dusted off an old, outdated template from a defunct junior mining company and just went with it—current governance practices and shareholder rights be damned.

Unless instructed otherwise, the representatives named in the enclosed **YELLOW** Proxy intend to cast the votes represented by such **YELLOW** proxy, **AGAINST** the approval of the Continuance.

THE CONCERNED SHAREHOLDERS RECOMMEND:
Voting AGAINST the proposed Continuance in the accompanying YELLOW form of proxy or voting instruction form.

Approval of the Virtual Meeting By-Law Amendment


At the Meeting, Shareholders will be asked to approve an ordinary resolution authorizing the Company to amend By-Law No.1 of the Company pursuant to subsection 102(2) of the *Business Corporations Act (Alberta)* to provide that meetings of shareholders may be held entirely virtually. The Concerned Shareholders recommend that Shareholders vote "**FOR**" the approval of the Virtual Meeting By-Law.

As described in the Management Circular, subsection 131(3.1) of the *Business Corporations Act (Alberta)* provides that meetings of shareholders of a corporation may be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the by-laws so provide.

The Virtual Meeting By-Law would allow meetings of shareholders to be held entirely by electronic means, telephone or other communication facility in such a way that permits all participants to communicate adequately with each other during the meeting ("**Virtual Meetings**"). As a result, the Virtual Meeting By-Law would provide the Company with flexibility during the COVID-19 pandemic to hold virtual meetings in circumstances where in-person meetings are not feasible due to public health guidelines or related practical concerns.

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Unless instructed otherwise, the representatives named in the enclosed **YELLOW** Proxy intend to cast the votes represented by such **YELLOW** proxy, **FOR** the approval of the Virtual Meeting By-Law.

THE CONCERNED SHAREHOLDERS RECOMMEND:

Voting FOR the approval of the Virtual Meeting By-Law in the accompanying YELLOW form of proxy or voting instruction form.

THE CONCERNED SHAREHOLDERS' PATH FORWARD - RETURNING TO OUR ROOTS

The Concerned Shareholders Offer an Alternative Plan Forward that Preserves Shareholder Value and Returns Australis to its Cannabis Roots

It is clear that the Concerned Shareholders' plans for the future of Australis are irreconcilable with those of the Incumbent Board. With little oversight or accountability, the Incumbent Board and Management have turned the Company into their own ATM resulting in a failed business. Accordingly, the Concerned Shareholders propose to replace the Incumbent Board with individuals capable of executing a strategy to develop Australis into a prominent U.S. cannabis operator.


The Concerned Shareholders have identified the following objectives as the key components of their plan to take Australis in a new direction:

This includes:

- Refreshing our board of directors with internationally respected individuals with cannabis and capital markets experience and extensive professional networks. We will build the right team to make Australis a profitable and leading American cannabis company.
- Replacing the C-suite with a cannabis-focused executive team who can execute and has the vision, experience, and network to grow Australis into a leader in the cannabis space through aggressive deal-making and intelligent capital allocation decisions.
- Capitalize on Australis' existing cannabis assets, including Green Therapeutics' market-leading position in Nevada, to build a new integrated national cannabis company focused on the following strategic pillars:
 - Focus on building international brands and partner with the world's best engineering and design teams for indoor high-tech advanced grow technology to create value in concert with industry partners as opposed to building out redundant infrastructure;
 - Secure derivative technology and partner with the best extraction companies in America;
 - Capital-light approach that utilizes the existing operational footprint of industry partner;
 - Disciplined M&A focused on profitable and synergistic assets along the cannabis value chain which are easily within reach; and
 - Continue to develop stellar supply chain management from seed to sale.
- Build a robust investor relations strategy in order to broaden Australis' profile within the public markets.

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- Communicate with shareholders and the markets often, keeping shareholders informed through investor relations and social media.
- Laser focus on the east coast cannabis opportunities in states where it makes sense to from a regulatory standpoint.
- Be a leader within our peer group nationally, invoke regulatory change where change is needed. Lead with superior regulatory and global industry knowledge.

The Concerned Shareholder Nominees are the most qualified individuals to implement the Concerned Shareholders' plan to take Australis in a new direction with a significant late stage negotiated growth plan.

A Proven Track Record of Success

The Concerned Shareholder Nominees have significant experience in building reputable companies and identifying investments that create shareholder value. While the Incumbent Board and Management wasted Australis assets over the past two years, the Concerned Shareholder Nominees 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 in pursuing an opportune set of capital projects and acquisitions within the cannabis space that represents a significantly more attractive allocation of Australis' \$13 million cash reserves¹⁰ when compared to recent Australis transactions such as the terminated Passport Acquisition.

The Concerned Shareholder Nominees have the experience and motivation needed to maximize Australis' true potential value. Moreover, the Concerned Shareholder Nominees have track records of value creation and corporate stewardship, highlighted by the following:


- Dr. Duke Fu is the former Manager and Equity Partner of Biotech Pharmacy which was exited to healthcare giant Cardinal Health in 2009. Dr. Fu has developed a wide range of high-end and awarding-winning brands in multiple categories including healthcare, retail, clothing, and cannabis. Dr. Fu has created and sold products to the largest companies in their respective industries including the Pfizer, Cardinal Health, GE, Neiman Marcus, Barneys, Urban Outfitters, and the U.S. Department of Defense.
- Hanoz Kapadia co-founded Infinimax Publishing which was acquired by a U.S.-based tech company and served on the board of Optimal Research Corporation, a medical research company, when it was sold to a group of private investors.
- Dr. Jason Dyck is an esteemed medical researcher from the University of Alberta and held the title of Chairman of the Global Scientific Oversight Committee at Aurora Cannabis Inc. During his tenure at Aurora, Mr. Dyck played an integral role in the integration of CanniMed Therapeutics Inc. and MedReleaf Corp. and secured an 8-year partnership with The Ultimate Fighting Championship. In his role as a university professor, Dr. Dyck also established the largest known medical cannabis user database in the world and has published important peer-reviewed papers about the clinical outcomes of these patients.

The table below outlines the skills which the Concerned Shareholder Nominees will bring to bear in pursuit of maximizing value on behalf of Australis Shareholders.

¹⁰ As of the date of the last financial statements for the three months ended June 30, 2020.

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Director	Cannabis Operations	Sales/ Marketing	Finance/ Accounting	Capital Markets	Medicine	Public Company Director	Governance
Duke Fu	✓	✓			✓	✓	✓
Jason Dyke	✓				✓	✓	✓
Hanoz Kapadia	✓	✓	✓				✓
Avi Geller			✓	✓		✓	✓
John Esteireiro			✓	✓			✓

A U.S. Cannabis Strategy for a Rapidly Developing Market

The U.S. landscape for cannabis businesses has changed rapidly since Australis completed its spinout from Aurora. While the Incumbent Board and Management have blamed others for their poor use of resources, the fact remains: they have squandered the plentiful advantages and resources initially endowed upon Australis. The Concerned Shareholder Nominees 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 Shareholder Nominees understand the U.S. cannabis market, including the opportunities available to Australis. Below is a summary of the U.S. cannabis industry and the strategic approach the Concerned Shareholder Nominees will pursue to capitalize on market opportunities.

The existing regulatory environment in the U.S. prohibits interstate commerce and therefore requires operators to treat each state as a separate market. U.S. multi-state operators ("MSOs") have responded to these constraints by building costly, redundant infrastructure to grow, harvest, manufacture, process, distribute, and retail cannabis products in each state in which they operate. The results of this approach are bloated cost structures, overly complex ownership structures, an inability to reach a cost-competitive scale, and insufficient capital resources. Simply put, the MSOs have spread themselves too thin.

At the same time, there are many well run single-state operators who have established a meaningful presence within a given market but are struggling to access the necessary growth capital required to reach a profitable scale.

Current Market Dynamics

Consumers are trending towards lower-cost, value options	Fast growing segments in maturing markets: include edibles, flower, concentrates, and vape products	Emerging markets are experiencing hyper-growth (MI, OK, FL)	Capital markets prioritizing and rewarding profitability
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- There is still ample opportunity for growth in the U.S. cannabis market, despite the regulatory challenges. However, an intelligent business model is needed that addresses these issues and mitigates the risks associated with turbulent capital markets.
- Business model innovations have failed to address these issues:
 - The "franchise" model does not work, either due to federal illegality or restrictive state regulations.
 - The "turnkey" model is challenging, given the lack of operational control over licensed entities.
 - The "brand licensing" model has addressed some of the issues, however, it is difficult to maintain product quality and maintain control over distribution channels when the brand owners do not own the licensed means of production and distribution.

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New Paradigm – Capital Light MSO Model 2.0

- A new model is needed that recognizes the pitfalls of the previously attempted models, but still provides the ability to capture the upside of the market growth.
- New Proposed Australis 2.0 model is focused on the following:
 - ◆ **Capital Light Approach**
 - ◆ **Disciplined M&A**
 - ◆ **Utilize Grow Technology with global leaders**
 - ◆ **Utilize Existing Operational Footprint**
 - ◆ **Focus on Scaling Brands, not Facilities**
 - ◆ **Focus on Profitability**
- Until the U.S. federal regulations change to allow for inter-state commerce, the Australis 2.0 model will be constrained to doing business state-by-state with some redundancy. However, a smart approach to capital allocation and selecting the right market penetration strategies are the keys to success.
- Scarce access to capital has created an opportunity to acquire excellent assets at attractive valuations. Many private businesses are capital constrained and seeking merger/buyout opportunities to remain competitive and fund growth.
- There is very little brand loyalty in the cannabis space and products like other industries compete on price and quality. Therefore, access to low-cost inputs, specifically biomass, is key to ensuring future success. Companies that developed successful brands have done so with access to low cost grow of high-quality cannabis.
- Given half a decade of rapid industry growth, technological innovation in the cannabis production process has come a long way. Being at the leading edge of cultivation and processing technology confers a competitive advantage. Owning superior grow and extraction technology and proprietary know-how creates opportunities to partner with licensed entities who have the physical infrastructure to manufacture products but lack the technical ability to execute at the highest levels.

The Path Forward 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 cannabis grow technology and cannabis derivative technology company. We intend to achieve this vision by using Australis' existing investment in Green Therapeutics to establish a dominant presence in the Nevada market, and expand our footprint to other states through four (4) targeted partnerships described below. Our focus will be on 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 and maximize existing infrastructure. Superior cannabis cultivation and processing technology as well as 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 Nominees, Australis will pursue this strategy by growing its current cannabis asset base into an integrated national cannabis company.

The Concerned Shareholder Nominees when elected will hold themselves to the highest standards of corporate governance, and end the years of self-serving and entrenched behavior by the Incumbent Board. The five-point-plan for the foundation of good corporate governance will include:

- 1) A majority independent board with an independent chair;
- 2) No related-party transactions, and no self-serving behaviour;
- 3) Review the constating documents of the Company and bring them up to market best practices;
- 4) Disciplined executive compensation plan which aligns pay with long-term stock performance; and
- 5) Introduce reasonably limited equity compensation plans.

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New & Existing Cannabis Assets to Drive Growth

The Incumbent Board's inability to develop the Company's assets does not reduce the value of these assets to serve as a launch pad for future growth under the direction of a competent leadership team. Through the acquisition of Green Therapeutics' 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 the Concerned Shareholder Nominees plan to build one of the preeminent manufacturers of cannabis products in the U.S. Other excellent brands are high on our radar and in late stage negotiations.

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 Green Therapeutics' licenses and award-winning brands, Australis has established a footprint in this market and leveraging these assets is the most constructive way to create value for Shareholders. The market dynamics in Nevada are such that quality flower and biomass are scarce. This creates a readily available opportunity to broaden the reach of Green Therapeutics' brands by accessing low-cost biomass and developing products catered towards the mass market "value-conscious" consumer segment.


In pursuit of a capital light, low cost multi-state strategy, the Concerned Shareholder Nominees 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 strategic partners which are synergistic to Australis' existing cannabis footprint. These partners 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 – 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 technologies include a proprietary supervisory control and data acquisition SaaS product for automating and optimizing cannabis cultivation facilities. This target will enhance our ability to create partnerships with existing producers as well as new large east coast producers, in turn allowing access to existing biomass production.
- **Target #2 – Cannabis Infrastructure:** extraction, product manufacturing, distribution and branding capabilities in markets that are complementary to Australis' existing footprint such as Nevada, Colorado, California, Missouri, Oklahoma, and Oregon. Additionally, the Company will 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 #3 – 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 #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.

The Concerned Shareholders are confident that shareholder value can be maximized by successfully executing the strategy outlined above. Shareholders are being presented with a choice: continue to allow the inexperienced and failed Incumbent Board to squander Shareholder resources on frivolous and

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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.

RECOMMENDATION TO SHAREHOLDERS

The Concerned Shareholders Recommend:

- ✓ **FOR** fixing the number of directors at five (5).
- ✗ **AGAINST** fixing the number of directors at four (4).
- ✓ **FOR** the election of the Concerned Shareholder Nominees.
- ✓ **FOR** the appointment of Baker Tilly LLP, formerly known as Squar Milner LLP, as auditors of Australis.
- ✗ **AGAINST** the approval of the Company's Stock Option Plan.
- ✗ **AGAINST** the approval of the Company's Restricted Share Unit Plan.
- ✓ **FOR** the special resolution approving a name change of the Company to "AUSA Corporation".
- ✗ **AGAINST** the special resolution approving the continuance of the Company out of the jurisdiction of Alberta and into the jurisdiction of British Columbia.
- ✓ **FOR** the ordinary resolution authorizing the Company to amend By-Law No. 1 of the Company pursuant to subsection 102(2) of the *Business Corporations Act* (Alberta) to provide that meetings of shareholders may be held entirely virtually.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, the Concerned Shareholders are not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the Concerned Shareholder Nominees or each associate or affiliate thereof in any matter to be acted upon at the Meeting other than the election of directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, to the knowledge of the Concerned Shareholders, none of the Concerned Shareholder Nominees or any of their associates or affiliates had or has any material interest, direct or indirect, in any transaction since the beginning of Australis' last completed financial year or in any proposed transaction that has materially affected or would materially affect Australis.

Green Therapeutics, 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' 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 is 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

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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 USD \$2.93 million 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.

Professional Relationships between the Concerned Shareholders and Concerned Shareholder Nominees

The Concerned Shareholders believe that, if elected, each of the Concerned Shareholder Nominee directors will be "independent" directors within the meaning of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") being, among other things, a person other than an officer or employee of Australis or any other individual having a business or other relationship which, in the opinion of Australis's board of directors, would (or could reasonably be perceived to) interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Duke Fu, a Concerned Shareholder and a Concerned Shareholder Nominee, is the Chief Executive Officer of Green Therapeutics. On June 30, 2020 Green Therapeutics and Meridian Companies LLC (together the "**Plaintiffs**") announced that they commenced formal legal action against Australis, Australis Prosper LLC, Australis Terrain LLC and Australis Perennial LLC (together with Australis referred to herein as "**Defendants**") on April 8, 2020 for various breaches of the contracts described in Australis' press release dated May 21, 2019 (the "**Contracts**") pursuant to which the Plaintiffs transferred certain cannabis licenses, brands, 8.9 acres of land in North Las Vegas, Nevada (the "**Property**"), and other intellectual property, assets, and rights (collectively, the "**Transferred Assets**") to the Defendants in exchange for Common Shares of Australis and other promises and rights. The Plaintiffs allege that the transactions contemplated by the Contracts (the "**Transactions**") were predicated on Australis establishing its flagship cultivation and manufacturing facility (the "**Manufacturing Facility**") with Green Therapeutics' experienced operational team and the Transferred Assets. Green Therapeutics is responsible for the development of multiple award winning brands and products. Construction of the Manufacturing Facility is not part of Australis' business plans.

As a result of the Transactions and the associated legal action, Dr. Fu may be conflicted with respect to certain matters that the board will be required to consider. If elected as a director of Australis, Dr. Fu will abide by applicable law with respect to the declaration of any interest in any matters considered by the board in which he has an interest. The Concerned Shareholders do not believe that the foregoing matter impacts the assessment of Dr. Fu as an independent director for the purposes of applicable securities laws.

GENERAL PROXY INFORMATION


Solicitation of Proxies

This Circular is furnished by the Concerned Shareholders in connection with the solicitation by them of proxies for use at the Meeting to be held virtually-only via live audio webcast online at <https://web.lumiagm.com/245085872>, on November 17, 2020, at 11:30 a.m. (Mountain Time) and at any adjournment or postponement thereof. **YELLOW** Proxies may be solicited by mail, telephone, fax or other electronic means and in person, as well as by newspaper or other media advertising.

In addition, the Concerned Shareholders have retained Laurel Hill Advisory Group ("**Laurel Hill**") as their shareholder communications advisor and proxy solicitation agent, to assist them in the solicitation of proxies from Shareholders and to provide additional services including but not limited to strategic Shareholder communications and recommending corporate governance best practices. The Concerned Shareholders will pay to Laurel Hill estimated fees of up to \$275,000.00, plus disbursements. The costs incurred in the preparation and mailing of this Circular and the solicitation will be borne solely by the Concerned Shareholders. However, the Concerned Shareholders may seek reimbursement from Australis of its out-

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of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with the Meeting to the extent provided for under the *Business Corporations Act* (Alberta).

No person is authorized to give information or to make any representations other than those contained in this Circular and, if given or made, such information or representations must not be relied upon as having been authorized by the Concerned Shareholders or the Concerned Shareholder Nominees.

Notice and Access

The Concerned Shareholders have elected not to use notice-and-access to distribute this Circular and the **YELLOW** Proxy accompanying this Circular.

Record Date and Voting Shares

For purposes of the Meeting, Australis established October 1, 2020 (the "**Record Date**") as the record date for determining Shareholders entitled to receive notice of the Meeting and to vote at the Meeting. Each Shareholder is entitled to one vote for each Common Share registered in his, her or its name as of the close of business on the Record Date, except to the extent that the Shareholder has transferred the ownership of any such Common Shares after the Record Date and the transferee produces a properly endorsed share certificate for or otherwise establishes ownership of any of the transferred Common Shares and makes a demand to the Company's transfer agent and registrar, Odyssey Trust Company ("**Odyssey**") no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

Appointment of Proxies

The persons named as proxyholders in the enclosed **YELLOW** Proxy are some of the Concerned Shareholders. A Shareholder of the Company has the right to appoint a person, who need not be a Shareholder of Australis, other than the persons named in the **YELLOW** Proxy accompanying this Circular, as proxyholder to attend and act for and on behalf of such Shareholder at the Meeting and may exercise such right by striking out the names of the persons named in the **YELLOW** Proxy and inserting the name of the person to be appointed as proxyholder in the blank space provided on the **YELLOW** Proxy or by completing another proper form of proxy. The completed **YELLOW** Proxy must be received by Laurel Hill by Thursday, November 12, 2020 at 6:00 p.m. (Mountain Time). **Additionally, register that proxyholder by contacting Odyssey at australis@odysseytrust.com before Thursday, November 12, 2020 at 6:00 p.m. (Mountain Time). Odyssey will provide the registered proxyholder with a control number to allow your proxyholder to log in at vote at the Meeting online. WITHOUT A CONTROL NUMBER, YOUR PROXYHOLDER WILL NOT BE ABLE TO VOTE OR ASK QUESTIONS AT THE MEETING, THEY WILL ONLY BE ABLE TO ATTEND THE MEETING ONLINE AS A GUEST.**


Registered Shareholders

If you are a registered Shareholder of Australis (meaning your Common Shares are held by you directly and not by your broker or other intermediary), you should follow the procedures set out in the enclosed **YELLOW** form of proxy and as set out below:

- 1) Complete the **YELLOW** form of proxy enclosed by marking "FOR" fixing the number of directors at four (4); and the election of the Concerned Shareholder Nominees; and
- 2) Sign and date the **YELLOW** form of proxy and email it to Laurel Hill at assistance@laurelhill.com or by fax at 416-646-2415. In order to ensure that your vote is returned prior to the deadline, we recommend that you email your **YELLOW** form of proxy or fax it to Laurel Hill rather than by mail or courier.

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IN ORDER TO BE VOTED AT THE MEETING, YOUR PROXY MUST BE SUBMITTED PRIOR TO 6:00 P.M. (MOUNTAIN TIME) ON THURSDAY, NOVEMBER 12, 2020. FOR IMMEDIATE ASSISTANCE, PLEASE CONTACT LAUREL HILL ADVISORY GROUP (TOLL-FREE) AT 1-877-452-7184 OR (416)-304-0211 FOR SHAREHOLDERS OUTSIDE NORTH AMERICA) OR BY EMAIL AT ASSISTANCE@LAURELHILL.COM.

USE ONLY THE ENCLOSED YELLOW PROXY TO VOTE YOUR SHARES AS RECOMMENDED BY THE CONCERNED SHAREHOLDERS. BECAUSE TIME IS OF THE ESSENCE, EMAIL OR FAX YOUR YELLOW PROXY TODAY.

Exercise of Discretion

The Common Shares represented by the enclosed **YELLOW** proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for at the Meeting or any adjournment(s) or postponement(s) thereof, and where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted in accordance with your specification so made.

In the absence of such specification, Common Shares represented by the enclosed YELLOW Proxy will be voted FOR the motion to set the number of directors at five (5); AGAINST the motion to set the number of directors at four (4); FOR the election of the Concerned Shareholder Nominees as directors of Australis; FOR the appointment of Baker Tilly as auditors; AGAINST the approval of the Stock Option Plan; AGAINST the approval of the RSU Plan; FOR the proposed Name Change; AGAINST the proposed Continuance to British Columbia; and FOR the amendment to By-Law No.1 for the Virtual Meeting By-Law. The enclosed **YELLOW** Proxy confers the persons appointed under the **YELLOW** Proxy with discretionary authority (which they will exercise in accordance with their best judgement) with respect to amendments of those matters specified in the **YELLOW** Proxy and with respect to any other matters which may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof. The Concerned Shareholders are not currently aware of any such amendment, variation or other matter.

Advice to Non-Registered Shareholders

The information in this section only applies to Shareholders who hold their Common Shares through a broker or other Intermediary (as defined below). Most Shareholders fall in this category of Non-Registered Holders (as defined below). If your Common Shares are listed in an account statement provided to you by a broker, then in almost all cases those Common Shares will not be registered in your name on the records of the Company, but rather through an Intermediary, and you are a Non-Registered Holder.


Only registered Shareholders of Australis or the persons they appoint as their proxyholders are permitted to attend and vote at the Meeting. In many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a depository (a "**Depository**"), such as CDS Clearing and The Depository Trust Corporation in the United States.

The Concerned Shareholders have distributed copies of this Circular and **YELLOW** form of proxy to the Depositories and Intermediaries for distribution to the Non-Registered Holders. Intermediaries are required to forward all meeting materials to Non-Registered Holders. Intermediaries often use service companies to forward the meeting materials to Non-Registered Holders. Generally, Non-Registered Holders will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly

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complete the **YELLOW** form of proxy and email it to Laurel Hill at assistance@laurelhill.com or by fax at 416-646-2415. The Non-Registered Holder should contact Laurel Hill at 1-877-452-7184 (416-304-0211 for Non-Registered Holders outside North America) or by email at assistance@laurelhill.com for assistance in ensuring that the enclosed **YELLOW** form of proxy is appropriately completed and properly voted in accordance with the instruction of the Non-Registered Holder; or

- (ii) more typically, Non-Registered Holders will receive a **YELLOW** VIF which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions. Non-Registered Holders should follow the instruction provided in the **YELLOW** VIF, using one of the described voting methods provided, to vote their shares.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or to have another person appointed as proxyholder to attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the **YELLOW** Proxy and insert the Non-Registered Holder's or such other person's name in the blank space provided. In any case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy (or any proxy authorization form) is to be delivered.

Additionally, Non-Registered Holders must register that proxyholder by contacting Odyssey at australis@odysseytrust.com before Thursday, November 12, 2020 at 6:00 p.m. (Mountain Time). Odyssey will provide the appointed proxyholder with a control number to allow your proxyholder to log in at vote at the Meeting online. WITHOUT A CONTROL NUMBER, YOUR PROXYHOLDER WILL NOT BE ABLE TO VOTE OR ASK QUESTIONS AT THE MEETING, THEY WILL ONLY BE ABLE TO ATTEND THE MEETING ONLINE AS A GUEST.

Registering your proxyholder is an additional step that must be completed AFTER you have submitted your YELLOW Proxy. Failure to register the proxyholder will result in the proxyholder not receiving a control number or username that is required to participate and vote at the Meeting.

A Non-Registered Holder wishing to vote for the Concerned Shareholder Nominees should contact Laurel Hill at toll free, 1-877-452-7184 (416-304-0211 outside North America) or by email at assistance@laurelhill.com, for assistance in ensuring that the enclosed **YELLOW** form of proxy is appropriately completed by the necessary person at their Intermediary and that the shares held are properly voted in accordance with the instructions of the Non-Registered Holder.

Attending and Voting at the Meeting

This year's Meeting will be held in a virtual meeting format only due to the uncertain public health impact of the global COVID-19 pandemic. Registered Shareholders and duly appointed proxyholders, including Non-Registered Holders who have duly appointed themselves as proxyholders as described above, will have an equal opportunity to participate in the Meeting. Any changes in the Meeting format, including the Meeting date and format, will be announced by the Company by press release which will be filed under the Company's SEDAR profile at www.sedar.com.


To find out more about how to attend the Meeting, contact Laurel Hill at toll free, 1-877-452-7184 (416-304-0211 outside North America) or by email at assistance@laurelhill.com.

Revocation of Proxies

Registered Shareholders

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If you wish to revoke your proxy, including a management form of proxy that you have already signed and delivered to Odyssey, but prior to it being acted upon, you may do so by depositing an instrument in writing, which could be another **YELLOW** completed form of proxy, executed by such registered Shareholder or by your attorney authorized in writing or by electronic signature or, if the registered Shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the registered office of the Company at any time prior to 11:30 a.m. (Mountain Time) on the last business day preceding the day of the Meeting, being Monday, November 16, 2020, or any adjournment thereof, (ii) with Laurel Hill at any time prior to 11:30 a.m. (Mountain Time) on the last business day preceding the day of the Meeting, being Monday, November 16, 2020, or any adjournment thereof, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or in any other manner permitted by law including attending the Meeting virtually as described in this Circular.

Non-Registered Shareholders

A Non-Registered Holder may revoke a form of proxy or voting instruction form given to an Intermediary at any time by written notice to the Intermediary in accordance with the instructions given to the Non-Registered Holder by its Intermediary. A Non-Registered Holder should contact Laurel Hill at one of the telephone numbers set out above for assistance in ensuring that forms of proxies or voting instructions previously given to an intermediary are properly revoked.

PRINCIPAL SHAREHOLDERS OF AUSTRALIS

As of the date of this Circular, to the knowledge of the Concerned Shareholders, and relying on the disclosure in the management information circular dated October 6, 2020, no persons beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the issued and outstanding Common Shares.

INFORMATION ABOUT THE CONCERNED SHAREHOLDERS

Duke Fu

Duke Fu is a Concerned Shareholder and is the CEO of Green Therapeutics. His business address is 7250 S. Durango Dr., Ste. 130, #178 Las Vegas, Nevada, USA 89113. As of the date of this Circular, he owns 4,893,552 Common Shares and indirectly has control over 795,423 Common Shares which are held by Green Therapeutics. Together, Dr. Fu and Green Therapeutics own an aggregate of 5,688,975 Common Shares as of the date of this Circular.

Dr. Fu has no interests in, or rights or obligations, associated with any arrangement or agreement, the purpose or effect which may be to alter, such Concerned Shareholder's economic interest in a security of the Company or such Concerned Shareholder's economic exposure to the Company. He also does not have any proxy, contract, arrangement, understanding or relationship pursuant to which the Concerned Shareholder has a right to vote any Common Shares of the Company.


Roger Sykes and 1703469 Alberta Inc.

Roger Sykes is a Concerned Shareholder and is the Executive Vice President of MedPPE Canada Inc. As of the date of this Circular, he owns directly 1,132,500 Common Shares and indirectly he has control over 130,588 Common Shares held by 1703469 Alberta Ltd., which Mr. Sykes has control or direction over. Together, Mr. Sykes and 1703469 Alberta Ltd. own an aggregate of 1,263,088 Common Shares as at the date of this Circular.

Mr. Sykes has no interests in, or rights or obligations, associated with any arrangement or agreement, the purpose or effect which may be to alter, such Concerned Shareholder's economic interest in a security of the Company or such Concerned Shareholder's economic exposure to the Company. He also does not

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have any proxy, contract, arrangement, understanding or relationship pursuant to which the Concerned Shareholder has a right to vote any Common Shares of the Company.

Green Therapeutics, LLC

Green Therapeutics is a Concerned Shareholder and is a licensed cultivation and production medical marijuana establishment in the State of Nevada. The company's business address is 848 North Rainbow Blvd. #12, Las Vegas, Nevada 89107, United States. It owns, as of the date of this Circular, 795,423 Common Shares. It has no interests in, or rights or obligations, associated with any arrangement or agreement, the purpose or effect which may be to alter, such Concerned Shareholder's economic interest in a security of the Company or such Concerned Shareholder's economic exposure to the Company. It also does not have any proxy, contract, arrangement, understanding or relationship pursuant to which the Concerned Shareholder has a right to vote any shares of the Company.

Jason Dyck

Jason Dyck is a Concerned Shareholder and is a professor in the Department of Pediatrics and the Director of the Cardiovascular Research Centre at the University of Alberta. As of the date of this Circular, he owns directly 22,026 Common Shares and indirectly he has control over 1,231,002 Common Shares held by 748086 Alberta Ltd., which Dr. Dyck has control or direction over.

Mr. Dyck has no interests in, or rights or obligations, associated with any arrangement or agreement, the purpose or effect which may be to alter, such Concerned Shareholder's economic interest in a security of the Company or such Concerned Shareholder's economic exposure to the Company. He also does not have any proxy, contract, arrangement, understanding or relationship pursuant to which the Concerned Shareholder has a right to vote any Common Shares of the Company.

Terry Booth and Lola Ventures Inc.

Terry Booth is a Concerned Shareholder and is a professional director and former CEO of Aurora. As of the date of this Circular, he owns or controls 1,632,298 Common Shares and indirectly owns 5,055,794 Common Shares through Lola Ventures Inc. Together, Mr. Booth and Lola Ventures Inc. own and/or control an aggregate of 6,688,092 Common Shares as of the date of this Circular.

Neither Mr. Booth nor Lola Ventures Inc. have any interests in, or rights or obligations, associated with any arrangement or agreement, the purpose or effect which may be to alter, such Concerned Shareholder's economic interest in a security of the Company or such Concerned Shareholder's economic exposure to the Company. Mr. Booth and Lola Ventures Inc. also do not have any proxy, contract, arrangement, understanding or relationship pursuant to which such Concerned Shareholder has a right to vote any Common Shares of the Company.


INFORMATION REGARDING AUSTRALIS

Australis was incorporated under the laws of Alberta. The head and registered office of Australis is 376 Warm Springs Road, Suite 190, Las Vegas, Nevada 89119, United States. Information included in this Circular concerning Australis has been derived from Australis' publicly available documents.

Information regarding executive compensation, management contracts, securities authorized for issuance under equity compensation plans, interest of informed persons in material transactions and indebtedness of directors and executive officers of Australis, except as disclosed herein, is not known to the Concerned Shareholders and cannot be ascertained by the Concerned Shareholders on reasonable inquiry at this time. Accordingly, and to avoid any misstatement, reference is made to the Management Circular filed on October 13, 2020.

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APPROVAL

Information contained herein, unless otherwise indicated, is given as of the date hereof. The contents and sending of this Circular have been approved by the Concerned Shareholders.

October 16, 2020


On Behalf of the Concerned Shareholders

(Signed) "Duke Fu"

DUKE FU




(Signed) "Roger Sykes"

ROGER SYKES

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VOTE THE YELLOW PROXY TO SUPPORT POSITIVE CHANGE

**PLEASE VOTE YELLOW PROXIES PRIOR TO
6:00 P.M. (MOUNTAIN TIME) ON THURSDAY, NOVEMBER 12, 2020**

Voting Method	Registered Shareholders <small>If your shares are held in your name and represented by a physical certificate.</small>	Beneficial Shareholders <small>If your shares are held with a broker, bank or other intermediary.</small>
Internet 	Email completed YELLOW proxy to: <u>assistance@laurehill.com</u>	Vote online at: <u>www.proxyvote.com</u>
Telephone or Facsimile 	Complete, date, and sign the YELLOW proxy and fax it to: 416-646-2415	Call the toll-free listed on your YELLOW VIF and vote using the 16-digit control number provided therein, or complete, date, and sign the YELLOW VIF and fax it to the number listed therein.
Mail 	Complete, date, and sign the YELLOW proxy and return in the enclosed postage paid envelope to: Laurel Hill Advisory Group 70 University Avenue, Suite 1440 Toronto, Ontario, M5J 2M4	Complete, date and sign the YELLOW VIF and return it using the enclosed postage paid envelope.

**QUESTIONS OR REQUESTS FOR ASSISTANCE MAY BE DIRECTED TO
THE PROXY SOLICITATION AGENT FOR THE CONCERNED SHAREHOLDERS:**



NORTH AMERICAN TOLL-FREE: 1-877-452-7184
INTERNATIONAL: 416-304-0211
EMAIL: assistance@laurehill.com