

**INCUMBENT BOARD AND MANAGEMENT OF AUSTRALIS RESORT TO DESPERATE
ATTACKS IN A BLATANT EFFORT TO DISMISS THE FACTS AND DEFLECT ACCOUNTABILITY
FOR FAILED TENURE**

- *A continued lack of professionalism from Australis' current board and management team is evident with misguided and baseless personal attacks, including issuing a correction press release after attacking their previous CEO's lack of professionalism.*
- *The incumbents inexplicably blame the Concerned Shareholders for their own failures impacting the stock price and for their inability to execute. IT'S TIME FOR REAL CHANGE. Vote using only the **Yellow** Proxy.*
- *The Concerned Shareholders have prepared a presentation to provide shareholders with the facts. Learn more and register for updates at www.fixaustralis.com*
- *For voting assistance, contact Laurel Hill Advisory Group at 1-877-452-7184, or assistance@laurelhill.com.*

TORONTO, October 27, 2020 /CNW/ - Roger Sykes, 1703469 Alberta Ltd., Duke Fu, Green Therapeutics LLC, Jason Dyck, Terry Booth and Lola Ventures Inc. (the "**Concerned Shareholders**"), each of whom is a shareholder of Australis Capital Inc. ("**Australis**" or the "**Company**") (CSE: AUSA), wish to express their disappointment in response to Australis' self-appointed CEO Harry DeMott's recent letter to shareholders. Mr. DeMott's letter reinforces the fact that the current members of the board of directors of Australis (the "**Incumbents**") are out of touch with the real issues surrounding Australis and underscores the need for their removal. The Concerned Shareholders have also prepared a presentation to provide shareholders with the hard facts – management and the Incumbents have failed shareholders. It's time for real change. View the shareholder presentation at www.fixaustralis.com.

Litany of Failures

The Incumbents have failed at every turn to advance shareholders' interests and have focused their efforts on deflecting responsibility and resorting to desperate tactics including baseless personal attacks. The Concerned Shareholders simply wish to remind shareholders of the facts. It is the Incumbents' leadership of Australis that has led to the massive destruction in shareholder value we have incurred. Now with their long time friends on the board, how can shareholders expect anything different? The recent additions and resignations at the board level to date are woefully insufficient. Harry DeMott and Roger Swainson remain in positions of power and their removal is necessary to move Australis forward. Shareholders are reminded to reflect upon the many failures to date including but not limited to the following:

Incumbent Board and Management Failures	Cost to Shareholders
Rythm Technologies Inc.	<ul style="list-style-type: none"> • \$2 million in cash and stock paid to acquire a digital health platform that has generated \$0 revenue for Australis and does not fit with the core cannabis business.
Wagner Dimas Inc.	<ul style="list-style-type: none"> • \$1.9 million invested in a cannabis pre-roll technology that was never deployed by Australis and was eventually sold at a loss.
Quality Green Inc.	<ul style="list-style-type: none"> • \$2.0 million invested into the failed going public transaction of Quality Green Inc., a fledgling Canadian licensed producer with no strategic value to Australis.
Folium Biosciences	<ul style="list-style-type: none"> • Recklessly dove headfirst into a \$4.0 million investment and eventual proposed acquisition without conducting proper due diligence.

	<ul style="list-style-type: none"> Resulted in halted trading of Australis common shares for 3 months and a loss of over \$1.2 million to Australis in fruitless transaction costs.
Green Therapeutics	<ul style="list-style-type: none"> Sold shareholders on a plan to build out infrastructure and brands in Nevada but failed to do anything meaningful with the assets acquired. A wasted opportunity. Fumbled the execution and wasted millions of dollars in resources.
ASTOUND Group (Marketing Agreement)	<ul style="list-style-type: none"> ~US\$4.2 million paid, including through a transfer in Body and Mind Inc. stock, ~US\$105,000 in services rendered. Subject to a make whole payment of \$1.98 million in November 2020.
Passport Technology Inc.	<ul style="list-style-type: none"> Issued 4.25 million common shares to former CEO after transaction was terminated by Passport despite agreement calling for Passport to pay a break fee and reimburse Australis for its expenses incurred. \$5.4 million initial consideration paid to Passport to license the technology for Cocoon. Issued top-up payment of 1.8 million shares of BaM to Passport for make whole obligations. The net result has been one deployment in a lone dispensary in Nevada.
Deterioration in share price and cash reserves	<ul style="list-style-type: none"> When DeMott joined Australis it had a share price of \$1.02 and \$24.5 million of cash on its balance sheet. The shares are now trading at \$0.15 and the cash position has dwindled down by almost half to \$13.3 million. What do DeMott and Swainson have to show for the over \$11 million of shareholders' cash they've spent?

In addition to the above, Cocoon has been a complete failure and highlights the Incumbents' poor decision-making. Let's review the facts: Australis originally licensed the technology for Cocoon from Passport in October of 2019. Since then, the Incumbents sat idly by while Scott Dowty unsuccessfully sought to translate his casino cash access technology into the cannabis retail environment. Meanwhile, the Incumbents categorically failed to protect shareholders from the egregious related-party transactions between Passport and Australis. DeMott and Swainson sat on their hands and turned a blind eye while Dowty wasted the Company's resources through self-dealing that was approved again and again by the Incumbents. Fast forward almost one year to September 9, 2020 when Australis announced that the first and only Cocoon kiosk was installed at a dispensary in North Las Vegas. With only one deployment and millions in precious resources spent on development, the fact that the Incumbents consider the Cocoon experiment a success does not bode well for how they will deploy shareholders' capital going forward. The Concerned Shareholders' director slate is better suited than DeMott and Swainson to ensure Cocoon is a success.

Additional failures are detailed in the Concerned Shareholders' presentation at www.fixaustralis.com. Shareholders should note, all these failures were initiated under Swainson's and most of DeMott's watch.

Place the Blame Where it Belongs

The responsibility for the weak share price performance of Australis rests solely on the shoulders of the Incumbents. As board members of Australis over the past 18 months, DeMott and Swainson had a

responsibility to protect and maximize shareholder value. Their tenures have been an unmitigated disaster with the share price plummeting 85% from \$1.02 on the day DeMott joined the Board, to \$0.15 today. In spite of their accusations, there is no one else to blame but those who were at the helm.

The only viable path forward for Australis is a clean slate of new directors who are entirely untainted by the profound failures overseen by the Incumbents.

Concerned Shareholders Are Acting on Behalf of ALL Shareholders. You Have a Say.

We also remind shareholders that the Concerned Shareholders **ARE** acting on behalf of all shareholders to enact positive change at Australis. The group is comprised of four individuals who collectively own, direct or control approximately 8.45% of Australis' outstanding 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.** DeMott's letter suggesting this is false proves he does not know or listen to Australis' shareholders.

The Concerned Shareholders do agree with DeMott on one matter, that *"AUSA shareholders should expect a level of professionalism at the CEO position that has not been seen before at the Company."* DeMott made this statement in the original version of his letter to shareholders, then quietly issued a revised letter later in the day removing this statement. The Concerned Shareholders agree with the sentiment wholeheartedly. As described in detail in the Concerned Shareholders' circular, the Concerned Shareholders' board nominees (the "**Concerned Shareholder Nominees**") will conduct a fulsome permanent CEO search, something that the Incumbents have failed to undertake in their quest to retain power. Shareholders can and should expect an experienced, talented and professional CEO at the helm.

In closing, the Concerned Shareholders' note the Incumbents have yet to disclose to shareholders any tangible details or developments which demonstrate progress. They have said many things and made many promises, but as the share price indicates, they have failed to deliver. To see this, shareholders need not look any further than their abysmal track record with the Company thus far. In contrast, the Concerned Shareholders have put forward a well-developed strategy focused on specific acquisitions that are ready today to serve as the building blocks for the formation of a U.S cannabis powerhouse.

The Concerned Shareholders caution fellow shareholders not to be fooled by the Incumbents' unsubstantiated and irrelevant diversion tactics. The bottom line is that DeMott and Swainson are unfit for office and their opportunity at a second chance is long gone. The Concerned Shareholders have assembled the right team and the right plan to move Australis forward in a way that creates a clean break from the misadventures of the Incumbents and breathes new life into the Company.

Vote Your YELLOW Proxy Today to Support Positive Change

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. 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. Registered shareholders can email their completed **YELLOW** Proxy to assistance@laurelhill.com or fax to +1-416-646-2415. Visit www.fixaustralis.com for more information.

The deadline to submit your **YELLOW** Proxy is 6:00 p.m. (Mountain Time) on November 12, 2020.

Questions? Need help voting? Please contact the Concerned Shareholders' shareholder communications advisor and proxy solicitation agent:

Laurel Hill Advisory Group

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Please also visit www.fixaustralis.com and follow us on Twitter [@fixaustralis](https://twitter.com/fixaustralis).

Forward Looking Statement

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws, including, without limitation, The Concerned Shareholders' and Australis' respective priorities, plans and strategies. All statements and information, other than statements of historical fact, included herein are forward-looking statements, including, without limitation, statements regarding activities, events or developments that the Concerned Shareholders expect or anticipate may occur in the future. These forward-looking statements can be identified by the use of forward-looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe" or "continue" or similar words and expressions or the negative thereof. 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. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur or, even if they do occur, will result in the performance, events or results expected. We caution readers not to place undue reliance on forward-looking statements contained herein, which are not a guarantee of performance, events or results and are subject to a number of risks, uncertainties and other factors that could cause actual performance, events or results to differ materially from those expressed or implied by such forward-looking statements. These factors include: changes in Australis' and the Concerned Shareholders' strategies, plans or prospects; general economic, industry, business, regulatory and market conditions; actions of Australis and its competitors; conditions in the cannabis industry; risks relating to government regulation and changes thereto; the state of the economy including general economic conditions globally and economic conditions in the jurisdictions in which Australis operates; the unpredictability and volatility of Australis' share price. These factors should not be construed as exhaustive. Readers are cautioned that all forward-looking statements involve known and unknown risks and uncertainties, including those risks and uncertainties detailed in the continuous disclosure and other filings of Australis, copies of which are available on the System for Electronic Document Analysis ("SEDAR") at www.sedar.com. We urge you to carefully consider those risks and uncertainties. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. Unless expressly stated otherwise, the forward-looking statements included herein are made as of the date of this news release and the Concerned Shareholders disclaim any obligation to publicly update such forward-looking statements, except as required by applicable law.