

## CONCERNED SHAREHOLDERS OF AUSTRALIS HIGHLIGHT EXORBITANT COMPENSATION GRANTS, CONFUSING ASSESSMENT AND SET SIGHTS ON EXPANDED U.S. CANNABIS OPPORTUNITY

- *Self-appointed CEO Harry DeMott awarded 7,760,000 options, representing about 4.5% of the issued and outstanding shares (after issuing former CEO Scott Dowty 4,500,000 shares to lock-up his support).*
- *ISS recognizes the need for change to the Australis board and recommends voting against a number of the Australis proposals.*
- *The Concerned Shareholders remain focused on opportunities in the U.S. cannabis market, are invigorated by the legalization of cannabis in several states during the U.S. elections, and are certain the current leadership team is not capable of getting the job done.*
- *The deadline to submit your YELLOW proxy is 6:00 p.m. (Mountain Time) on November 12, 2020.*

TORONTO, November 9, 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), (i) provide additional evidence of self-serving conduct by the Australis board through its recent compensation awards, (ii) note that independent proxy advisory firm Institutional Shareholder Services, LLC ("**ISS**") has issued its shareholder voting recommendations on Australis' annual and special meeting of shareholders scheduled for November 17, 2020 recognizing the need for changes with the Australis board and confirms many of the board's proposals should not be approved and (iii) highlight additional opportunities resulting from the U.S. elections that are consistent with the plans proposed by the Concerned Shareholders.

### **Incumbents Continue to Reward Themselves Despite Repeated Failures to Create Value for Shareholders**

The current Australis board comprised of Harry DeMott and his friends, granted DeMott 7,650,000 options, representing about 4.5% of the current issued and outstanding Australis shares. This was done after issuing former CEO, Scott Dowty, 4,500,000 common shares as part of a severance package, which issuance was made conditional on him voting in line with management's recommendations. The issuance of options as compensation to DeMott was made despite his track record of value destruction during his time as a board member of the Company and the issuance of shares to Dowty was made despite the Company having no legal obligation to do so. This dilution not only directly costs shareholders and further dilutes our investments, but enriches Dowty and DeMott. This is yet another indication that DeMott and Roger Swainson are only serving their own interests, attempting to preserve their jobs and attempting to avoid being held accountable for their long track record of questionable decisions. This team has had more than enough time to develop a clear, actionable plan for the Company and continue to demonstrate poor judgement even in the face of the scrutiny of the Concerned Shareholders' campaign to remove them. Regardless of what opportunities the Board is able to come up with in their desperate attempt to save their board seats, this is not a leadership team that can be trusted to execute given their atrocious track record of previously failed transactions.

### **ISS Confirms Glaring Issues with the Status Quo**

While the Concerned Shareholders strongly disagree with certain recommendations of ISS and its failure to recommend that shareholders hold DeMott and Swainson fully accountable for their egregious history of failures, the report did confirm glaring issues with conflicts of interest, the need for additional oversight, and problematic compensation and governance practices. ISS stated:

- *"...the dissident is correct in highlighting that past transactions of Australis were subject to significant conflicts of interest...some level of additional oversight seems warranted."*
- *"Shareholders are advised to vote WITHHOLD for Roger Swainson."*

- *“Vote AGAINST both equity plans due to excessive potential dilution and an excessive average burn rate. Vote AGAINST the continuance resolution as the proposed articles bundled with this resolution contain several problematic provisions.”*

While ISS incorrectly asserted that DeMott is not responsible for Australis’ precipitous share price decline, arguing that he has only been CEO for a short period of time, they neglect to recognise that DeMott has been on the board since early 2019 and oversaw and approved a litany of failures during his tenure, does not possess any relevant public company experience, and was self-appointed as CEO in haste without the Company having conducted a fulsome CEO search. **Shareholders should take note that the only differentiating factor between DeMott and Swainson is that Swainson has served on the board for only seven months more than DeMott.** Furthermore, the notion that the board has been refreshed is grossly inaccurate. Two members of Australis’ board have presided over massive shareholder destruction and the two recent appointees, Sameer Kumar and Richard Cutler, add no discernible value; neither has any public company board experience, and Cutler’s only qualification appears to be that he is a close personal friend of DeMott.

The fact remains, the case for wholesale change at Australis is compelling. Shareholders just need to look at the litany of failures which has resulted in dismal shareholder returns since Australis’ IPO just over two years ago. **A \$100 investment in Australis at the closing price on the first day of trading after the IPO would only be worth \$4.44 as of close on November 6, 2020, representing a drop of 95.6%. Whereas, that same \$100 invested in the Horizons Marijuana Life Sciences Index ETF (HMMJ) which includes a number of cannabis companies both large and small, would be worth over seven times as much money at about \$31.38 over the same period.** Not to mention that all of the major North American indices are all up over that period (TSX, NYSE, NASDAQ). This evidences that Australis was not simply the victim of market forces, but rather was the victim of poor decision making by its own board.

### **US Election Results Provide More Opportunities for the Cannabis Industry in the United States**

The Concerned Shareholders are invigorated by the recent measures legalizing cannabis across several states in the U.S. These developments significantly broaden the scope of the U.S. cannabis opportunity and the Concerned Shareholders are eager to ensure Australis is well positioned to take advantage. Voters in five states - Arizona, Mississippi, Montana, New Jersey, and South Dakota - all backed ballot measures legalizing medical or recreational marijuana, opening and expanding new market opportunities. These historic ballot passages will now add to the 44 states that allow marijuana for medical or recreational purposes. Additionally, New York State Governor Andrew Cuomo indicated he would look to legalize adult-use cannabis next year. There is renewed market optimism over the lifting of restrictions on marijuana sales across the U.S. as democrats who have a well-documented support for the legalization of cannabis, appear poised to gain control of key levers of power in the U.S. federal government.

The opportunity to build Australis into a U.S. cannabis powerhouse is strengthened by these regulatory shifts. **However, the Company needs a strong management team to execute and a responsible board of directors to oversee the strategic direction. The incumbent leadership is woefully incapable of getting the job done and has set Australis back from its peers by their continual bungling of opportunities and squandering of resources.** In contrast, the Concerned Shareholders have put forward a sound strategy and a highly qualified slate of directors carefully chosen to ensure that Australis takes advantage of the continuously expanding U.S. cannabis opportunity in a capital light and profit driven approach. The plan proposed by the Concerned Shareholders, involving limited built assets while leveraging biomass partners, will allow swift, low-cost entry to and execution in these new markets as soon as regulated sales are permitted. The opportunity has never been more abundant across the U.S. cannabis landscape, and the momentum continues to build towards further legalized access.

## Vote Your YELLOW Proxy Today to Support Positive Change

The Concerned Shareholders 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.**

We thank the many shareholders who have already voted on the YELLOW proxy in support of positive change at Australis.

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](http://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](mailto:assistance@laurelhill.com) or fax to +1-416-646-2415. Visit [www.fixaustralis.com](http://www.fixaustralis.com) for more information. The deadline to submit your YELLOW proxy is 6:00 p.m. (Mountain Time) on November 12, 2020.

If you have any questions or need assistance voting, please contact the Concerned Shareholders' shareholder communications advisor and proxy solicitation agent:

### Laurel Hill Advisory Group

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### 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](http://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.*