



Australis Appoints Financial Leadership Veteran Jon Paul as CFO, Provides Corporate Update

Brings Strong track Record in Cannabis, Consumer and Pharma Industries

New Leadership Team Continues to Execute

LAS VEGAS, NV, December 30, 2020 – Australis Capital Inc. (CSE: AUSA) (OTC: AUSA) (“AUSA” or the “Company”) today announces the Company has appointed Jon Paul as its new CFO, effective January 1, 2021. In addition, the Company provides a corporate update on the progress made in the six weeks since the new leadership team took over.

Jon Paul

Mr. Paul has approximately 40 years of senior financial experience with both public and private companies and has built a strong track record in leading hypergrowth in fast-paced businesses including the cannabis, consumer goods, wireless telecom and generic pharmaceutical industries.

Prior to joining AUSA, Mr. Paul was CFO at PLUS Products, a CSE-listed hemp and cannabis edibles company operating in California and Nevada. While at PLUS, Mr. Paul oversaw the company’s successful IPO and was a key member of the team responsible for its 15-fold increase in revenues. Previously, Mr. Paul held several senior financial roles, helping companies in a variety of sectors achieve strong growth, profitability, as well as effected a number of successful transactions and exits.

Mr. Paul holds an MBA from the Harvard Business School and a BSc in accounting from the University of Illinois, and holds or earned several financial and non-financial certificates and designations, including CPA (accounting), CMC (consulting), CM&AA (M&A) and Black Belt (sales). Mr. Paul is a frequent speaker/blogger about the cannabis industry and is well connected through his involvement in industry associations along with cannabis peer groups in ProVisors, a nationwide network of professional service advisors. Additionally, he has served on a number of boards and non-profit organizations, such as the Harvard Business School Club of Chicago, Evans Scholars Foundation, Barnabas Group, Bright Hope, and the Finance Leaders Association.

In connection with his appointment Mr. Paul has been issued 2,000,000 options with an exercise price of \$0.20 per share and a term of three years. Such options vest as to 12.5% on January 1,

2021, 12.5% on July 1, 2021, 25% on December 31, 2021, and the remaining 50% in 24 equal monthly installments on the first of every month commencing with the January 1, 2022.

Management Commentary

“Jon comes to us with a stellar track record in driving business performance across various sectors, including the U.S. cannabis industry,” stated Dr. Jason Dyck, Chairperson of AUSA’s Compensation and Nominating Committee. “With his broad experience across multiple financial disciplines, including financial reporting, M&A, capital markets, corporate financial efficiency and operations, he is the ideal candidate to take on this key role as AUSA executes on its aggressive growth strategy. I look forward to working closely with Jon as we take AUSA to the next level.”

Mr. Paul added, “What attracted me to AUSA was the renewed clear strategic focus of its leadership team and the entrepreneurial culture, aimed at building a capital-light, highly efficient MSO juggernaut. The opportunity in the U.S. cannabis industry is enormous and I believe that AUSA has what it takes to become a meaningful player in this market. Duke Fu’s successes at Green Therapeutics speak for themselves, and the new board brings a wealth of experience, connections and opportunities that I believe set the Company apart from the vast majority of its peers. I look forward to working with Duke and the rest of the AUSA team to deliver strong, profitable growth, and generate substantial shareholder value.”

CORPORATE UPDATE

The Company is also pleased to provide the following corporate update:

Dr. Duke Fu, Interim CEO of AUSA, stated, “It is our duty not only to inform our 250,000 shareholders on our progress in a timely and frequent manner, but to deliver on the promises made that resulted in overwhelming shareholder support at the annual and special meeting of shareholders held on November 17, 2020. I am pleased to share that to date we have made significant progress across a number of corporate and organizational initiatives towards transforming AUSA into the company it was always meant to be.”

The Opportunity - Strategy - Capital Light Expansion

According to Cowen & Company, U.S. legal cannabis sales have been increasing rapidly, recording year-over-year sales growth of approximately 53% in 3Q and 50% in 2Q¹. Cowen & Company further estimates that total legal cannabis sales in the U.S. will come in at around \$18 billion for 2020, and are expected to more than double to approximately \$40 billion by 2025.

¹ (Cowen & Co. - Azer, Pascarelli, Schneiderman, Vivas – Cowen’s Virtual Cannabis Conference Wrap-Up, December 7, 2020)

The November 2020 elections saw five states pass their ballot measures to legalize cannabis. Four of these states, New Jersey, Arizona, Montana and South Dakota, have now approved both medical and adult use, while one state, Mississippi, has approved medical use. Consequently, over 110 million Americans now live in jurisdictions where cannabis has been approved for adult use. Including medical only states, 233 million Americans currently live in states where cannabis has been legalized, which represents a huge potential, especially as cannabis increasingly is destigmatized, fueling the engine driving continued market growth.

Growth in the legal cannabis sector, to a large degree, depends on the rate by which consumers migrate from the grey to the legal markets. The opportunity in the eastern U.S is arguably larger than the west coast opportunity. Historically, the east coast was supplied by the grey market from U.S. west states and the Canadian province of British Columbia. With an increasing number of eastern states adopting cannabis legalization, this supply will have to be replaced with legal growers. Consequently, as the eastern U.S. has far fewer legal growers than the western U.S., the opportunity there for each market participant, arguably, is significantly larger than in the west.

Target markets

The Company's leadership team is assessing individual jurisdictions on their attractiveness along parameters such as legal framework (e.g. are foreign investments allowed, what degree of vertical integration is permitted, are license limits capped), entry requirements (e.g. investment level, regulatory parameters), expected market size, etc. The Company has identified a number of opportunities that meet our strategic criteria, and the due diligence process is in full swing with respect to these opportunities.

Dr. Fu commented, "Nevada is a market we particularly like due to its capped regime, permissibility of public company ownership, huge influx of tourism and other local market dynamics. We have multiple other states on our radar screen, with a clear focus on the east coast, while certain west coast markets have passed our litmus test also. At the end of the day, return on investment and profitability will determine what decisions the Company makes. We are well positioned to execute on this strategy, are advancing on our entry into multiple jurisdictions, and we look forward to updating our shareholders early in the new year on our progress."

Leadership – Rationalized Team and Reduced Burn

The leadership transition, following the November 17, 2020 annual and special meeting of shareholders and the exit of some of the prior leadership team, has been smooth. To date, the new board has held no less than 10 board and committee meetings since the November 17, 2020

transition and many more informal discussions, a clear indication of very active and rapid board involvement to support management.

Requirements for the composition of AUSA's C-Suite team have been determined. It was concluded that short-term a rationalized team consisting of a CEO, CFO and COO will suffice for the efficient execution on the Company's near-term strategy, allowing the Company to significantly reduce corporate overhead.

- CEO
 - A shortlist for a permanent CEO has been compiled, and interviews were conducted with all candidates. Negotiations with the leading candidate have commenced and the Company expects to announce the appointment of a permanent CEO early in the new year.
- CFO
 - As announced in today's release, Jon Paul was appointed CFO, effective immediately
- COO
 - Management, board and consultants have a comprehensive plan for operations and will complete negotiations with the preferred candidate in tandem with the CEO appointment.

Strategic review

AUSA is close to completing an initial strategic review of the Company's assets, which is expected to inform and direct the new leadership team once finalized. The investments and agreements in relation to Cocoon and Passport were reviewed, and board and management are developing strategies to maximize shareholder value.

Dr. Fu, continued, "The Company is reviewing prior arrangements made in relation to Passport and will report on this as we move forward. Other assets, such as our investments in Body and Mind ("BAMM"), and the assets acquired from Green Therapeutics, provide a closer fit with our strategy and objectives, and we are exploring potential synergies through closer collaboration and mutual support."

Execution - Transactions

As was communicated previously, AUSA has been in active discussions with various potential transaction partners. Adhering to strict governance and due diligence processes, a number of potential transactions have been analyzed and deemed potentially accretive. Consequently, negotiations have advanced to the next level, and management anticipates being in a position to make material announcements early in the new year.

Green Therapeutics LLC

As announced in the Company's December 7, 2020, press release, a special board committee was formed to deal with the litigation concerning Green Therapeutics LLC. The special committee has engaged with the principals of Green Therapeutics in settlement discussions and is confident that rather than advancing the current litigation, a mutually beneficial settlement is possible. As Dr. Duke Fu, AUSA's Interim CEO, is also CEO of Green Therapeutics, he has recused himself from all AUSA discussions on this matter as well as the decision-making process.

Hanoz Kapadia, Chairman of the special committee, commented, "We are confident that we will be able to deliver a solution that is beneficial to shareholders of both companies. Our discussions with the Green Therapeutics team have been positive and are moving towards a strategic and collaborative resolution. We anticipate being able to further update shareholders early in the new year."

BAMM

AUSA holds a 17% ownership interest in BAMM, an award-winning multi-state operator in the U.S. cannabis sector. Fiscal 2020 was a transformational growth year for BAMM as the company opened new operations across multiple states, achieved record revenues, introduced new proprietary strains and expanded its BAMM branded product portfolio.

Highlights:

- For the fiscal year ended July 31, 2020, BAMM achieved record system wide managed revenue of \$17.66 million, with consolidated revenues of \$6.2 million. Q4 consolidated revenues of \$2.2 million increased by 106% sequentially over Q3 2020.
- BAMM recently received a distribution license in Nevada, which enables the company to deliver BAMM branded products, as well as contract manufactured products, directly to its vendors, while reducing costs and increasing margins.
- BAMM was awarded "Best Dispensary in Arkansas" by Ark420.com.
- Driving further growth, BAMM will be offering its award-winning portfolio of products in Ohio and Arkansas in the new year as new facilities come online.

Dr. Fu commented, "We congratulate BAMM on its record revenues and strong execution. We are pleased with our positive and constructive dialogue with BAMM. Going forward, we intend jointly to explore additional synergies and growth opportunities with BAMM."

Michael Mills, President and CEO of BMM, added, “We welcome the new board at AUSA who clearly share our excitement about the opportunity in the rapidly expanding U.S. cannabis market. Both companies offer premium products, a category in which demand continues to outpace supply. Body and Mind and the AUSA brands are approachable with broadly appealing product portfolios and significant market penetration. The new board at AUSA brings a strong mix of cannabis and capital market experience at a time when the industry is experiencing unprecedented growth and legislative advances. We look forward to working with the new C-Suite and the team at AUSA to expand our opportunities and will inform our shareholders as we achieve new milestones along this journey.”

View the Body and Mind video at:

https://www.youtube.com/watch?v=x4Kv0IspqY&list=PLpvtfnO6zJVIINtW_tLr3aeIuOpYqJmUR&index=3

Conclusion

Dr. Fu concluded, “While we have only been at the helm of AUSA for six weeks, much has been accomplished and we are well positioned to hit the ground running in the new year. Shareholders can expect a reenergized AUSA that is executing rapidly towards becoming the company it was always meant to be: a rapidly growing and profitable MSO.”

About Australis Capital Inc.

AUSA is a cannabis company focused on implementing an aggressive growth strategy based on a capital-light approach towards the establishment of a highly competitive and profitable MSO in the U.S. and global cannabis markets. AUSA's business lines and assets include investments in Cocoon, Body and Mind Inc., Green Therapeutics LLC, Quality Green, Folium Biosciences, and land assets in Washington.

The Company's common shares trade on the CSE under the symbol "AUSA" and on the OTCQB under the symbol "AUSAF".

For further information about AUSA, contact the Company by e-mail at ir@ausa-corp.com.

“Dr. Duke Fu”

Dr. Duke Fu
Interim Chief Executive Officer

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Forward-Looking Statement

This press release contains “forward-looking information” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein is forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. In particular, this press release contains forward-looking information in relation to: the timing and potential results of the strategic review of current assets, relationships, internal operations and contractual arrangements; the timing of officer appointments and implementation of other organizational changes; the timing and results of negotiations with potential partners and investment targets; execution on the Company's plans to deliver growth and profitability; generating greater value from the current assets; the impact of the changes to U.S. federal and state developments with respect to the cannabis industry and the opportunities this may present for the Company; and the Company's current liquidity. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: the ability of the Company to successfully complete negotiations with potential partners and investment targets; the ability of the Company to complete its review of potential officer candidates in a timely fashion; legal changes relating to the cannabis industry proceeding as anticipated; and the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global

recession; and a deterioration of financial markets that could limit the Company's ability to obtain external financing.

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

The CSE has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accept responsibility for the adequacy or accuracy of this release.

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