



# Australis and 3 Rivers Biotech Enter into Tissue Culture Joint Venture

*JV Focused on Commercialization of IP for Commercial Scale Tissue Culture for Cannabis, Hemp and Traditional Crops*

*JV Also Provides Access to other Commercial Ready, Breakthrough Innovations in Pest Control, Pathogen Testing and Genetic Fingerprinting*

LAS VEGAS, March 3, 2021 /CNW/ - Australis Capital Inc. (CSE: AUSA) (OTC: AUSA) ("AUSA" or the "Company") today announced that the Company has entered into a binding terms sheet concerning a joint venture (JV) partnership with 3 Rivers Biotech Inc. ("3 Rivers"), a leading agricultural technology company specialised in commercial scale micropropagation, or plant tissue culture (PTC), for cannabis, hemp and traditional crops.

## The JV

Under the terms of the agreement, AUSA and 3 Rivers will own 15% and 85% of the JV, respectively. The intent of the JV is to jointly market the 3 Rivers' offerings to growers. Through the JV, 3 Rivers will provide access to its IP and innovative services, products and solutions to AUSA sourced clients. These innovations include all current 3 Rivers offerings as well as access to future products such as PTC-based auto-flowering genetics, which provides a clonal hemp or cannabis plant that will flower independent of day length. This is a potential game changer for outdoor growers. AUSA will contribute sales and marketing capabilities and, through its deep industry network, the ability to generate new opportunities.

## The Opportunity

With over 1,000 cannabis companies, close to 600,000 acres planted with hemp in North America and Europe alone (representing approximately 1.1 billion plants)<sup>1</sup>, as well as 1.3 million acres<sup>2</sup> (~56.6 billion square feet) of global greenhouse vegetable area, the opportunity for 3 Rivers is very substantial (these numbers leave out greenhouse production of fruit). Through its innovative offerings and in particular its nearly peerless capabilities in cannabis and hemp, the company is exceptionally well positioned to deliver significant growth. The joint venture with AUSA will generate mutual benefits through increased access to marketing channels addressing the various markets both AUSA and 3 Rivers operate in.

<sup>1</sup><https://hempindustrydaily.com/2020-outlook-licensed-u-s-hemp-acreage-falls-9-from-2019-but-grower-numbers-increase-27>. Total plant number arrived at by estimating one acre on average will have 2,000 plants.

<sup>2</sup><https://www.producegrower.com/article/cuesta-roble-2019-global-greenhouse-statistics>

## Advantages of PTC

PTC entails growing a plant from a small number of cells, rather than from seeds or clones, under strictly controlled sterile conditions in a nutrient medium. PTC has numerous benefits with a significant positive impact on growers' economic returns:

- **Increased facility ROI through true Generation Zero plantlets:** PTC delivers disease-free starting material, increasing vigor (faster and healthier growth), and improved metabolite (cannabinoid or terpene) expression (greater product quality), increasing the economic return of a facility
- **Increased facility efficiencies:** when adopting PTC, a cultivator no longer requires a mother room, thereby freeing up licensed space for flowering of commercially valuable crop, increasing a facility's yield
- **Risk Mitigation**
  - **Reduced risk of crop failure** due to pathogen infestation
  - **100% feminized stock** avoids risk of rogue male plants, which can destroy an entire harvest
  - **100% traceability** of inputs, genetics, and biomass reduces compliance risks
  - **Reduced chance of failing strict pesticide testing** with clean, laboratory-produced plants
- **Ability to remove pathogens from existing cultivars:** producing 'clean' plantlets, enhancing yield and quality of a new crop
- **Preservation of Rare or Endangered Species**
- **Accelerated Propagation Once a Plant is in Tissue Culture**
- **Improved Logistics**
- **Shortened Breeding Cycle:** accelerated amelioration & genetic variability
- **Improved Harvest Timing:** reducing labor requirements

## The 3 Rivers Offering

3 Rivers Biotech is a plant biotechnology company specializing in commercial scale plant tissue culture for cannabis, hemp and

traditional crops to provide premium pathogen-free, pesticide-free, vigorous plants to cultivators and late-stage nurseries across the United States and Internationally. The 3 Rivers products and services include:

- Supply of micropropagation derived genetics, disease free Generation Zero plantlets for cannabis, hemp and other traditional crops (fruits, flowers, ornamentals, vegetables, etc.)
- Ongoing PTC facility management and medium supply services
- Clean-up of existing genetics: delivering a new generation of disease-free plantlets to growers
- Storage of rare and valuable cultivars: genetics are the core property based on which growers generate revenues and establish brands. Genetics are therefore exceptionally valuable and safeguarding these is of great importance. PTC enables the indefinite preservation of these genetics.
- Genetic fingerprinting: ensuring traceability and IP protection
- Pathogen testing: screening for all predatory viruses, fungi, and oomycetes
- Technology Transfer:
  - 3 Rivers has developed a production ready, prefabricated PTC lab, capable of producing up to 500,000 plantlets per year, the so-called InstaLab. These InstaLabs, which can be shipped anywhere in the world, greatly accelerate a company's ability to implement PTC at commercial scale
  - 3 Rivers also designs and develops PTC production as part of a retrofit of existing facilities, or integrated into the design of new facilities

Further innovations around Integrated Pest Management and the delivery of PTC-stable autoflowering varieties, on which the company has a provisional patent, are under development.

### **Management Commentary**

Dr. Duke Fu, Interim CEO of AUSA, stated, "We believe this new partnership will set the standard for science-based micropropagation, and be accretive to AUSA's results. Being able to offer the propagation of cannabis through tissue culture at commercially viable scale is something that many companies and scientists have attempted, but that very few, if any, have managed to accomplish. This makes the 3 Rivers capabilities unique. The JV provides AUSA with access to an expanded portfolio of extremely valuable IP. We also believe this will strengthen our ability to execute on our capital-light strategy. For instance, being able to offer cultivation partners with PTC reduces the need for our cultivars to take up space in their facilities' mother rooms, increasing the yield of any given facility. This JV further cements AUSA's position as an authentic differentiator by offering a unique value add service that is exceptionally difficult to replicate."

Robert Allen, CEO of 3 Rivers, added: "This partnership is transformative to 3 Rivers. By teaming up with AUSA, we believe we will be able to access new sales and marketing channels and rapidly expand our global footprint for PTC of cannabis, hemp and traditional crops. The JV accelerates our ability to bring our commercially focused innovations to market by gaining access to a deep industry network of industry leaders and operators, and help establish 3 Rivers as the leading company in this exciting and economically rewarding field."

### **About 3 Rivers**

3 Rivers is operational in Canada and Washington State, and is expanding into California and other jurisdictions. Its Washington cannabis operations, serving the local market, are at capacity and the company is in the process of expanding its in-state capacity. Its California operations anticipate internal, partner driven demand to grow to approximately 4-5 million plantlets in the coming years, with further growth coming through external sales.

Through its partnership with JRT Nurseries and its large-scale Mount Vernon tissue culture facility, 3 Rivers has the ability to scale and ship plants globally. This facility is one of the largest and most reputable plant tissue culture nurseries in North America, capable of producing over 12+ million plants annually. The Mount Vernon facility will be leveraged to service global markets for micro-propagated traditional crops, such as soft fruits and vegetables.

3 Rivers eliminates the risks and variables of commercial cultivation by providing its customers with stable genetics and vigorous, disease-free clones. The deeply experienced 3 Rivers team, with over 50 million plants supplied and counting, has been focused on perfecting plant propagation for decades. The unique combination of commercial scale PTC for cannabis, science-based R&D on applications with a rapid time to market and broad service offering have resulted in 3 Rivers rapidly expanding into becoming a world leader in its field.

### **About AUSA**

AUSA is implementing a growth strategy towards establishing a highly competitive and profitable MSO in the U.S. and global cannabis markets. AUSA's business and assets include investments in Cocoon, Body and Mind Inc., Quality Green, Folium Biosciences, and land assets in Washington and Michigan. AUSA is currently working towards the closing of a transaction whereby it will acquire 51% of ALPS, the world's premier design, construction management, commissioning and post commissioning consultancy for horticultural crops, such as cannabis, fruits, vegetables, mushrooms and algae. If completed, the Company will also hold an option for the acquisition of the remaining 49% of ALPS. AUSA is also working towards completing the acquisition of Green Therapeutics LLC, an award-winning MSO with operations in Nevada, Missouri and Oklahoma. Through GT and ALPS, the Company believes it will be able to secure low-cost access to cannabis biomass to fuel the scale up of its award-winning brands across the U.S. and global cannabis markets.

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

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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 the joint venture between AUSA and 3 Rivers closing and the ability to operate and execute; the timing and ability to close the proposed transactions with GT and ALPS; the anticipated development of the GT and ALPS businesses; the ability of the Company to execute on its strategy to establish a low capex model MSO; 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. 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 satisfy the conditions to closing the ALPS and GT transactions; the ability of management of ALPS, GT and the Company to successfully execute on their respective business plans; 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.*

*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](http://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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