

## FORM 51-102F3

### MATERIAL CHANGE REPORT

#### Item 1 Name and Address of Company

Australis Capital Inc. (the “Company”)  
5898 Azura Palms Avenue  
Las Vegas, Nevada  
89139 USA

#### Item 2 Date of Material Change

February 21, 2023

#### Item 3 News Release

A news release dated February 27, 2023 was disseminated through the facilities of Stockwatch and subsequently filed on SEDAR under the Company’s profile at [www.sedar.com](http://www.sedar.com).

#### Item 4 Summary of Material Change

On February 27, 2023, the Company announced closing, effective February 21, 2023 (the “**Closing Date**”), of the sale of substantially all of the Company’s assets used or held for use for the Company’s business of facility design, construction management and (post) commissioning services to the horticultural sector conducted through its majority interest in 2750176 Ontario Inc. (“**ALPS**”), on the terms and subject to the conditions set out in the Purchase Agreement (as defined below) (the “**Transaction**”).

#### Item 5 Full Description of Material Change

The Transaction was effected under the terms and conditions of an asset purchase agreement, dated, February 3, 2023, (the “**Purchase Agreement**”) among the Company, LOLA Ventures Inc. (“**Lola**”), Terry Booth, Thomas Larssen (“**Thomas**”), CEAD Holdings Inc. (the “**Purchaser**”), 2750176 Ontario Inc. (“**275**”), ALPS Empco Inc. (“**Empco**”), Larssen Ltd. (“**Larssen**”), ALPS B.V. (“**Alps BV**”), ALPS USA Inc. (“**Alps US**”), ALPS, Larssen GC Ltd. (“**Larssen GC**”), and APIS Inc. (“**APIS**” and together with 275, Empco, Larssen, Alps BV, Alps US, ALPS and Larssen GC, collectively, the “**Vendors**”), whereby the Vendors sold all of the Vendors’ respective rights, title and interest in all of the assets, properties and rights in connection with the business of the Vendors’ (the “**Purchased Assets**”) for an aggregate purchase price of \$6,251,400 (the “**Purchase Price**”).

The Purchase Price was satisfied by (i) cash payment by the Purchaser in the amount of \$1 million (the “**Closing Cash Payment**”) received by the Company on the Closing Date, (ii) the assignment and assumption by the Purchaser of accrued and unpaid bonuses of certain Vendor employees, and (iii) a promissory note payable by the Purchaser in the amount of \$4,277,572 (the “**Promissory Note**”) bearing no interest for 90 days following the Closing Date and 7.5% per annum thereafter,

calculated monthly until paid in full with mandatory monthly payments of \$250,000 if the Promissory Note remains unpaid 180 days following the Closing Date, subject to certain adjustments and set-offs in accordance with the Purchase Agreement.

The Purchase Agreement contains customary representations and warranties, covenants and indemnification provisions for a transaction of this nature, including representations and warranties relating to organization, corporate power and authority and execution and binding obligation and mutual confidentiality, non-disclosure and non-disparagement obligations.

Completion of the Transaction was subject to a number of closing conditions customary for a transaction of this nature, including, without limitation, regulatory, governmental and third-party approvals. In addition, the Vendors, the Company and Lola delivered an undertaking to Thomas to repay Thomas (i) an indemnity holdback amount of \$850,000 which remains outstanding under the share purchase agreement, dated February 23, 2021, among the Company, Thomas and Lola and (ii) a working capital loan of \$575,000, \$175,000 of which is to be set-off against the Promissory Note, with the remaining balance to be repaid in equal monthly installments of \$25,000 commencing January 1, 2024.

Pursuant to the terms of the Purchase Agreement, the Company and the Purchaser have entered into services agreements whereby the Company will continue to have access to the services and intellectual property owned by the Purchaser, with the Purchaser providing ongoing services to the Company related to the development of new assets in cannabis production and for the projects the Company is developing in New Jersey, U.S.A, and New York, U.S.A. (collectively, the “**US Projects**”). With the US Projects set in motion prior to the Transaction being contemplated, the Company anticipates receipt of a significant discount with respect to engineering, design, construction and commissioning of the US Projects.

The description of the terms of the Purchaser Agreement herein does not purport to be complete and is qualified in its entirety by the terms of the Purchase Agreement. A copy of the Purchase Agreement has been filed with the Canadian securities regulatory authorities and is available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

**Item 5.2 Disclosure for Restructuring Transactions**

Not applicable.

**Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7 Omitted Information**

Not applicable.

**Item 8 Executive Officer**

Terry Booth  
Chief Executive Officer  
Tel: 800-898-0648

**Item 9            Date of Report**

March 3, 2023