



**AUSTRALIS CAPITAL AND FOLIUM BIOSCIENCES AGREE TO MERGER TO
CREATE A PUBLICLY HELD VERTICALLY INTEGRATED PRODUCER OF NON-
PSYCHOACTIVE CANNABINOIDS**

Las Vegas, NV, December 11, 2019 – Australis Capital Inc. (CSE: AUSA) (OTC: AUSA) (the “**Company**” or “**AUSA**”) is pleased to announce it has entered into an agreement and plan of merger by and among AUSA, Folium Equity Holding LLC (“**Folium**”), and Folium Merger Sub, LLC, a newly formed and wholly-owned Colorado subsidiary of AUSA, (“**Merger Sub**”) pursuant to which AUSA will acquire (the “**Proposed Transaction**”) all of the outstanding Folium membership units not already owned by AUSA. The agreement was signed on December 10, 2019. The Proposed Transaction will be completed by way of a merger between Folium and Merger Sub, and Folium will become a wholly owned subsidiary of AUSA. AUSA will be rebranded as Folium Biosciences (the “**Resulting Issuer**”) prior to the Proposed Transaction and will carry on the current business of Folium.

“AUSA made a strategic investment in Folium almost a year ago after spending six months getting to know Kashif, his exceptional team, and their unparalleled proprietary ecosystem all supported by significant due diligence on the non-psychoactive cannabinoid space in the U.S. and abroad,” states Scott Dowty, CEO of AUSA. “AUSA is uniquely positioned to add immediate and material value to Folium with a management team with combined decades of experience in public companies to guide Folium as the newly-legal CBD market in the U.S. continues to grow. Folium’s core tenants of quality, science, scale, and innovation—coupled with its broad customer base, long runway of product innovation, operating history, minimal debt structure, and opportunities to further grow the business organically and through M&A—makes this an exciting and unique opportunity for AUSA stakeholders.”

Founded in 2014, Folium has grown into a substantial vertically integrated B2B producer, manufacturer, and distributor of broad-spectrum hemp-derived non-psychoactive cannabinoids in North America. Folium’s proprietary processes and infrastructure deliver high-quality products to diverse industries across the United States and to 27 countries. Folium is on track to achieve in excess of 60% sales growth in 2019 and expects continued growth with a new purpose-built extraction facility, which is anticipated to come online in early 2020 and deliver approximately ten times Folium’s current extraction capacity. Folium has invested heavily in producing broad-spectrum hemp oil in its most natural form through an innovative extraction and purification process. Most importantly, Folium Bioscience has achieved this growth while being profitable from year one. Additional information concerning Folium, including financial information and costs associated with the construction of Folium’s new purpose-built extraction facility, will be contained in AUSA’s management information circular to be prepared in connection with the meeting of AUSA shareholders.

“Folium is truly unique in that our exponential growth has been all organic and funded through our sales which has enabled us to demonstrate a track record of consistent profitability,” says Kashif Shan, CEO and Co-Founder of Folium Biosciences. “Now, with access to the public markets and the strategic addition of key seasoned management personnel experienced in operating a public company, we are positioned to navigate to the next level of success in concert with the existing leadership team here at Folium.”

Folium's existing management team has over 100 years of collective experience in consumer products, food, and pharmaceuticals, with an overall team of 242 employees. With this experience, Folium drives innovation in cannabinoid research, development, and extraction. Folium's goal is to exceed the standards for analytical test methodology with a full suite of testing at every step of the process.

The common shares of AUSA were halted from trading on the Canadian Securities Exchange ("CSE") effective December 11, 2019, in connection with the Proposed Transaction and are not expected to recommence trading on the CSE until the filing of the management information circular for the associated meeting and the completion of all filings with the CSE.

Upon completion of the Proposed Transaction, the members of Folium will exchange their units for common shares of AUSA such that current shareholders of AUSA will hold approximately 11% of the Resulting Issuer shares and current members of Folium will hold approximately 89% of the Resulting Issuer shares, resulting in a reverse takeover of AUSA. In addition, it is contemplated that prior to completion of the Proposed Transaction, AUSA will re-incorporate under the laws of the State of Delaware.

The Proposed Transaction is anticipated to constitute a fundamental change in accordance with the policies of the CSE, and as such, approval of AUSA Shareholders and CSE will be required. AUSA will seek shareholder approval for the Proposed Transaction, the Delaware re-incorporation, a reverse stock split, and certain ancillary matters at a special meeting of AUSA shareholders at a date to be determined. A copy of the merger agreement and the management information circular prepared in connection with this meeting will be available on AUSA's profile on SEDAR at www.sedar.com.

In connection with the Proposed Transaction, and also in order to avoid being classified as an investment company under the U.S. Investment Company Act of 1940 (the "**Investment Act**"), the Company intends to divest of certain investment assets prior to the completion of the Proposed Transaction. Among other measures and subject to certain exceptions, a company is deemed an investment company if it engages in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets. AUSA's board has adopted a resolution to take advantage of a safe harbor under the Investment Act that provides the company a window of time to divest some of its investment securities to satisfy the 40% standard. AUSA believes that coming into compliance with the 40% standard will enable the company to avoid application of the costly and restrictive registration and other provisions of the Investment Act.

Details of the companies' activities to date can be found on the websites: AUSA-Corp.com and FoliumBiosciences.com.

About Folium

Folium Biosciences, headquartered in Colorado Springs, Colorado, is a vertically integrated B2B producer, manufacturer, and distributor of hemp-derived non-psychoactive cannabinoids. Built on the core tenants of quality, science, scale, and innovation, Folium Biosciences controls all aspects of the supply chain from genetics and extraction to bulk and finished products. Folium Biosciences' team of scientists, chemists, engineers, and committed professionals deliver the finest hemp-derived non-psychoactive cannabinoids products on earth through a proprietary process,

guaranteeing a THC content of 0.0%. Folium Biosciences was the world's first Hemp company to be issued a Certificate of Free Sale and a Manufactured Food Establishment License by the Colorado Department of Public Health and Environment and leads the industry in regulatory compliance and governance.

About Australis Capital Inc.

Australis Capital Inc. (AUSA) operates and builds transformative, differentiated companies—primarily in the United States—in the highly-regulated, fragmented, and rapidly expanding cannabis industry. AUSA adheres to stringent evaluation and operating criteria, focusing on high-quality opportunities while maintaining a steadfast commitment to governance and community. AUSA's Board and management team have material experience with the U.S. cannabis space and extensive backgrounds in highly regulated industries and regulatory compliance. AUSA operating and portfolio assets include Rthm Technologies Inc., Body and Mind Inc., Quality Green Inc., Folium Biosciences, Mr. Natural Inc., Green Therapeutics, LLC., and Cocoon Technology LLC.

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

For further information about AUSA, please visit the website at ausa-corp.com or contact the company by email at ir@ausa-corp.com.

ON BEHALF OF THE BOARD OF DIRECTORS

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Completion of the Proposed Transaction is subject to a number of conditions. Where applicable, the Proposed Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Proposed Transaction will be completed as proposed or at all. The completion of the Proposed Transaction remains subject to a number of terms and conditions customary for transactions of this nature, including approval of the CSE, the approval of the AUSA shareholders and Folium members, completion of the audit of Folium's financial statements, and receipt of all other consents and regulatory approvals required in connection with the Proposed Transaction.

All information contained in this news release with respect to Australis and Folium was supplied by the parties, respectively, for inclusion herein, and each parties' directors and officers have relied on each other for any information concerning such party.

This news release contains forward-looking statements relating to the timing and completion of the Proposed Transaction, the future operations of the Australis, Folium, and the Resulting Issuer, the re-incorporation of Australis, the sale of investment securities by Australis, and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact, included in this release are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the expectations of Australis and Folium include the failure to satisfy the conditions to completion of the Proposed Transaction set forth above and other risks detailed from time to time in the filings made by the Australis, Folium and the Resulting Issuer under securities regulations.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Australis, Folium and the Resulting Issuer. As a result, Australis, Folium and the Resulting Issuer cannot guarantee that the Proposed Transaction will be completed on the terms and within the time disclosed herein or at all. The reader is cautioned not to place undue reliance on any forward-looking information. 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 statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Australis, Folium and the Resulting Issuer will update or revise publicly any of the included forward-looking statements as expressly required by Canadian securities law.