



NEWS RELEASE

UPDATE ON NESTA HOLDING CO. LTD.'S HOLDINGS OF AUXLY CANNABIS GROUP INC.

September 20, 2018 – (Toronto, ON) - Nesta Holding Co. Ltd. (“**Nesta**”) and Charles Rifici (“**Rifici**”) announced today that it filed on SEDAR (www.sedar.com) an updated early warning report (the “**Early Warning Report**”) with respect to common shares (“**Shares**”), common share purchase warrants (“**Warrants**”) and options (“**Options**”) of Auxly Cannabis Group Inc. (the “**Issuer**”).

The Early Warning Report sets out the details of various transactions completed by Nesta involving securities of the Issuer, which resulted in Nesta’s securityholding percentage of the Issuer falling below 10% as of November 1, 2017. Most recently, on September 7, 2018 Nesta entered into a loan transaction (the “**Loan**”) with a lender (the “**Lender**”) pursuant to which 28,719,703 Shares of the Issuer are to be pledged as collateral for a limited recourse loan of funds equal to 66% of the fair market value of the Shares of the Issuer as of the date of the Loan. The 28,719,703 Shares are to be held by the Lender to be available for stock loan transactions through the Lender. The 28,719,703 Shares will be pledged to the Lender in two tranches: 12,000,000 Shares comprise the first tranche and were pledged as of September 13, 2018, and 16,719,703 Shares comprise the second tranche. Nesta shall pay interest on the Loan calculated at fixed interest rate per annum of 2.75% and the Loan has a three year term. If the Loan and all other obligations to the Lender are not paid when due, the pledged Shares may be forfeited.

On November 1, 2017, Nesta’s ownership of securities of the Issuer decreased to below 10% of the issued and outstanding Shares of the Issuer. Since March 21, 2017, Rifici has acquired and disposed of Shares held by him directly or indirectly and, as such, the number of Shares and his securityholding percentage has fluctuated. At no point since January 15, 2018 has Rifici acquired, or had control or direction over, 10% or more of the outstanding Shares of the Issuer.

All purchases and sales of Shares by Nesta and Rifici were completed through the facilities of the TSX Venture Exchange or pursuant to loan transactions not completed on the Exchange. The transactions on the Exchange were purchased or sold at the prices ranging from \$0.94688 to \$1.00. The Warrants were exercised at their exercise prices of \$0.0230 and \$1.50. The principal amount of the Loan is \$10,454,400.

As of the date hereof, Nesta holds 16,719,703 Shares representing approximately 2.88% of the total issued and outstanding Shares based on 579,596,580 Shares issued and outstanding and has delivered 12,000,000 Shares to be pledged pursuant to the Loan. Nesta holds zero Warrants representing 0% of the Warrants outstanding based on 108,836,335 Warrants outstanding.

As of the date hereof, Rifici, other than through Nesta, directly or indirectly holds or controls 14,312,908 Shares representing approximately 2.47% of the total issued and outstanding Shares based on 579,596,580 Shares issued and outstanding. Rifici holds zero Warrants representing 0% of the Warrants outstanding based on 108,836,335 Warrants outstanding and 3,167,149 Options. Rifici holds approximately 3.0% of the outstanding Shares of the Issuer, on a partially diluted basis.

As of the date hereof, Nesta and Rifici together hold and have control and direction over, in the aggregate, approximately 5.868% of the outstanding Shares on a partially diluted basis.

Nesta and Rifici hold the securities of the Issuer for investment purposes only.

A copy of the Early Warning Report will appear with the Issuer's documents on SEDAR and may be obtained upon request from Nesta Holding Co. Ltd., 950 Gladstone Ave - Suite 200, Ottawa ON K1Y 3E6, Attention: Tammie Brown (Phone: 613-239-0531 ext 103).