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Auxly Announces Closing of \$13.8 Million Bought-Deal Public Offering, Including Full Exercise of the Over-Allotment Option

TORONTO, ON – December 15, 2020 – Auxly Cannabis Group Inc. (“**Auxly**” or the “**Company**”) (TSXV: XLY) (OTCQX: CBWTF) is pleased to announce the closing of its bought deal short form prospectus offering pursuant to which the Company issued 46,000,000 units of the Company (the “**Units**”) at a price of \$0.30 per Unit for gross proceeds to the Company of \$13,800,000 (the “**Offering**”), including the full exercise of the over-allotment option.

The Offering was led by Mackie Research Capital Corporation as sole underwriter and sole bookrunner.

Each Unit is comprised of one common share of the Company (each a “**Common Share**”) and one-half of one Common Share purchase warrant of the Company (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.40 at any time up to 36 months from closing of the Offering.

The net proceeds from the Offering will be used for working capital and other purposes as described in the prospectus of the Company dated December 10, 2020 prepared in connection with the Offering.

No securities regulatory authority has either approved or disapproved of the contents of this news release. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This news release is not an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to qualification or registration under the securities laws of such jurisdiction. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and such securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from U.S. registration requirements and applicable U.S. state securities laws.

ON BEHALF OF THE BOARD

“Hugo Alves” CEO

About Auxly Cannabis Group Inc. (TSX.V: XLY)

Auxly is an international cannabis company dedicated to bringing innovative, effective, and high-quality cannabis products to the medical, wellness and adult-use markets. Auxly's experienced team of industry first-movers and enterprising visionaries have secured a diversified supply of raw cannabis, strong clinical,

scientific and operating capabilities and leading research and development infrastructure in order to create trusted products and brands in an expanding global market.

Learn more at www.auxly.com and stay up to date at Twitter: @AuxlyGroup; Instagram: @auxlygroup; Facebook: @auxlygroup; LinkedIn: company/auxlygroup/.

Investor Relations:

For investor enquiries please contact our Investor Relations Team:

Email: IR@auxly.com

Phone: 1.833.695.2414

Media Enquiries (only):

For media enquiries or to set up an interview please contact:

Email: press@auxly.com

Notice Regarding Forward Looking Information:

This news release contains certain "forward-looking information" within the meaning of applicable Canadian securities law. Forward-looking information is frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or information that certain events or conditions "may" or "will" occur. This information is only a prediction. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking information throughout this news release. In particular, this news release contains forward-looking statements pertaining to expected use of proceeds for the Offering, future legislative and regulatory developments involving cannabis and cannabis products; and competition and other risks affecting Auxly in particular and the cannabis industry generally.

A number of factors could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information included in this release including, but not limited to: general economic, financial market, legislative, regulatory, competitive and political conditions in which Auxly operates will remain the same. Additional risk factors are disclosed in the annual information form of Auxly for the financial year ended December 31, 2019 dated May 13, 2020.

New factors emerge from time to time, and it is not possible for management to predict all of those factors or to assess in advance the impact of each such factor on Auxly's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information. The forward-looking information in this news release is based on information currently available and what management believes are reasonable assumptions. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such forward-looking information may not be appropriate for any other purpose. Readers should not place undue reliance on forward-looking information contained in this news release

The forward-looking information contained in this release is expressly qualified by the foregoing cautionary statements and is made as of the date of this release. Except as may be required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.