

Augusta Industries Announces Proposed Spin-Out Transaction

Toronto, Ontario--(Newsfile Corp. - September 28, 2017) - Augusta Industries Inc. (TSXV: AAO) (the "Corporation") is pleased to announce that it has entered into an amalgamation agreement dated September 27, 2017 (the "Agreement") with Sensor Technologies Inc. ("Sensor"). Pursuant to the Agreement, Sensor has agreed to purchase all of the issued and outstanding securities (the "Spin-Out Transaction") in the capital of Fox-Tek Canada Inc. ("Fox-Tek") for an aggregate purchase price of \$25 million (the "Purchase Price"). The Purchase Price will be satisfied through the issuance of an aggregate 50 million common shares (the "Sensor Shares") to the Corporation. It is the intention of the Corporation to distribute the Sensor Shares, on a pro rata basis, to its shareholders.

The Corporation would also like to announce that Sensor will undertake a private placement of subscription receipts at a price of \$0.50 for aggregate gross proceeds of \$3,500,000. If the sale of Fox-Tek is completed, the aggregate gross proceeds of the subscription receipt private placement will be used as working capital for Sensor.

Sensor is a private Ontario company which was incorporated solely to complete the proposed transaction and as such does not have any financial statements. Sensor is a non-arm's length party as the sole director, officer and shareholder of Sensor is Jay Vieira, a director of the Corporation. Pursuant to applicable securities law the Spin-Out Transaction will be subject to the approval of disinterested shareholders of the Corporation. Mr. Vieira does not own any common shares in the capital of the Corporation and as such will not be receiving any benefit from the Spin-Out Transaction. The current issued and outstanding shares of Sensor is 100 common share, which will be cancelled on the completion of the Spin-Out Transaction. Upon completion of the Spin-Out Transaction, the Sensor Shares will represent all of the issued and outstanding securities of Sensor.

"I am very pleased to announce this Spin-Out Transaction," said Allen Lone, Chief Executive Officer of the Corporation. "Through the sale of Fox-Tek to Sensor, the Corporation is creating a stand-alone public company which has proven technology and approximately \$3,500,000 in working capital provided that Sensor completes its proposed private placement. This will give the Corporation's shareholders an interest in two separate standalone companies while allowing the Corporation to focus on its core business of industrial contracting services to various United States government entities and the oil and gas market."

The Spin-Out Transaction

Shareholders of the Corporation will be asked to vote on the plan of arrangement pertaining to the Spin-Out Transaction at a special meeting of shareholders to be called by the Corporation at a date to be determined by the directors of the Corporation. The proposal to be presented to shareholders would result in the sale of Fox-Tek to Sensor and the distribution of all or a large portion of the Sensor Shares to the Corporation's shareholders on a pro-rata basis. The Corporation will establish a record date (the "Share Distribution Record Date") which will establish the Corporation's shareholders who will be entitled to receive the Sensor Shares pursuant to the plan of arrangement. Adequate advance notice of the effective date of the transaction and the Share Distribution Record Date will be provided in due course.

It is anticipated that Sensor will file an application with the TSX Venture Exchange to list its common shares through the facilities of the TSX Venture Exchange.

Below is some financial information pertaining to Fox-Tek for the year ended December 31, 2016 and the six months ending June 30, 2017:

	Year Ended December 31, 2016 (audited)	Six Months Ending June 30, 2017 (unaudited)
Sales	\$784,000	\$290,000
Expenses	\$540,435	\$179,000
Net Profit	\$243,000	\$48,000
Assets	\$411,076	\$411,000
Liabilities	\$328,792	\$169,000

Benefits of the Spin-Out Transaction

The spin-out is expected to provide certain benefits to the Corporation's shareholders including:

- Allowing shareholders to realize the full value of the Corporation's main business and also to realize the potential of Fox-Tek's business through their holding of SpinCo common shares.
- Enhance the ability of the Corporation and Fox-Tek to pursue their respective corporate objectives and strategies.
- The creation of two separate companies dedicated to the pursuit of their respective businesses will provide shareholders with additional investment flexibility as they will hold a direct interest in two separate companies that are at different stages of commercial development and focused on different objectives and strategies.

Conditions Precedent

The Spin-Out Transaction, which is subject to shareholder and regulatory approval, including the acceptance for filing by the TSX Venture Exchange and the Superior Court of Ontario, is expected to be implemented through a plan of arrangement under the

Business Corporations Act (Ontario). Subject to the final approval of the Corporation's directors in the fixing of the date of the special meeting of its shareholders, the Corporation's shareholders will receive a management information circular with further details of the Spin-Out Transaction.

About the Corporation

Through its wholly owned subsidiaries, Marcon International Inc. and Fox-Tek, the Corporation provides a variety of services and products to a number of clients.

Marcon is an industrial supply contractor servicing the energy sector and a number of US Government entities. Marcon's principal business is the sale and distribution of industrial parts and equipment.

Fox-Tek provides world leading solutions to various sectors including the oil and gas industry. With non-intrusive technologies including: fiber optic sensors and electric field mapping systems; we are able to accurately measure changes that could negatively impact our client's operations.

Corporation contact:

Allen Lone, President and C.E.O.

Tel: 905.275.8111, Ext 226

email: atlone@fox-tek.com

Completion of the plan of arrangement will be subject to a number of conditions, including but not limited to TSX Venture Exchange acceptance and approval of the Corporation's shareholders by way of special resolution. The transaction cannot close until the required shareholder approval is obtained and there can be no assurance that the transaction will be completed as proposed or at all. Also, there can be no assurance that the common shares of Sensor will be approved for trading through the facilities of the TSX Venture Exchange.

Investors are cautioned that, except as disclosed in the Corporation's management information circular to be prepared in connection with this transaction, any information released or received with respect to this transaction may not be accurate or complete and should not be relied upon.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

This press release contains forward-looking statements based on assumptions, uncertainties and management's best estimates of future events. Actual results may differ materially from those currently anticipated. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements are detailed from time to time in the Corporation's periodic reports filed with the Ontario Securities Commission and other regulatory authorities. The Corporation has no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.