



AUSTRALIS PROVIDES UPDATE WITH RESPECT TO AUSTRALIAN CANNABIS GROW FACILITY CONTRACT

ALPS and Cann Group Limited sign agreement to confirm and vary facility design, construction management and (post) commissioning services

End-to-End, \$2.5 Million Agreement for 363,000 sqft High-Tech Greenhouse

Agreement Includes APIS Installation and Ongoing Service Contract

LAS VEGAS, NV and MELBOURNE, AUSTRALIA, January 26, 2021 – Australis Capital Inc. (CSE: AUSA) (OTC: AUSA) (“AUSA” or the “Company”) announced today that ALPS - a company in the process of being acquired by AUSA - through its wholly owned subsidiary Larsen Greenhouse Consulting (“LGC”) has signed an updated agreement with Cann Group Limited (Cann) (versus the “Original Agreement” dated 18 March 2018) to confirm the delivery of end-to-end design, construction and (post) commissioning services for Cann’s planned 363,000 sqft, high-tech greenhouse near Mildura in north-west Victoria, Australia. Furthermore, as part of the update to the Original Agreement, ALPS will be assisting Cann in the deployment of a computerised compliance and maintenance management system, APIS. Cann also has the ability to enter into an ongoing service and maintenance contract.

Supporting Cann’s Facility Construction

ALPS and Cann originally collaborated in 2018 under the Original Agreement when Aurora Cannabis (“ACB”) had an ownership interest in Cann. Subsequently, ACB exited its position in ALPS and Cann. During this time, Cann decided on Mildura for its new flagship cannabis cultivation and processing facility. In March 2017, Cann was issued Australia’s first medicinal cannabis cultivation licence, and has now embarked on the construction of a state-of-the-art facility.

Cann announced in November 2020 that the company had secured A\$50 million (approximately CAD\$49 million) secured debt facility with National Australia Bank to be used for construction of the A\$112 million first stage of its Mildura project. Phase I of the project, with first product expected to be processed and released by March 2022, is projected to produce approximately 12,500 kg of GMP certified medical cannabis annually. The high-quality flower and extracts from Mildura will be used to supply both the Australian medical market and export markets, such as the EU, UK, New Zealand, South America and other jurisdictions.

Under the terms of the contract with Cann, as varied, ALPS will deliver end-to-end services and solutions related to:

- Design & engineering, including (EU) GMP compliancy
- Budget management
- Construction/project management
- Commissioning
- Cultivation support & optimization
- Workflow automation & optimization
- (Preventative) maintenance programs

The \$2.5 million contract with Cann builds on work undertaken while both companies were affiliated with ACB and under the Original Agreement. The facility will benefit from ALPS-developed IP, including the installation of an APIS compliance system, further enhancing the considerable anticipated return on investment.

Building on ALPS' Experience

Building on over 30 years of experience in the horticulture industry, ALPS' has become an exceptionally strong brand, known for the delivery of innovation-driven solutions. Growing premium-quality medical and adult use cannabis is very susceptible to environmental conditions, and ALPS, with its constellation of technology partners, is an expert in controlled environments, incorporating the latest solutions for the optimization of a GMP compliant facility's operational parameters, such as preferred mediums, optimum nutrient delivery per cultivar, photo synthetically active radiation levels (PAR), CO₂, humidity, air flow, trim, dry and prep for packaging. Furthermore, the ALPS approach puts a strong emphasis on workflow optimization, utilizing a high degree of automation. Consequently, projects supported by ALPS are characterized by high-yielding facilities that deliver high-quality products consistently, at low operational costs, significantly lower OpEx compared to similar facilities elsewhere in the industry. This provides a competitive advantage and has resulted in many cannabis companies seeking out ALPS for their new facility initiatives.

Based on this expertise and the strength of its brand, ALPS, in the past seven years, has been involved in over 50 projects in the cannabis industry. In total, the company has been involved in cannabis projects across the globe with a total grow area in excess of 340 acres (~15 million square ft), representing a total cultivation capacity of approximately 2,000,000 kg of high-quality cannabis per annum.

Contract Revision Provides Cann with First Access to APIS System

The Mildura facility will now also benefit from the installation of an APIS system. APIS is a service offering that delivers industrial level compliance solutions for production facilities of any size with particular application to medium to large scale cultivation. APIS also delivers significant value outside of regulated industries through optimization of facility operations including preventative maintenance and KPI tracking. APIS delivers a recurring revenue stream to ALPS, that will make a significant contribution to the revenues and profitability of AUSA. Since launching APIS, ALPS has already received considerable interest, and the company anticipates converting a considerable portion of its business development pipeline into APIS contracts. The contract with Cann includes climate and room monitoring functionality with supportive CSV (Computer Systems Validation) SOPs in support of GMP requirements, as stipulated by Australia's TGA (Therapeutic Goods Administration).

Management Commentary

Thomas Larssen, President of ALPS, stated, "This is a significant contract for us in terms of size, and acknowledges the respect ALPS has garnered in the global cannabis space. It also marks the installation of our recently launched APIS offering. We are very pleased to sign this updated and revised agreement with Cann to continue to expand its footprint and revenue generating potential. Australia has one of the most heavily regulated and fastest growing medical cannabis markets in the world, creating challenges that ALPS more than meets through its exemplary track record in developing EU GMP compliant facilities and its APIS compliance and service solution. We are very excited about APIS, which provides us with an offering that generates recurring revenues, and is anticipated to become a significant contributor to our bottom line. Interest in ALPS and APIS is significant, and we anticipate signing numerous deals in the near-term future. "

Peter Crock, CEO of Cann, added, "We are delighted to have signed this contract with ALPS to establish a significant production footprint for Cann to service our rapidly growing domestic and export markets. The choice for ALPS was simple as we know they deliver the best-in-class cultivation facilities in terms of quality, consistency and low-cost of operations. We are also very excited with the implementation of the APIS system which will greatly reduce time and costs involved with meeting compliance requirements while ensuring our facility will operate at with optimized economic efficiencies, ensuring an excellent ROI."

Dr. Duke Fu, Interim CEO of AUSA, commented, "ALPS have developed an amazing network throughout both the cannabis and traditional horticulture industries. As ALPS' innovative approach consistently delivers on quality, timing, low operational costs and yield, this has resulted in a steady flow of new projects. This contract with Cann confirms that ALPS truly is a global

player in the cannabis industry. We are progressing well towards completing the acquisition of ALPS (see press release dated January 5, 2021). I look forward to when we formally can welcome Thomas, Terry and their team as an integral part of AUSA, and jointly and successfully execute on our strategy to drive accelerated growth.”

ALPS

AUSA is in the process of acquiring ALPS. ALPS is the world’s premier design, construction management, commissioning and post commissioning consultancy company for horticultural crops, such as cannabis, fruits, vegetables, mushrooms and algae, and includes APIS, its institutional level compliance solutions for both small and large cultivation facilities. ALPS also brings with it the iconic west coast connoisseur cannabis brand, Mr. Natural.

About Australis Capital Inc.

AUSA is implementing a capital light growth strategy towards establishing a highly competitive and profitable MSO in the U.S. and global cannabis markets. AUSA's business lines and assets include investments in Cocoon, Body and Mind Inc., Quality Green, Folium Biosciences, and land assets in Washington. AUSA is currently working towards the closing of a transaction whereby it will acquire 100% of the membership interest in Green Therapeutics LLC, an award-winning MSO with operations in Nevada, Missouri and Oklahoma. Furthermore, the Company is working towards completing the acquisition of ALPS, the world’s premier design, construction management, commissioning and post commissioning consultancy for horticultural crops, such as cannabis, fruits, vegetables, mushrooms and algae. The ALPS deal includes Terry Booth, founder and ex-CEO of Aurora Cannabis taking the reins of CEO for Australis. Through GT and ALPS, the Company believes it will be able to secure low-cost access to high quality cannabis to fuel the scale up of its award-winning brands across the U.S. and global cannabis markets.

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

For further information about AUSA, contact the Company by e-mail at ir@ausa-corp.com.

“Dr. Duke Fu”

Dr. Duke Fu
Interim Chief Executive Officer

Contact:

Forward-Looking Statement

This press release contains “forward-looking information” within the meaning of applicable securities legislation. All statements, other than statements of historical fact, included herein is forward-looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “proposed”, “is expected”, “budgets”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: the ability of the Company to successfully satisfy the conditions to closing the ALPS and GT transactions,; the ability of management of ALPS and GT to successfully execute on their respective business plans and milestones; legal changes relating to the cannabis industry proceeding as anticipated; the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing.

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information.

Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. 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 information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

The CSE has neither approved nor disapproved the contents of this news release. Neither the CSE nor its Regulation Services Provider (as that term is defined in the policies of the CSE) accept responsibility for the adequacy or accuracy of this release.

###