



AUSTRALIS REPORTS Q4 and Financial Year (FY) 2021 RESULTS

405% Year-over-Year Revenue Growth in Q4, Reflecting Only 3.5 Weeks of ALPS Operations Consolidated

Preliminary 277% Sequential Growth for Q1 2022 and 2,653% Growth Over Q1 2021

Pre-Tax Profit of \$3.0 million in Q4 FY 2021 vs. Pre-Tax loss of \$19.4 million in Q3 FY 2021 and \$10.6 million in Q4 FY 2020.

Company Continues to Execute at Rapid Pace with Multiple Transactions, Partnerships and New Market Entries

Conference Call on Monday, August 30, 2021 at 11:00 AM ET

LAS VEGAS, NV, August 26, 2021 – Australis Capital Inc. (CSE: AUSA) (OTC: AUSA) (“AUSA” or the “Company”), doing business as AUDACIOUS, today announced that the Company has filed its financials and management discussion and analysis for the fourth quarter and full year fiscal 2021, the period ending March 31, 2021.

Financial Highlights

The Company earned pre-tax net income of \$3.0 million in Q4 FY 2021 compared to pre-tax losses of \$19.4 million in Q3 FY 2021 and \$10.6 million in Q4 FY 2020. The Company benefited from increases in value in its Body and Mind (“BaM”) holdings, favorable legacy settlements and cost reductions led by the new management team and other revaluations. These management efforts led to reductions of 16% in adjusted EBITDA losses for Q4 FY 2021 compared to Q4 FY 2020 and 22% for FY 2021 over FY 2020.

The acquisition of ALPS more than doubled revenues for all of FY 2021 even though the Company only owned ALPS for the last 23 days of the fiscal year. Green Therapeutics (“GT”) was acquired towards the end of fiscal 2021 and will contribute more substantially to revenues in FY 2022 once the licenses are transferred over to complete the balance of the acquisition. On a pro forma basis, assuming ALPS and GT were both consolidated from January 1, 2021, revenues would have come in at \$1.6 million versus reported revenues of \$0.5 million for Q4 FY 2021 and \$5.3 million versus \$0.7 million for FY 2021.

Unaudited and unreported Q1 Fiscal 2022 revenues are estimated at \$1.7 million, a 277% increase over Q4 Fiscal 2021, and a 2,653% increase over Q1 2021. Pro forma Q1 FY 2022 revenues of \$2.3 million are a 39% increase over pro forma revenues for the prior quarter, with ALPS business up 90%. Trailing twelve month (“TTM”) pro forma revenues are estimated at \$7.1 million as of Q1 FY 2022.

Cash and marketable securities remained level at \$16.3 million compared to March 31, 2020. Net working capital stayed strong at \$16.4 million. Total assets roughly doubled to \$79.1 million in just one quarter with the two acquisitions. Owners’ equity almost doubled as well to \$57.9 million.

The table below provides financial highlights for the year and quarter and includes certain ‘pro forma’ information on the operations at ALPS, as well as for GT. With the GT license transfer subject to Nevada regulatory approval, the pro forma data provided in the table below are for illustration purposes only as management believes this data provides a more accurate overview of the operational performance of the business.

CAD \$	As Reported under IFRS (audited)						Pro Forma ¹ (unaudited)		
	Q4 FY 2021	Q4 FY 2020	Change	FY 2021	FY 2020	Change	GT Q4	ALPS Q4	AUSA TOTAL
Revenue	\$0.5M	\$0.1M	405%	\$0.7M	\$0.2M	424%	\$0.9M	\$0.7M	\$1.7M
Operating Loss	(\$3.7M)	(\$3.5M)	5%	(\$14.0M)	(\$14.4M)	3%	n.a.		
Adjusted EBITDA ²	(\$1.9M)	(\$2.2M)	16%	(\$6.6M)	(\$8.5M)	22%	n.a.		
Net Gain (Loss)	\$3.1M	(\$10.6M)	NM	(\$25.5M)	(\$23.3M)	(9%)	n.a.		
Cash, and Securities	\$16.3M	\$16.3M	4%	As for March 31, 2021, and 2020			n.a.		
	Q4 FY 2021	Q3 FY 2021	Change						
Total Assets	\$82.4M	\$41.0M	101%	As for March 31, 2021, and December 31, 2020			n.a.		
Owners Equity	\$61.3M	\$29.8M	105%	As for March 31, 2021, and December 31, 2020			n.a.		

¹ Presented as if GT licenses were transferred on 1/1/2020, as well as ALPS consolidated from 1/1/2020

² Non- GAAP unaudited measure which the Company feels better reflects operating results

Q1 Fiscal 2022 Outlook – Strong Growth

Unaudited unreported preliminary consolidated revenues for the 1st quarter ended June 30, 2021, of fiscal year 2022 are estimated at \$1.7 million, up 277% over the previous quarter and 2,653% over Q1 FY 2021, due to the overall growth in the ALPS business, along with having a full quarter of revenues from ALPS in Q1 FY 2022 vs. just 23 days at the end of Q4 FY 2021.

Pro forma unaudited revenues for Q1 FY 2022, including Green Therapeutics (not consolidated until later in the year after the pending transfer of its license), are estimated at \$2.3 million, an increase of 39% over pro forma revenues of the prior quarter and 349% over pro forma revenues from Q1 a year ago. The quarter growth over Q4 FY 2021 was heavily driven by new projects taken on at ALPS, including the new Belle Fleur facility under construction in Massachusetts.

Management commentary

“Achieving a five-fold increase in our revenues for the quarter, even with ALPS consolidated for only 23 days and no contribution booked from GT, shows the impact of AUDACIOUS transitioning from an investment company to an operating company and reflects the speed at which we are executing,” stated Terry Booth, CEO. “In the short time since our new leadership team took over, AUDACIOUS has executed on numerous growth transactions and cleaned up legacy issues:

- ALPS was acquired, continues to sign new clients globally and recently launched its recurring revenue service offering APIS.
- Through our partnership with Belle Fleur we have once again validated our unique and difficult to imitate strategy, which will see us move into Massachusetts without spending Capex on facilities, while securing the long-term supply of high-quality, cannabis to fuel the scale up of our award-winning brands.
- GT was acquired and also continues to execute with revenue growing partnerships, new and unique genetics, and high-end designer products that consistently sell out.
- The latest addition to our family, LOOS, is positioned for rapid growth in California, as well as other states in which we operate or intend to move into.”

Terry Booth continued, “And this is only the very beginning. Going forward, shareholders can anticipate continued strong growth, accretive transactions, clever partnerships and multi-state expansion in a capital light way. We are advancing on a number of transactions that we believe will further accelerate growth, including gaining access to all verticals in California, marketing and branding partnerships, ALPS facility contracts, APIS growth, continued innovation, and, of course, AUDACIOUS entering into new states. We will continue to ignite, excite and delight our stakeholders. In short, We Are AUDACIOUS!”

CFO Jon Paul added, “In just one quarter, we have created a much stronger company with the addition of ALPS and GT. Total assets and shareholder equity have both doubled in Q4 FY 2021 over F3 2020. Cash and marketable securities remained level at \$16.3 million at the end of FY 2021 compared to a year ago. Net working capital remained strong at \$16.4 million as well.”

“As a new management team, we successfully restructured a number of matters, with almost all disputes now fully resolved. We have rebuilt the finance team and strengthened other areas by bringing in seasoned executives with deep connections in the cannabis industry. We also

streamlined costs by pivoting away from cash burning fintech operations, along with reducing personnel costs, professional fees and other corporate costs. We also transitioned to new auditors, Baker Tilly, a top 10 CPA firm, who acquired our prior auditors Squar Milner”

Mr. Paul continues, “ALPS and GT are transforming our revenue growth. Even though the Company only owned ALPS for 23 days at the end of FY 2021, ALPS more than doubled revenues for the whole fiscal year.

“We are excited about the pipeline of opportunities at ALPS and the growth potential at GT to expand their brands across the country. In addition, with acquisitions such as LOOS, licensing opportunities and other transactions in the works, shareholders can anticipate continued strong growth and improving financial metrics.”

Operational Highlights During and Subsequent to the Quarter

The Company, since its new leadership team took over, continues to execute at a rapid pace:

Leadership changes

- Jon Paul was appointed Chief Financial Officer (January 1, 2021)
- Terry Booth was appointed Chief Executive Officer (March 9, 2021)
- Dr. Duke Fu was appointed Chief Operating Officer (March 9, 2021)
- Dr. Jason Dyck was appointed Chief Science Officer (April 12, 2021)
- Leah S. Bailey was appointed Chief Business Development Officer (May 17, 2021)
- Hanoz Kapadia was appointed Chairman of the Board (May 26, 2021)

The new leadership team brings exceptional track records in hypergrowth companies in the CPG and cannabis sectors. Capabilities of the executive team cover the entire value chain, including business operations, cultivation, manufacturing, medical sciences, sales & marketing, logistics, finances and capital markets.

ALPS

- ALPS is a premier greenhouse design and consultancy firm, active in both the cannabis and traditional horticulture space. ALPS is specialized in delivering high-tech facilities that produce high-quality products at low operating costs. Furthermore, ALPS is able to help cultivators operate profitably from the dessert to the arctic, and is very well positioned to capitalize on the current market dynamic towards sustainable and safe foodstuffs, as certain of its projects attest to (e.g. Bluehouse Greenhouse, Vertical Harvest)
- The Company completed the acquisition of a 51% interest, with an option for the remaining 49%, in ALPS, the world’s premier cultivation facility design, construction management,

commissioning, and compliance service provider for the cannabis and horticultural industries (see March 9, 2021 press release).

- Since resetting the business following a management buyout from Aurora Cannabis in May of 2020, ALPS has signed multiple facility and service contracts. Projects ALPS is currently working on represent a total Capex committed by its clients of approximately \$1 billion.
- ALPS is rapidly expanding its new business pipeline, and currently is in various stages of negotiation on projects with a total estimated Capex commitment by potential clients of approximately \$7 billion.
- ALPS is a foundational element in the Company's strategy to secure long-term access to high-quality cannabis flower and derivatives in multiple jurisdictions to fuel the expansion of the company and the roll out of its brands on a national scale.
- ALPS signed a facility services agreement with Belle Fleur (BF) in Massachusetts, who are executing on a Tier 11 license, the largest such license available in this state. Additionally, AUDACIOUS signed a supply arrangement with BF, under which BF will dedicate 10% of its canopy for the cultivation of AUSA's proprietary cultivars, which AUSA will buy back at cost plus 5%, substantially below wholesale prices, while not carrying the costs of constructing and owning a cultivation facility.
- ALPS contracts currently being executed upon:
 - Aurora Cannabis - Annual ongoing services contract, multiple locations globally
 - Belle Fleur, Facility and APIS services contracts as well as supply agreement – Design phase is progressing, first site work anticipated shortly
 - Cann Group - Cannabis facility contract + APIS extended services contract in Australia – APIS installation in CANN Group's extraction facility is progressing. The main cultivation facility is under glass and all in-ground services have been installed.
 - Bluehouse Greenhouse – 62 acre vegetable facility contract in California, U.S. – Design phase completed, project now in the procurement phase.
 - Vertical Harvest – 200,000 sqft multi-level urban facility contract in Wyoming, U.S. – Detailed Design phase nearly completed, including facility engineering
 - Aldershot Greenhouses – 200,000 sqft facility expansion contract in Ontario, Canada – Design phase complete, procurement phase progressing, first construction work imminent
 - 200,000 sqft small plant production facility in Finland – Successfully completed Phase I and II of the CMMS (APIS) installation
 - Tropica – facility for the cultivation of aquarium plants in Germany – Awaiting results from test facility in Denmark (also and ALPS project) prior to entering into detailed design phase for German facility
 - McMaster University, life Science Centre, Ontario, Canada – Detailed design phase completed
 - Middle East – large fruit & vegetable facility – Design phase completed, now in procurement phase

- 47% of the ALPS acquisition consideration is tied to significant revenue and EBITDA targets, reflecting the confidence of the ALPS management to profitably expand the business.
- With the acquisition of ALPS, the Company also acquired the rights to Mr. Natural, and iconic west coast brand, founded by Vietnam Vet Bob Mr. Natural Luciano, to provide veterans suffering from PTS with medical cannabis. The Company is currently bringing Mr. Natural genetics out of tissue culture to scale up in various jurisdictions.

GT

- On March 24, 2021, the Company announced it had completed the first stage of the GT acquisition. While closing of the acquisition is complete, the Company is awaiting the official transfer of the GT licenses, which is subject to Nevada state approval. Until such time as the licenses are transferred, the Company is not able to recognize cannabis related GT revenues. Consolidated GT revenues for the quarter totaled \$0.9 million. AUDACIOUS anticipates these license transfers will be granted.
- GT is a multi-award-winning, Nevada-based cannabis company with a strong brand portfolio, comprised of GT Flowers, Tsunami and Provisions.
- Led by former MedMen President Dr. Duke Fu, the GT team consists of medical professionals and pharmaceutical manufacturing experts.
- GT products are carried by 52% of Nevada dispensaries.
- GT is the second foundational piece in the hat of other product lines/brands execution of AUSA's strategy. Securing long-term access to low-cost, high-quality cannabis through ALPS will fuel the expansion of the GT brand and product portfolio in new jurisdictions, as well as that of additional brands and product lines the Company has acquired and will be launching and building.
- On April 29, 2021, the Company announced that it has signed a management agreement with a Nevada based cultivator and producer of premium cannabis products. Under the terms of the agreement, GT will operate the partner's cultivation facility, with products sold under the GT brands. In consideration, GT will receive a royalty on all products sold. GT has commenced operating the facility and the first products have been brought to market. In testament to the strong recognition, GT products have in the market, all new products continue to sell out rapidly.
- GT also announced the acquisition of a 23-acre plot of land in Nevada, along with the last remaining water rights in the region. AUDACIOUS intends for the land to become a cannabis hub for multiple operators throughout the value chain, from cultivation through to manufacturing. The Company is currently in discussions with a number of potential partners to utilize ALPS for facility design and construction management on the site. In return, AUDACIOUS will look to secure supply arrangements with new 'tenants' on the lot. The Company is also currently in the process of relocating its existing license to the property.

- The Company received the permission to operate in Missouri following a final inspection, we are currently refining its go-to-market product portfolio and anticipate sales to commence shortly.
- GT continues to win. The Company recently won Best Extraction Company for its Tsunami line of products at the 2021 Las Vegas Cannabis Awards.

LOOS

- On July 15, 2021, AUDACIOUS announced the acquisition of LOOS, a shot beverage and edibles company out of California. The transaction is largely back-end loaded with milestones based on revenues and EBITDA. With LOOS, AUDACIOUS is adding an exciting new brand and product line to its portfolio aimed at a generally cannabis savvy and influential target market, which cuts across numerous demographics and reaches both the cannacurious and more experienced consumers.
- LOOS's management team brings over a decade of collective experience in cannabis with brands such as Plus Products, 710 Labs, Loudpack, and Flow Kana. Their first product, a 2oz drink (shot) infused with 100mg of THC, is available in three flavors: Orange Crush Sativa, Green Dream Hybrid, and Lavender Indica.
- The LOOS team brings a proven commission-based sales force to help accelerate revenue growth.
- LOOS has commenced the sales process in California and anticipates product to be available in a number of Northern California dispensaries within this quarter.

Housekeeping

- Following the transition to an entirely new leadership team, including the board of directors, the Company executed on numerous items related to the transition, including settlements with the prior board and management, the resolution of certain legal items and a deep discovery on existing assets.
- The Company furthermore made a number of appointments outside of the senior executive team related to operations, support, capital markets, diversity, inclusion, governance corporate development and sales and marketing.
- AUDACIUOS is also progressing well on integrating the transactions made to date.

Name Change

- The Company announced it will be operating its adult use operations under the AUDACIOUS name. The listed entity will remain Australis and the Company's ticker symbol will remain AUSA in Canada and AUSA in the U.S.

Leah S. Bailey, Chief Business Development Officer, responsible for brands, commented, “We believe our new name AUDACIOUS is a much better reflection of our community, culture, philosophy and nature of the Company. We have a very clear identity that is reflected by how we act, conduct business and execute.”

In line with our new name, the AUDACIOUS Cannifesto will include the following commitments:

- We respect the Pioneers, the Community and the Culture
- We champion the business and benefits of cannabis.
- We ignite, excite and delight our consumers through innovation and quality.
- We challenge convention: boldly, with confidence in our vision, and with boundless fortitude.
- We leverage the powerful combination of nature and science to amplify opportunity for everyone, everywhere and anywhere.
- We lead with insight and integrity to raise awareness.
- We are enterprising. We are progressive.

Ms. Bailey concluded, “Stakeholders can expect us to act boldly but intelligently, We are AUDACIOUS!”

Q4 2021 Overview

The Company earned pre-tax net income of \$3.0 million in Q4 FY 2021 compared to pre-tax losses of \$19.4 million in Q3 FY 2021 and \$10.6 million in Q4 FY 2020. The Company benefited from increases in value in its BaM holdings, favorable settlements and other revaluations. In addition, ALPS more than doubled revenues for all of FY 2021 even though the Company only owned ALPS for the last 3.5 weeks of the fiscal year.

	Quarter Ending							
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	459,171	90,378	104,800	62,802	52,348	49,779	52,926	66,429
Cost of goods sold	(435,508)	(256,426)	(220,920)	(7,188)	-	-	-	-
Gross profit (loss)	23,663	(166,048)	(116,120)	55,614	52,348	49,779	52,926	66,429
Operating expenses								
Wage and benefits	801,390	3,451,617	708,731	936,770	1,410,237	1,238,825	1,064,580	1,103,855
Share-based payments	998,651	(1,263,126)	732,982	921,651	1,128,322	957,129	1,387,773	1,866,056
Selling general and administrative	1,810,246	2,557,961	1,032,553	547,223	855,057	807,733	1,748,905	449,551
Depreciation and amortization	99,531	152,341	171,250	172,764	167,933	167,040	164,303	101,969
	3,709,818	4,898,793	2,645,516	2,578,408	3,561,549	3,170,727	4,365,561	3,521,431
Loss from operations	(3,686,155)	(5,064,841)	(2,761,636)	(2,522,794)	(3,509,201)	(3,120,948)	(4,312,635)	(3,455,002)
Gain (loss) on investments	3,235,433	(1,223,902)	(303,662)	(747,605)	(4,772,240)	(1,938,345)	(1,334,735)	(447,780)
Gain (loss) on impairments, settlements	3,676,862	(12,935,065)	(2,641,312)	-	(1,266,385)	-	-	-
Recognition of deferred gain	-	-	-	-	-	266,200	61,533	1,954,408
Other income (expense)	(213,611)	(198,280)	(108,571)	(42,326)	(1,009,661)	(1,036,305)	(77,690)	656,638
	6,698,684	(14,357,247)	(3,053,545)	(789,931)	(7,048,286)	(2,708,450)	(1,350,892)	2,163,266
Net income (loss) before tax	3,012,529	(19,422,088)	(5,815,181)	(3,312,725)	(10,557,487)	(5,829,398)	(5,663,527)	(1,291,736)

Revenue

Total revenues for the three months ended March 31, 2021, grew nearly 9X over the three months ended March 31, 2020, consisting mostly of revenues from ALPS, even though the Company only owned ALPS for the last 23 days in the quarter.

Cost of Sales

Cost of sales for the three months ended March 31, 2021, was \$0.4 million (nil, three months ended March 31, 2020), and comprised mostly professional labor costs at ALPS but also inventory and other costs from the Cocoon line, which suppressed margins.

Wages and Benefits

Wages and benefits for the three months ended March 31, 2021, and 2020 were \$0.8 million and \$1.4 million, respectively. The decrease is due to lower personnel levels and wages from changes in senior management after the dissident battle.

Share-based Payments

Share-based payments for the three months ended March 31, 2021, and 2020 were \$1.0 million and \$1.1 million, respectively, falling due to forfeiture of RSUs and options by prior management and board members.

Selling General and Administrative

SG&A expenses for the three months ended March 31, 2021, and 2020 were \$1.8 million and \$0.9 million, respectively, climbing due to higher legal, professional and board of director fees pertaining to the proxy fight and settling other corporate matters.

Operating Loss

The operating loss was \$3.7 million for the three months ended March 31, 2021, compared to \$3.5 million for the three months ended March 31, 2020. (See below for adjusted EBITDA metrics).

Other Expenses

Total other income/(expenses) for the three months ended March 31, 2021, and 2020 were \$6.7 million and \$(7.0 million), respectively. The current quarter pickup includes a \$3.6 million increase in value of the BaM holdings and \$3.1 million in settlements and revaluations. The prior year quarter includes losses and impairment charges pertaining to investments and equipment.

Adjusted EBITDA

	Three months ended March 31,		Year ended March 31,	
	2021	2020	2021	2020
Adjusted EBITDA				
Loss from operations	(3,686,155)	(3,509,201)	(14,035,426)	(14,397,786)
Share-based payments	998,651	1,128,322	1,390,158	5,339,280
Depreciation and amortization	99,531	167,933	595,886	601,245
One-off legal and investor relations costs due to proxy battle	734,200	-	3,176,315	-
Accrued severance costs pertaining to changes in management	-	-	2,291,578	-
Adjusted EBITDA	(1,853,773)	(2,212,946)	(6,581,489)	(8,457,261)
Adjusted EBITDA per Share	(0.01)	(0.01)	(0.04)	(0.05)

The Company believes a non-GAAP measure, adjusted EBITDA, is a better reflection of operating results. Adjusted EBITDA losses dropped 16% in Q4 FY 2021 compared to Q4 FY 2020 and 22% for FY 2021 compared to FY 2020. Primary drivers were reductions in personnel, fintech development and other corporate costs put in place by new management.

Working Capital & Liquidity

As at March 31, 2021, Cash, Cash Equivalents and Marketable Securities combined for a total of \$16.3 million, no change from \$16.3 million for March 31, 2020. Working capital as of March 31, 2021, was \$16.4 million as compared to \$19.8 million as at March 31, 2020 resulting in a decrease

to working capital of \$3.4 million. The decrease was primarily attributable to a decrease in cash of \$12.8 million with no capital raised during FY 2021 aside from stock option exercises.

Other Balance Sheet Highlights

Total assets doubled to \$82.4 million in Q4 FY 2021 versus \$41.0 million in Q3 FY 2021 with the ALPS acquisition and investments in GT. Owner's equity more than doubled over the same period to \$61.3 million from \$29.8 million with the equity in GT and ALPS as well.

Conference call details

Management will host a conference call discussing the results and the go forward business on Monday August 30, 2021 at 11 AM EST. The call can be accessed via telephone or via webcast per the details provided below.

Canada: 1.647.792.1241

North American
Toll Free: 1.800.430.8332

Webcast URL: https://produceredition.webcasts.com/starthere.jsp?ei=1485895&tp_key=3e12ff453c

Confirmation #: 8208118

A replay of the call will be available until September 5, 2021. The replay can be accessed as follows:

Encore Replay
Canada: 1.647.436.0148

Encore Replay
North American 1.888.203.1112
Toll Free:

Encore Replay
Entry Code: 8208118

About AUSA

AUDACIOUS is at its roots a community and culture-based cannabis company. After the completion of a dissident shareholder battle that ended with convincing shareholder approval, Terry Booth, former Aurora CEO, who had to step away from AUSA upon spin off, re-joined AUSA as CEO on March 9, 2021. Since then, the company has reset the direction of AUSA and in just 3 months closed multiple accretive transactions, improved legacy contracts, established a world class Executive Team, and resolved previous executive and board exits.

Also, in the same 3-month time frame, AUSA with its acquisition of ALPS has entered the global Sustainable Controlled Environment Agriculture Industry, a rapidly growing segment of the global horticulture market. ALPS provides customized designs along with multiple services that allow operators to maximize yield and quality while minimizing inputs and resources, including labor. ALPS at present is active in cannabis and traditional horticulture projects across the globe,

including the U.S., Canada, Denmark, Finland, Iceland, Germany, Netherlands, Bahrain, United Arab Emirates, Southeast Asia, Australia, as well as other jurisdictions.

Total Capex committed by ALPS' clients since Aurora divested its interest just 12 short months ago during the Covid crisis, stands at approximately \$1 billion, with a rapidly growing business development pipeline in excess of \$7 billion in total Capex to be spent by potential clients over the next 24 months.

AUSA's business assets include: a 51% ownership interest in ALPS, a milestone weighted deal with an option to acquire the remaining 49% of ALPS — AUSA and Green Therapeutics, an award-winning MSO, have finalized and agreed to all terms with respect to AUSA's 100% acquisition (subject to regulatory state licensing approvals). AUSA also owns land assets in Bellingham, Washington - as well as the iconic West Coast brand Mr. Natural and the ingestibles brand LOOS with a footprint in the California market.

AUSA also has a supply partnership with Belle Fleur, founded by the team behind Rapper Weed and the discoverer of Machine Gun Kelly, who stated: "I just bought \$1,000 worth of Rapper Weed at Cookies in Maywood. These guys have the best flower in the game." AUSA and Belle Fleur are working towards a broader arrangement to include brand partnerships in Massachusetts and other jurisdictions the companies intend entering into.

AUSA furthermore has investments in Body and Mind Inc., a U.S. MSO, Quality Green, a Canadian licensed producer and Cocoon, a company changing the dispensary customer user experience through self-service kiosks. The Company also has executed a term sheet for a JV partnership with U.S. and Canada based 3 Rivers Biotech for plant tissue culture, genetics clean-up and micro propagation.

AUSA cannabis assets and ALPS projects are presently located in Massachusetts, Arizona, Nevada, Washington, Michigan, Missouri, Oklahoma, and California with many other deals in other states presently being evaluated and negotiated.

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

The audited consolidated annual financial statements for the year ended March 31, 2021 are available on SEDAR and EDGAR and should be read in connection with this news release.

Adjusted EBITDA is a Non-GAAP metric used by management that does not have any standardized meaning prescribed by U.S. GAAP and may not be comparable to similar measures presented by other companies. Management defines the Adjusted EBITDA as the Income (loss)

from operations, as reported, before interest, taxes, and adjusted for removing other non-cash items, including the stock-based compensation expense, depreciation, and further adjustments to remove one-time expenses pertaining to personnel costs and fees resulting from the dissident battle and subsequent restructuring. Management believes Adjusted EBITDA is a useful financial metric to assess its operating performance on a cash adjusted basis before the impact of non-cash items and acquisition activities. The most comparable financial measure calculated and presented in accordance with U.S. GAAP is net operating income (loss), which was presented above prior to the Adjusted EBITDA figure.

“Terry Booth”

Terry Booth
Chief Executive Officer

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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. In particular, this press release contains forward-looking information in relation to: the ability of ALPS to convert its pipeline into contracts; the impact of the changes to U.S. federal and state statutory developments with respect to the cannabis industry and the opportunities this may present for the Company; and the Company's current liquidity. 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 proposed transaction; the ability of the Company to successfully execute on its plans for the Company and GT; legal changes relating to the cannabis industry proceeding as anticipated.

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.

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.

AUSTRALIS CAPITAL INC.

Consolidated Statements of Financial Position
As at March 31, 2021 and 2020
(Expressed in Canadian Dollars)

	Notes	March 31, 2021	March 31, 2020
		\$	\$
Assets			
Current			
Cash and cash equivalents		3,531,357	7,646,919
Restricted cash	4	-	8,685,581
Accounts receivable	5,25	1,696,656	380,655
Inventory	6	473,185	-
Prepaid expenses		470,479	332,324
Current portion of deposits	15	649,464	956,705
Current portion of annuity receivable - SubTerra	7	66,070	53,081
Convertible debt instruments – BaM	17	-	1,553,055
Investment in associate held for sale	17	-	38,396
Intangible asset held for sale – Mr. Natural	10	-	382,000
Marketable securities (held for sale)	16	12,803,638	-
Other current assets	11	-	709,350
Land held for sale	8	4,151,551	2,977,532
		23,842,400	23,715,598
Non-current			
Marketable securities	16	-	1,296,841
Investment in associates – BaM	17	-	10,500,148
Investment in ALPS technology solution APIS	14	1,130,233	-
Property, plant, and equipment	18	298,258	4,931,023
Right-of-use assets	18	1,097,361	744,502
Intangible assets	19	14,227,461	14,775,466
Goodwill	14,19	15,057,796	589,843
Derivative financial instrument – NCI call option	14	7,320,630	-
Annuity receivable – SubTerra	7	672,998	739,067
Long-term deposits	15	4,130,168	6,407,851
Other assets – acquisition deposit	11	14,677,674	-
TOTAL ASSETS		82,454,979	63,700,339
Liabilities			
Current			
Accounts payable and accrued liabilities	25	5,915,674	2,585,278
Deferred revenue		17,813	-
Current portion of lease liability	20	459,895	141,563
Provisions	25	1,029,014	855,423
Liabilities associated with assets held for sale – Mr. Natural	10	-	293,208
		7,422,396	3,875,472
Non-current			
Contingent consideration payable	12,14	3,698,980	1,448,493
Lease liability	20	686,191	610,350
Loan payable	29	747,115	-
Deferred tax liability	22	3,205,244	-
TOTAL LIABILITIES		15,759,926	5,934,315
Shareholders' equity (deficit)			
Share capital	21	104,617,900	74,650,429
Treasury shares	11,21	(11,367,770)	-
Exchangeable shares reserve	21	11,114,175	-
Reserves	21	9,640,106	10,264,001
Accumulated other comprehensive income		234,035	527,974
Accumulated deficit		(52,937,270)	(27,676,380)
Equity attributable to owners of the Company		61,301,176	57,766,024
Non-controlling interest	14	5,393,877	-
TOTAL SHAREHOLDERS' EQUITY		66,695,053	57,766,024
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		82,454,979	63,700,339

AUSTRALIS CAPITAL INC.

Consolidated Statements of Comprehensive Loss
For the years ended March 31, 2021 and 2020
(Expressed in Canadian Dollars, except number of shares)

	Notes	2021	2020
Revenue		\$	\$
Revenue-Services		420,441	18,515
Revenue-Kiosks		107,830	-
Revenue-Consulting		188,880	202,967
		717,151	221,482
Cost of goods sold		(920,042)	-
Gross (loss) profit		(202,891)	221,482
Operating expenses			
Wages and benefits		5,898,508	4,817,497
Share-based payments	21(f),21(g)	1,390,158	5,339,280
Selling, general and administrative	23	5,947,983	3,861,246
Depreciation and amortization	18,19	595,886	601,245
		13,832,535	14,619,268
Loss from operations		(14,035,426)	(14,397,786)
Other income (expense)			
Gain (loss) on asset disposal		212	(5,005)
Impairment loss – SubTerra annuity receivable	7	-	(282,389)
Loss on investment in associate	17	(1,162,261)	(1,126,348)
Loss on dilution and disposal of marketable securities		-	(1,389,172)
Revaluation of contingent consideration		-	80,121
Loss on acquisition of Passport Licence		-	(855,423)
Loss on settlements	10,13,15(b)	(2,368,058)	-
Change in provision	15(a)	(1,088,584)	-
Impairment of intangible assets	9,19	(7,684,824)	(1,266,385)
Gain (loss) on remeasurement of land held for sale	8	(758,049)	30,827
Recognition of deferred gain		-	2,282,141
Net change on investment at fair value through profit or loss	16,17	2,122,525	(5,977,580)
Other income		483	225,693
Other expense – merger and acquisition costs		(286,846)	(1,363,261)
Foreign exchange loss		(258,187)	(37,787)
Interest and other expenses		(72,770)	(119,456)
Interest expense – leases		(52,450)	(77,099)
Interest income		106,770	936,761
		(11,502,039)	(8,944,362)
Net loss for the year before tax		(25,537,465)	(23,342,148)
Deferred tax recovery		78,154	-
Net loss for the year		(25,459,311)	(23,342,148)
Other comprehensive income (loss)			
Foreign currency translation		290,671	146,381
Share of OCI from investments in associates		(584,610)	51,975
Total comprehensive loss for the year		(25,753,250)	(23,143,792)
Net loss attributable to:			
Shareholders of the Company		(25,260,890)	(23,342,148)
Non-controlling interest		(198,421)	-
Net loss for the year		(25,459,311)	(23,342,148)
Total comprehensive loss attributable to:			
Shareholders of the Company		(25,554,829)	(23,143,792)
Non-controlling interest		(198,421)	-
Total comprehensive loss for the year		(25,753,250)	(23,143,792)
Net loss per share attributable to shareholders of the Company			
Basic and diluted		\$ (0.14)	\$ (0.14)
Weighted average number of shares outstanding			
Basic and diluted		177,116,372	162,361,059

Notes to the financial statements can be found in the financial statements filed on SEDAR under the Company's profile (www.sedar.com)