

Audacious Expands California Footprint with Retail Acquisition and EAZE Distribution Partnership

LAS VEGAS, Sept. 15, 2021 /CNW/ - CEO Terry Booth is proud to announce: Australis Capital Inc., operating as AUDACIOUS (CSE: AUSA) (OTC: AUSA) ("AUSA" or the "Company") today announced the Company entered into a binding terms sheet on September 14, 2021 to acquire 100% of the issued and outstanding shares of BW Macaw Group, Inc. ("Herbs"). Herbs has entered into a distribution agreement with EAZE, California's largest legal cannabis delivery and distribution company. Additionally, the Company has two contract manufacturers lined up to commence production of the Company's products in California. In addition to the retail license that is part of the contemplated transaction, Herbs' business license also includes the ability to cultivate, manufacture (production of derivatives and edibles) and distribute cannabis products.

Completion Subject to Approval – Transaction Terms

Completion of the transaction is subject to the Companies entering into a definitive agreement, as well as receipt of all appropriate San Jose municipal and State approvals, including the customary security clearances. AUDACIOUS looks forward to working with the San Jose municipal authorities to obtain the final approvals required towards the completion of this transaction.

The consideration for the transaction is US\$5 million, payable in stock, with the deemed value calculated using a 10-day volume weighted average price (VWAP). Upon completion of the transaction, therefore, the Company will issue a total of approximately 22.6 million shares.

This is an arm's length transaction. The Company will not be taking on any long-term debt. No finder's fee is to be paid in relation to the transaction.

Strategic Rationale

- Expands AUDACIOUS's footprint in California following the launch of its LOOS brand
- Herbs' license, in addition to retail, includes the ability to cultivate, manufacture (edibles and derivatives production) and distribute cannabis products
- One of only 16 dispensaries¹ in San Jose, California's 3rd largest city with over 1 million people and the 10th largest city in the U.S.²
- Distribution agreement with EAZE significantly expands market reach throughout all of California, as well as accelerates revenue generation and brand development
- Retail footprint enables direct access to end customers
- Contract manufacturing agreements reduce capital requirements while accelerating launch of AUDACIOUS brands in new jurisdictions
- Creates a platform for further expansion in California
- Compelling valuation

Dispensary

The Herbs dispensary is located in San Jose. Daytime population within a ten-mile radius from the dispensary is 1.7 million people³, equating to just below one dispensary per 100,000 people. This compares favorably to the state's average at around two⁴. The dispensary is located in a high-density traffic area at the intersection of three major freeways, further benefiting by being located adjacent to Costco, driving significant traffic to the location. AUDACIOUS intends to rebrand the dispensary and transform it into a platform for further growth in the state.

EAZE

EAZE is the largest legal delivery service in California and Michigan, with over 800,000 registered customers and over 7 million deliveries completed⁵. Through the agreement, Eaze partners with Herbs to provide delivery services in the San Jose area. As part of the agreement, Eaze will carry 20 of SKUs on its San Jose menu, while carrying 15 SKUs on its California-wide delivery platform.

AUDACIOUS Products Now Available in California

In addition to building up general multi-brand inventory for its dispensary, manufacture of the Company's value line of Provisions disposable vapes, as well as its 2oz, 100mg THC LOOS shots, which will be carried both by the dispensary and on the Eaze menu. The Company anticipates the 1g cartridges to be available to the market this month.

¹ <https://www.sjpd.org/about-us/organization/chief-executive-officer/cannabis-regulation>

² <https://worldpopulationreview.com/us-cities>

³ KIMCO Realty – Full Demographic Report

⁴ <https://cannabis.ca.gov/>

⁵ Eaze - 2021

Contract manufacturing – Product Launch

The Company has made arrangements with two contract manufacturers to produce AUSA's products, which initially will comprise mainly of GT's Tsunami and Provisions brand lines. GT has won coveted awards for its products, including the High Times Cup, Patient Choice and the Jack Herer Cup. Manufacturing of the Company's products has commenced to ensure ample inventory is available upon AUDACIOUS taking over operation subsequent to approval by city and state regulatory agencies.

The Company will also be introducing its new 1gram disposable, rechargeable cartridges in California. The new cartridges, fully customized to Provisions standards, will deliver a high potency, high quality product at a price point that delivers strong value for money, while still producing very substantial gross margin for the Company. The new 1gram format is differentiated through its form factor, potency, value and capacity. Anticipating this new format to be popular, AUDACIOUS's new distribution partner EAZE has ordered the complete range of flavors for each of its distribution hubs in California.

The new cartridges will be available in six flavors:

- White Gushers
- Biscotti
- Limoncello
- Super Silver Haze
- Grape Pie
- Diamond OG



New AUDACIOUS Product Line to Launch (CNW Group/Australis Capital Inc.)

Management Commentary

"We are very excited about our expansion in California through a compellingly valued transaction that sees us establish a brick-and-mortar presence in an underserved market, while teaming up with EAZE, one of the marquee names in the industry with over 800,000 registered customers," said Terry Booth, CEO. "Consequently our EAZE partnership, we will be able to provide consumers throughout California with access to our award-winning brands, including our LOOS shots and our new 1g disposable cartridge format, which will be available in our dispensary and on the Eaze menu shortly. Additionally, coming with a license allowing manufacturing and cultivation, this transaction, once closed, will provide us with the option to scale up operations throughout the value chain to capture higher margins. The transaction will accelerate our revenue growth, while reflecting our ongoing execution towards becoming a tier one MSO."

About AUSA

Led by industry pioneer Terry Booth and a seasoned and accomplished management team with proven industry track records, AUSA is building an MSO based on a difficult to imitate strategy. Secure access to low-cost but high-quality biomass will enable the Company to fuel expansion of its footprint across the US. Award winning brands and cultivars create strong resonance with the end consumer, thereby driving growth in each market and as the Company expands its footprint.

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

"Terry Booth"

Terry Booth
Chief Executive Officer

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; 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, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions that could limit the Company's ability to obtain external financing.

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.

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