

AUDACIOUS™

AUDACIOUS PROVIDES CORPORATE UPDATE

August 8, 2023, Edmonton, Alberta – Australis Capital Inc. (CSE: AUSA) (OTC: AUSAF) is pleased to update investors with the company's latest developments in operations, funding initiatives, the status of financial reporting and the cease trade order.

Operational Developments

New York

The expanding legalization of adult usage cannabis presents a tremendous economic opportunity for New York State. The New York cannabis market is expected to reach US\$5 billion by 2025 representing a US\$2.1 billion wholesale market for existing and new cultivators. An estimated 4.1 million square feet of canopy will be required to meet this demand.¹

Further, the restrictions on the MSO-led NY medical operations, extension of conditional cultivators' license period and priority review of provisional license holders² represents a significant opportunity for the current holders of conditional and provisional licenses.

The Company's partner, Hempire Farms LLC, is conditionally licensed by the state regulatory authorities for the cultivation and manufacturing of cannabis products for the adult use market.

Hempire's intention is to transition from the present conditional cultivator license to a Tier 2 Combination License then into a Tier 4 or Tier 5 Indoor Cultivator License.

The first harvest by Hempire was completed on October 14, 2022. The crop yielded approximately 282lbs of dry cannabis flower. It was flash frozen to be processed into derivatives for future use in non-flower cannabis products such as edibles and vape cartridges for vape pens.

¹ https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Fs2.q4cdn.com%2F357588274%2Ffiles%2Fdoc_presentations%2F2023%2FACRG-New-York-Illicit-Cannabis-Market-Absorption-Analysis-1.pdf&data=05%7C01%7CRobert.wilson%40audacious.net%7C554a534fa147485c710008db977f8dce%7C0c430df13726475e97db3a1d394d1f2a%7C0%7C0%7C638270346361030179%7CUnknown%7CTWFpbGZsb3d8evJWljoic4wLjAwMDAiLCQioiV2luMzliLCBTLi6k1haWwiiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=N8LEq5rxO4126NhrsIPRdt3zDHIbVKdO0GkEioA8YM%3D&reserved=0

² https://cannabis.ny.gov/system/files/documents/2023/05/revised-adult-use-regulations-5-11-2023_0.pdf

The 2023 grow season commenced in June with approximately 4,300 seedlings planted on a second property within Broome County which was better suited. The property is flatter, has a better weather profile for cannabis and includes high quality buildings that will be utilized to dry, trim process and package. This is a leased property with a first right option to purchase.

Of the four strains which were planted, current indications show that after 30 days in the ground, the crop has a greater than 95 % germination rate and less than 1% failure rate. The cultivation selection and process were conducted with the oversight of Mr. Bob Luciano, AKA Mr. Natural, a world-renowned cannabis pioneer and disabled Vietnam Veteran who has been a strong advocate for the use of medical cannabis for Veterans.

In July of this year, the New York State Office of Cannabis Management inspectors conducted a second audit of the grow operations to check for compliance. The audit results were very positive as zero non-compliance issues were found. The auditors were pleased with all required paperwork, suite of SOPs, and field set up. With Hempire passing the audit, the project can move forward and serve the NYS adult use market.

“We are growing cannabis for flower sales by selecting only the choicest buds from the main colas with the rest of the plant used for derivative products.” Stated Roger Sykes, the COO of the Company, “Harvest will begin in the middle of September to first week of October 2023 and we are expecting over 3,000lbs of dried saleable product. Operations will include drying, curing, trimming, and packaging our own flower at our facility. With operations ranging from industry leading, sustainable cultivation design, in house cultivation to manufacturing, Audacious will ultimately produce high quality branded products for New York consumers.”

As part of its partnership with Hempire, the Company intends to complete the majority acquisition of Hempire as soon as possible.

New Jersey

The New Jersey cannabis industry has witnessed significant growth, fueled by the increasing number of licensees and a burgeoning marketplace. Notably, in March, state legislators passed a bill that permits cannabis businesses to deduct ordinary business expenses on their state tax returns, addressing the longstanding issue of the prohibitive 280E tax code at the federal level. This bill, recently signed into law by Governor Murphy, is expected to alleviate the substantial tax burden previously borne by cannabis businesses operating within the state.

The continued growth of the industry is further supported by the ongoing issuance of licenses by the New Jersey Cannabis Regulatory Commission.

Through its investment in Audacious NJ LLC, the Company and its social equity partner won a provisional cultivation and manufacturing license for up to 50,000 sq. ft. of canopy and a provisional adult use manufacturing license in New Jersey. On October 28, 2022, Audacious NJ LLC received Conditional Class 1-Cultivator and Conditional Class 2-Manufacturer approval letters from New Jersey. This application process in New Jersey continues with modifications from previous submission.

“We are excited about the future of Audacious” said Terry Booth, CEO of the Company, “Our assets in New York and New Jersey are well positioned to capitalize on our strong portfolio of cannabis brands. The Company’s projects provide a unique and differentiated asset base to become a key player in the Tri-State area. Buckling down under our new CFO Robert Wilson and staying focused on the east coast was imperative during this tumultuous time for the company. The reporting issues we have encountered have been beyond frustrating for investors, management and myself.”

Booth continued, “we are absolutely committed to supplying high quality products while remaining respectful of the legacy market. We will also continue to support inclusion, social equity, and diversity, this is not a strategy it is righteous.”

Corporate Cost Reductions

Subsequent to the sale of the ALPS business in February of this year, the Company has undertaken a number of cost reduction initiatives targeted at bringing down overall burn-rate at the corporate level. The most significant reduction in costs has taken place in staffing where contract terminations, layoffs and furlough initiatives have reduced over 50% of corporate employee costs.

Financing Update

ALPS Note Receivable

As announced on February 27, 2023, the Company sold all its rights, title, and interest in all of the assets, properties and rights in connection with the business of ALPS for an aggregate purchase price of \$6,251,400. The Purchase Price included (i) cash payment by the Purchaser for an amount of \$1,000,000 (ii) the assignment and assumption by the purchaser of accrued and unpaid bonus and (iii) a promissory note payable by the purchaser in the amount of \$4,277,572 (“Note”). The Note bearing no interest for 90 days following the closing date and 7.5% per annum thereafter, calculated monthly until paid in full with mandatory monthly payments of \$250,000 if the Note remains unpaid 180 days following the closing, subject to certain adjustments and set offs in accordance with the Purchase Agreement.

The Company’s share of the Note shall be used to fund ongoing operation of the Company including the expansion of the business in New York and New Jersey.

LOLA Ventures Loan

The CEO, Terry Booth has continued to fund the working capital requirements of the business through his company LOLA Ventures Inc. Since taking control of the Company, Mr. Booth has contributed over \$6.9 million in cash contributions to the ongoing operations of the Company.

Interest on the LOLA loan is accrued at 2% per month on the outstanding balance and an additional fee is recognized at a rate of 10% per annum for balances outstanding for over 6 months. On September 29, 2022, the Board approved an increase in the facility to \$4,000,000 which was increased again on July 6, 2023, to \$8,000,000.

Financial Reporting and Cease Trade Order Update

Management expects to complete the fiscal 2022 audit of the financial statements before the end of August. Subsequent to the filing of the fiscal 2022 statements, the Company will file its unaudited interim statements for the quarters ended June 30, 2022, September 30, 2022, and December 31, 2022. In addition, management intends to complete its fiscal 2023 financial statements for the period ending March 31, 2023, and re-engage our auditors.

Note that the fiscal 2023 statements were due July 30, 2023, as such, the Company expects that its shares will continue to be suspended from trading by the Canadian Securities Exchange pursuant to CSE Policy 3.

It is the intention of management to complete all outstanding financial reports and apply for resumption of trading.

About AUDACIOUS

AUDACIOUS is a next-generation cannabis company with experience across all verticals. Led by industry pioneer Terry Booth and an accomplished management team with proven industry track records. AUDACIOUS is forging the inclusive cannabis community of tomorrow, today. Learn more about AUDACIOUS [here](#).

For further investor information, please contact:

Robert Wilson
T : +1.647.289.6640
robert.wilson@audacious.net
ir@audacious.net

Neither the Canadian Securities Exchange nor its regulation services provider accepts responsibility for the adequacy or accuracy of this news release.

FORWARD-LOOKING STATEMENTS:

Cautionary Note Regarding Forward-Looking Statements: This release includes certain statements and information that may constitute “forward-looking information” within the meaning of applicable Canadian securities laws. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward looking statements in this news release include, but are not limited to, the market opportunities and expected operations in New

York and New Jersey, anticipated closing of the New York acquisition of Hempire, expected timing of completion of the Annual Filings and Interim Filings and approval of the application for resumption of trading.

The forward-looking statements contained in this news release are based on certain key expectations and assumptions made by the Company, including, without limitation, information based on the current state of the Annual Filings and Interim Filings; the Company's belief that its external auditor will complete its audit and release its audit opinion in a timely manner that will allow the Company to file the Annual Filings; that the unaudited financial statements prepared by management of the Company will not differ materially from audited financial statements once available; and the ability of the Company's management to execute its business strategy, objectives and plans. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks and uncertainties arising from any delay or termination of the acquisition of Hempire Farms LLC, delay in filing the Annual Filings and Interim Filings; the Company's ability to satisfy the requirements of NP 12-203; the revocation of the MCTO and replacement with a cease trade order; general business, economic, competitive, political and social uncertainties; the impact of the COVID-19 pandemic on the Company's operations and other factors, many of which are beyond the control of the Company.

The forward-looking statements contained in this news release represent the Company's expectations as of the date hereof and are subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

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