

Volatus Aerospace Corp. Announces Closing of Private Placement of Convertible Debenture Units

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TORONTO, ON / ACCESSWIRE / May 11, 2023 / Volatus Aerospace Corp. (TSXV:VOL) (OCTQB:VLTF) ("**Volatus**" or the "**Company**") announced today that it has completed a closing of its previously announced brokered private placement offering (the "**Offering**") of 12% senior unsecured convertible debenture units of the Company (the "**Debenture Units**"). Pursuant to the Offering, the Company has issued and sold 2,646 Debenture Units for aggregate gross proceeds to the Company of C\$2,646,000.

The Offering was completed pursuant to the terms and conditions of an agency agreement (the "**Agency Agreement**") dated May 11, 2023, among Echelon Wealth Partners Inc., as lead agent and sole bookrunner, and Canaccord Genuity Corp. (collectively, the "**Agents**") and the Company.

Each Debenture Unit is comprised of a \$1,000 principal amount senior unsecured convertible debenture (each, a "**Debenture**") and 1,000 common share purchase warrants of the Company (each, a "**Warrant**"). The Debentures will mature on May 11, 2025 (the "**Maturity Date**") and shall bear interest at a simple rate of 12% per annum. Interest will be payable semi-annually in arrears in cash on the last day of June and December in each year, with the first interest payment deferred until June 30, 2024. The principal amount of the Debentures, or any portion thereof, may be converted at the election of the holder thereof into common shares in the capital of the Company ("**Common Shares**") at a conversion price of \$0.50 per Common Share (the "**Conversion Price**"), being a conversion rate of 2,000 Common Shares per \$1,000 principal amount of Debenture Units, at any time prior to the Maturity Date. The principal amount of the Debentures may be converted at the election of the Company into Common Shares at the Conversion Price on not more than 60 days' and not less than 30 days' notice to the holders of Debentures (i) in the event that the daily volume weighted average trading price of the Common Shares on the TSX Venture Exchange ("**TSXV**") is greater than \$1.00 per share for 10 consecutive trading days on the TSXV, or (ii) in connection with a qualified equity or similar financing involving Common Shares or warrants resulting in aggregate gross proceeds to the Company of not less than C\$10.0 million (the "**Qualified Financing**"), subject to the Conversion Price being ratcheted down to equal the price per security under the Qualified Financing. The Debentures will be redeemable, in whole or in part, at the option of the Company, on or after the date that is 12 months from the issue date at price equal to 105% of the principal amount of the Convertible Debentures then outstanding plus any accrued and unpaid interest that would otherwise be payable to the holders from the time of such redemption until the Maturity Date.

Each Warrant is exercisable to acquire one Common Share at a price of \$0.50 per Common Share until May 11, 2025. If, at any time following the date that is 4 months and one day following the Closing Date, the daily volume weighted average trading price of the Common Shares on the TSXV is greater than \$1.00 per share for the preceding 10 consecutive trading days on the TSXV, the Corporation shall have the right to accelerate the expiry date of the Warrants to a date that is at least 30 days following the date of notice to holders of Warrants.

For its services in connection with the closing of the Offering, the Company has paid to the Agents: (i) a cash commission equal to C\$210,930, being an amount equal to 8% of the gross proceeds raised from the Offering (reduced to 3% for subscribers identified on the Company's president's list); and (ii) 421,860 non-transferrable agent warrants (the "**Agents' Warrants**"), being such number of Agents' Warrants as is equal to 8% of the gross proceeds raised from the Offering (reduced to 3% for subscribers identified on the Company's president's list) divided by the Conversion Price. Each Agents' Warrant is exercisable to acquire one Common Share at an exercise price of \$0.50 per share until May 11, 2025.

The Company intends to use the net proceeds of the Offering for research and development and for general working capital purposes. For further details concerning the Offering, see the prior press release of the Company dated April 13, 2023.

The completion of the Offering remains subject to the final approval of the TSXV. All securities issued pursuant to the Offering are subject to a statutory four month plus a day hold period from their date of issuance.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. "United States" and "U.S. persons" shall have the meanings assigned to them in Regulation S under the U.S. Securities Act. .

About Volatus Aerospace:

Volatus Aerospace Corp. is a leading provider of integrated drone solutions throughout North America and growing into Latin America and globally. Volatus serves civil, public safety, and defense markets with imaging and inspection, security and surveillance, equipment sales and support, training, as well as R&D, design, and manufacturing. Through our subsidiary, Volatus Aviation, we are introducing green and innovative drone solutions to supplement and replace traditional aircraft and helicopters for long-linear inspections such as pipeline, energy, rail, and cargo services. Volatus is committed to carbon neutrality; the fostering of a safe, equitable and inclusive workplace; and responsible governance.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. The TSX Venture Exchange has in no way passed upon the merits of the Offering and has neither approved nor disapproved the content of this press release.

Forward Looking Statements

This news release may contain forward-looking information and forward-looking statements (within the meanings of applicable securities laws) which reflect the Company's current expectations regarding future events. Forward-looking statements are identified by words such as "believe", "anticipate", "project", "expect", "intend", "plan", "will", "may", "estimate" and other similar expressions. These statements are based on the Company's expectations, estimates, forecasts and projections and include, without limitation, statements regarding the future success of the Company's business. Forward-looking statements in this news release include: statements regarding the Offering; receipt of final approval of the TSXV with respect to the Offering and the expected use of proceeds of the Offering.

The forward-looking statements in this news release are based on current assumptions and expectations of management of the Company. The forward-looking statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Actual events and conditions could differ materially from those expressed or implied in this news release as a result of known or unknown risk factors and uncertainties affecting the Company. Several factors could cause results to differ materially from those discussed in the forward-looking statements, including risks regarding the industry in which the Company operates, economic factors, the equity markets generally and risks associated with growth and competition. Additional risk factors are also set forth in the Company's annual information form and other filings available on the Company's SEDAR profile

at www.sedar.com. Although the Company has attempted to identify certain factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Therefore, readers should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to update or revise any forward-looking statement publicly, whether as a result of new information, future events or otherwise.