

# GABRIELLA'S KITCHEN

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## **Gabriella's Kitchen Announces C\$1,000,000 Convertible Debenture Financing, Grants Incentive Stock Options & Issues Shares For Services**

**CALGARY, ALBERTA & SANTA ROSA, CALIFORNIA** – January 20<sup>th</sup>, 2019 – Gabriella's Kitchen Inc. ("**GABY**" or the "**Company**") (CSE: **GABY**), a market-leading cannabis wellness company, announced today it has arranged a convertible debenture financing to raise C\$1,000,000 for corporate development and general working capital purposes.

### **Private Placement of Debentures and Warrants**

GABY is pleased to announce a non-brokered private placement of up to 1,000 units ("**Units**") of the Company at a price of \$1,000 per Unit, for aggregate gross proceeds of up to \$1,000,000 (the "**Offering**"). Each Unit is comprised of a secured convertible debenture in the principal amount of \$1,000 ("**Debentures**") and 500 common share purchase warrants ("**Warrants**"). The Debentures accrue interest at a rate of 15% per annum. The Debentures are retractable at the option of the Company or redeemable and/or convertible into common shares of GABY ("**Common Shares**") at the option of the holder, in whole or in part, from the date that is 90 days following the closing of the Offering until maturity at 2 years following the closing of the Offering. The conversion price of the Debentures will be equal to the greater of \$0.37 per Common Share or the closing price of the Common Shares on the last trading day prior to the date of that GABY receives a notice of conversion from the holder. Each Warrant is exercisable at a price of \$0.37 per Common Share for a period expiring 2 years from the closing of the Offering. The securities issued under the Offering will be subject to a four-month and one day hold period in accordance with Canadian securities laws.

"This raise enables us to move to the next phase of our business plan and stay on course for the anticipated growth of our business" said Margot Micallef. "The net proceeds of the Offering will be used to accelerate the growth of GABY's recent acquisitions and for general corporate purposes. We believe our stock remains undervalued relative to our peers. Pushing the option for conversion of the Debentures out 90 days affords our stock the opportunity to benefit from the positive momentum we are experiencing and thus potentially minimize dilution of this raise to current shareholders" she concluded.

The Company anticipates that the majority of the Units will be sold to the directors, officers, and insiders of the Company, who are related parties of the Company pursuant to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), therefore the Offering shall constitute a "related party transaction" within the meaning of MI 61-101. In its consideration and approval of the Offering, the board of directors of the Company determined that the Offering will be exempt from the formal valuation and minority approval requirements of MI 61-101 on the basis that the fair market value of the Offering to related parties is not expected to exceed 25% of the market capitalization of the Company, in accordance with Sections 5.5 and 5.7 of MI 61-101.

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Closing of the Offering is subject to compliance with customary regulatory requirements, including the applicable requirements under the policies of the Canada Securities Exchange (the "CSE").

The securities being offered have not been, nor will they be, registered under the United States 1933 Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release will not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

## **Shares for Services**

In addition to the Offering, the Company has agreed to issue Common Shares to three arm's length service providers in accordance with previously agreed arrangements. (the "Shares for Services"). Pursuant to the various agreements for services, the Company intends to issue an aggregate of 1,383,800 Common Shares, at a deemed price of \$0.37 per Common Share. The Shares for Services are being issued under the applicable exemptions under the National Instrument 45-106 and is subject to a customary four month and one day hold period pursuant to applicable securities laws. In addition, 700,000 of such Shares for Services are subject to additional hold period under an escrow arrangement and will be released over a three year period. Completion of the Shares for Services is subject to compliance with applicable regulations, including policies of the CSE.

## **Grant of Incentive Stock Options**

The Company has also granted an aggregate of 4,310,000 stock options to certain officers and consultants of the Company with an exercise price of \$0.50 per share, which vest over a five year period and expire on the date that is ten years from the date of grant.

## **About Gabriella's Kitchen**

GABY is a US-focused, cannabis wellness company holding a manufacturing license and will hold a distribution license issued by the California Bureau of Cannabis Control upon closing of its acquisition of Sonoma Pacific Distribution, announced October 23, 2018. With these licenses, its existing infrastructure of major retailers and an extensive broker and distribution network, GABY is positioned to service mainstream grocery with CBD infused products, as well as licensed cannabis retailers with CBD and THC-infused edible and wellness products.

Margot and her sister Gabriella co-founded GABY, a wellness company, after Gabriella received a dire cancer diagnosis which spurred the sisters to prolong Gabriella's life through a holistic approach to health. Today, GABY is a wellness company with its own manufacturing infrastructure and a diverse range of products that use cannabis to address a variety of dietary and health concerns. Although Gabriella ultimately passed away from her illness, she lived exponentially longer than doctors predicted. Her memory and passion live on through GABY's mission: to empower people to live healthy lives without compromise.

## **Disclaimer and Forward-Looking Information**

*The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release. Certain information set forth in this news release may contain forward-looking statements that*

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*involve substantial known and unknown risks and uncertainties, certain of which are beyond the control of Gabriella's Kitchen Inc. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Forward looking statements include, but are not limited to, the anticipated closing of the Offering, anticipated shares issuances under Shares for Services and receipt of regulatory approvals, including the approval of the CSE. The Company assumes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.*

*The Oil Plant, Inc. ("TOP") is a wholly owned subsidiary of GABY. TOP owns cannabis license in California. Cannabis is legal in the State of California however cannabis remains illegal under United States ("U.S.") federal laws. The U.S. Department of Justice issued guidance in 2013 indicating that it will focus on certain enforcement priorities, outside of which it will generally not enforce federal prohibitions on cannabis in U.S. states that have authorized this conduct so long as the U.S. state has implemented a strong and effective regulatory program. This federal guidance is subject to change, rescission or alteration by other federal government policy pronouncements at any time. TOP's business is conducted in a manner consistent with the State law of California and is in compliance with regulatory and licensing requirements applicable in the State of California. However, the readers should be aware that change in federal guidance on enforcement actions could adversely affect TOP's ability to access private and public capital required in order to support continuing operations and its ability to operate in the U.S.*

**Further information:** For investment inquiries, please contact Investor Relations at [IR@gabriellas-kitchen.com](mailto:IR@gabriellas-kitchen.com) or (800) 674-2239; for media inquiries, please contact Lana Rogers, Public Relations Consultant, at [Lana@Lanarogerspr.com](mailto:Lana@Lanarogerspr.com) or (403) 519-7959.

## **Related Links**

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