

GABY

Gabriella's Kitchen Closes Acquisition of Sonoma Pacific Distribution Following Sonoma's Record Breaking \$8 Million Revenue Quarter - A 1200% Increase Over Same Period Last Year

CALGARY, ALBERTA and SANTA ROSA, CALIFORNIA – April 1, 2019 – Gabriella's Kitchen Inc. ("**GABY**" or the "**Company**") (CSE: **GABY**), an innovative and leading-edge cannabis wellness company, is pleased to announce the completion of its acquisition of all of the issued and outstanding shares of Sonoma Pacific Distribution, Inc. ("**Sonoma Pac**"), California's premier, independently-owned cannabis distribution company, which was previously announced on October 23, 2018 (the "**Acquisition**"). With the closing of the Acquisition, GABY gains an expansive distribution reach across the state of California, which currently represents the world's most thriving cannabis market as well as a permanent cannabis distribution license that was issued to Sonoma Pac by the California Bureau of Cannabis Control and the County of Santa Rosa on March 14, 2019.

"With the support of GABY and its executive team as well as the ability to leverage GABY's infrastructure, Sonoma Pac realized a record-breaking first quarter of 2019. For the three month period ending March 31, 2019, it is estimated that Sonoma Pac generated revenue that exceeds CDN\$8 Million¹ from the sale of our proprietary products," stated Aaron Browe, President of Sonoma Pac. "That number represents a massive 1,200% increase over same quarter last year."

"Our relationship with Sonoma Pac over the past several months has shown us how we can successfully use our infrastructure to accelerate bringing our brands to market," said Margot Micallef, Founder & CEO of GABY. "With extensive experience in consumer packaged goods ("**CPG**"), we were able to identify early on that two things were needed to be successful as a CPG company in the cannabis space: quality and speed to market. We acquired our manufacturing license and facility last October to ensure we could control the quality of our products and with this Acquisition, have secured all of the necessary resources to bring our proprietary brands to market quickly and efficiently. It is worth repeating that despite owning both a manufacturing and distribution license, GABY is not pursuing a manufacturing nor distribution strategy. Rather, we are a focused CPG company operating in the cannabis space that has the necessary licenses to support bringing our proprietary brands to market. Put simply, we are a *house of brands!*" she concluded.

With the completion of this Acquisition, Aaron Browe becomes GABY's Executive Vice-President, and General Manager of GABY's cannabis operations. In this role he will supervise a team with over one hundred years' of combined experience in the cannabis industry. This team brings deep connections with appellation farmers growing some of the best cannabis in the Sonoma Valley, and with many of the finest dispensaries in California. He also indirectly supervises a team of sales people strategically positioned throughout the state. This sales team will sell proprietary and third party licensed products into the licensed dispensary channel in California, as well as CBD-infused products into the mainstream

¹ Gross revenue generated by Sonoma Pac is calculated as US\$6.5 million multiplied by an average exchange rate for the quarter of 1.3 Canadian dollars for each US dollar and is based on the internal accounting records of Sonoma Pac as provided by its management. The numbers have not been reviewed or audited by an independent accounting firm and may be subject to adjustments

independent, natural and organic channels in California. Aaron will report directly to Jamie Fay, President and Chief Operating Officer of GABY.

"While the operational synergies we will realize with GABY significantly improve Sonoma Pac's growth trajectory, I also believe that the completion of this Acquisition will be equally impactful for the entire California market," said Mr. Browe. "With GABY's foundation and expertise in innovation, brand development and consumer satisfaction, combined with Sonoma Pac's ability to reach consumers, we believe GABY is well positioned to reshape the California cannabis landscape as we currently know it."

Under the terms of the Acquisition agreement, Sonoma Pac shareholders will be entitled to receive up to 17,250,000 in common shares of GABY ("**GABY Shares**") at a deemed price of \$0.4148 per GABY Share. The GABY Shares are issued into escrow and that number of GABY Shares equal to 1.0x the verifiable licensed revenue of Sonoma Pac for the fiscal year ended December 31, 2018 (the "**2018 Revenue**") will be releasable based on escrow schedule set out below, to the Sonoma Pac shareholders upon final verification of the 2018 Revenue. Any GABY Shares remaining in escrow following the release to Sonoma Pac shareholders will be returned to treasury for cancellation. Sonoma Pac shareholders will be further entitled to an earn-out equal to 0.35x the difference between the 2018 Revenue and the verifiable licensed revenue of Sonoma realized as at December 31, 2019. The earn-out will be paid in additional common shares of GABY at a price that is equal to the Company's volume weighted average price ("**VWAP**") for the 20-day period ending on the day following the public release of the consolidated Sonoma and GABY fiscal 2019 year-end financial statements. All of the common shares of GABY issued pursuant to this transaction are subject to a three year escrow from the date of issuance, pursuant to which 15% of the shares held in escrow will be released in equal tranches every six months.

ABOUT GABRIELLA'S KITCHEN INC.

GABY is a US-focused, consumer packaged goods company operating in the cannabis industry. GABY holds a manufacturing and a distribution license issued by the California Bureau of Cannabis Control. With these licenses, its existing infrastructure of major retailers and an extensive broker and distribution network in the mainstream channel, GABY is positioned to bring its proprietary brands to market in both the licensed and mainstream market.

Margot and her sister Gabriella co-founded GABY 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 a diverse range of products that use cannabis and hemp derived CBD 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.

To learn more, please visit the Company's website at www.gabyinc.com.

Further information:

For investment inquiries, please contact Margot Micallef, Founder & CEO or Investor Relations at IR@gabriellas-kitchen.com or (800) 674-2239.

For media inquiries, please contact Lana Rogers, Public Relations Consultant, at or (403) 519-7959.

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 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, GABY receiving the anticipated benefits from the Acquisition, anticipated closing of other accretive acquisitions in 2019, the Company's ability to raise funding to achieve its objectives in 2019 and the anticipated availability of the Company's Infused Products. 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.

Each of The Oil Plant, Inc. ("TOP") and Sonoma Pac is a wholly owned subsidiary of GABY. Each of TOP and Sonoma Pac owns a cannabis license in California. Unlike in Canada which has Federal legislation uniformly governing the cultivation, distribution, sale and possession of medical cannabis under the Cannabis Act (Federal), readers are cautioned that in the U.S., cannabis is largely regulated at the State level. Cannabis is legal in the State of California however cannabis remains illegal under United States ("U.S.") federal laws. Notwithstanding the permissive regulatory environment of cannabis at the State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the U.S. and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. Federal law. 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. Each of TOP's and Sonoma Pac'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 and Sonoma Pac's ability to access private and public capital required in order to support continuing operations and its ability to operate in the U.S. However, readers are cautioned that strict compliance with State laws with respect to cannabis will neither absolve GABY, TOP or Sonoma Pac of liability under the U.S. Federal law, nor will it provide a defense to any Federal proceeding, which could be brought against any of GABY, TOP or Sonoma Pac. Any such proceedings brought against GABY, TOP or Sonoma Pac may materially adversely affect its operations and financial performance in the U.S. market.

*Neither the Canadian Securities Exchange nor its Regulation Services Provider
accepts responsibility for the adequacy or accuracy of this release.*



GABRIELLA'S
KITCHEN