

Gabriella's Kitchen Announces Closing of Previously Announced Upsized \$20MM Private Placement

SANTA ROSA, CA and CALGARY, AB, June 12, 2019 /CNW/ - Gabriella's Kitchen Inc. ("**GABY**" or the "**Company**") (CSE: **GABY**) (OTCQB: **GABLF**), is pleased to announce that further to its May 3, 2019 and June 5, 2019 press releases, the Company has closed its upsized brokered private placement offering led by GMP Securities L.P. (the "**Agents**"), pursuant to which the Company issued approximately 66,666,733 units of the Company (the "**Units**"), at a price of C\$0.30 per Unit (the "**Offering Price**"), for aggregate gross proceeds of approximately C\$20 Million (the "**Offering**").

Margot Micallef, Founder and CEO of GABY, commented, "I'm pleased with the robust reception our offering received in the market and I'm very happy with the quality of investors we have attracted. We now have all the pieces in place to continue and enhance our exponential growth and to build GABY into a dominant consumer packaged goods player in the cannabis and hemp products space."

Each Unit consists of one common share (a "**Common Share**") and one-half common share purchase warrant of the Company (each whole warrant, a "**Warrant**"). Each whole Warrant will be exercisable to acquire one Common Share at an exercise price of C\$0.38 per share, subject to adjustment in certain events, for a period of two years following June 12, 2019 (the "**Closing Date**") provided, however, that if, after the first 6 months following the Closing Date, the volume-weighted average trading price of the Common Shares on the Canadian Securities Exchange the "**CSE**") is equal to or greater than C\$0.55 for any five consecutive trading day period, the Company may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is no less than 30 days following the date of such written notice.

All securities issued in connection with the Offering are subject to a four month and one day hold period from the Closing Date in accordance with applicable securities laws. The Company intends to use the net proceeds from the Offering for capital expenditures, potential acquisitions, brand and sales investment, working capital, and general corporate purposes.

In connection with the Offering, the Agents received an aggregate cash commission equal to approximated 4.5% of the gross proceeds of the Offering and broker warrants to purchase up to 3,087,473 Units, at a price per Unit that is equal to the Offering Price, for a period of 24 months following the Closing Date. The Company also issued to certain consultants and advisors warrants to purchase up to 1,435,161 Units, at a price per Unit that is equal to the Offering Price, for a period of 24 months following the Closing Date.

Mitch Baruchowitz, Managing Partner of Merida Capital Partners, commented, "Merida was deeply impressed by GABY's understanding of granular aspects of their manufacturing and distribution verticals and find the combination of a broad family of branded products and wellness-related research and product capabilities a compelling value proposition. We are excited to have the opportunity to be a significant investor in this round."

Margot Micallef, the Chief Executive Officer of the Company, Barbara Feit, the Chief Financial Officer of the Company, and certain other directors, officers, and other 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**"), participated in the Offering and the Offering therefore constituted 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 was 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 did not exceed 25% of the market capitalization of the Company, in accordance with Sections 5.5 and 5.7 of MI 61-101.

About Gabriella's Kitchen Inc.

GABY is a U.S.-focused, consumer packaged goods company operating a *house of brands* in the cannabis industry and in the mainstream grocery channel. Through its wholly owned subsidiaries The Oil Plant, Inc. ("**TOP**") and Sonoma Pacific Distribution, Inc. ("**Sonoma Pac**"), GABY holds a manufacturing and a distribution license issued by the California Department of Health and the California Bureau of Cannabis Control respectively. With these licenses to operate in the cannabis channel, and its existing infrastructure of major retailers and an extensive broker and distribution network in the mainstream channel, GABY is positioned to bring its proprietary, acquired and third-party 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.

Disclaimer and Forward-Looking Information

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 the Company. 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 use of proceeds from the Offering, the anticipated closing of additional acquisitions by the Company, the continued growth and expansion of the Company's operations, and the 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.

Each of TOP and Sonoma Pac are wholly owned subsidiaries of GABY. TOP and Sonoma Pac each hold cannabis licenses in the State of 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 United States ("**U.S.**"), cannabis is largely regulated at the State level. Cannabis is legal in the State of California however cannabis remains illegal under 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. To the knowledge of the Company, each of TOP's and Sonoma Pac's businesses are conducted in a manner consistent with the State law of California and are in compliance with regulatory and licensing requirements applicable in the State of California. However, readers should be aware that strict compliance with State laws with respect to cannabis will neither absolve GABY, TOP or Sonoma Pac of liability under U.S. federal law, nor will it provide a defense to any federal

proceeding in the U.S. 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 the Company's operations and financial performance generally in the U.S. market specifically.

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For 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.

CO: Gabriella's Kitchen

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