

# Gabriella's Kitchen Announces C\$10 Million Private Placement Offering of Units

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SANTA ROSA, CA and CALGARY, May 3, 2019 /CNW/ - Gabriella's Kitchen Inc. ("**GABY**" or the "**Company**") (CSE: **GABY**), is pleased to announce that it has entered into an agreement with a syndicate of agents co-lead by GMP Securities L.P. and Haywood Securities Inc., and including Echelon Wealth Partners Inc., and Sprott Capital Partners (collectively, the "**Agents**"), pursuant to which the Company will issue on a marketed, "best efforts" private placement basis, up to C\$10,000,000 of Units (the "**Units**") of the Company at a price of C\$0.30 per Unit (the "**Offering Price**") (the "**Offering**"). Each Unit will consist of one common share (a "**Common Share**") and one-half common share purchase warrant of the Company (a "**Warrant**"). Each full Warrant will be exercisable to acquire one Common Share (a "**Warrant Share**") for a period of two years following the Closing Date (as hereinafter defined) of the Offering at an exercise price of C\$0.38 per share, subject to adjustment in certain events.

Margot Micallef, Founder and CEO of GABY, stated, "The Offering will enable GABY to continue its aggressive growth trajectory and fulfill its acquisition strategy to acquire complimentary cannabis infused brands as well as its expansion plans to bring CBD products to market. I am also pleased to announce I will be subscribing for \$1,000,000 of the Offering personally."

Pursuant to the terms of the offering, the Agents have been granted an option (the "**Option**") to arrange for the sale, at the Offering Price, additional Units up to 25% of the Units sold under the Offering. The Option is exercisable by the Agents at any time up until 48 hours prior to the Closing Date.

The net proceeds from the Offering will be used for capital expenditures, potential acquisitions, brand and sales investment, working capital, and general corporate purposes.

Closing of the Offering is expected to occur on or about May 20, 2019 (the "**Closing Date**"). The Offering is in the form of a best efforts private placement pursuant to applicable exemptions from the prospectus requirements in all of the Provinces of Canada to "accredited investors" within the meaning of National Instrument 45-106. The Agents are also entitled to offer the Units for sale in the United States only to Qualified Institutional Buyers (within the meaning of Rule 144A) and/or Accredited Investors (within the meaning of Rule 501(a) of Regulation D) pursuant to available exemptions from the registration requirements of the Securities Act of 1933, as amended (the "**United States Securities Act**"), and in each case in compliance with the securities laws of the applicable States of the United States. The Agents may also offer the Units for sale outside Canada and the United States provided no prospectus offering or comparable obligation arises in such other jurisdiction.

This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the United States Securities Act and applicable U.S. state securities laws. The Company will not make any public offering of the securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Company anticipates that a portion of the Units will be sold to the directors, officers, or 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**"), therefore the Offering may 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.

All securities issued under the Offering will be subject to a four month and one day hold period under applicable securities laws. The Offering is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including but not limited to the approval of the Canadian Securities Exchange (the "**CSE**").

## **ABOUT GABRIELLA'S KITCHEN INC.**

GABY is a US-focused, consumer packaged goods company operating a *house of brands* in the cannabis industry and in the mainstream grocery channel. GABY holds a manufacturing and a distribution license issued by the 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 offers a diverse range of products that use cannabis, hemp derived CBD and other powerful ingredients 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](http://www.gabyinc.com).

## **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, the anticipated closing of 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 The Oil Plant, Inc. ("**TOP**") and Sonoma Pacific Distribution, Inc. ("**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. 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. 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 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. Readers are further cautioned 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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