

Cannabis CPG MSO BellRock Brands Secures Financing Tied to Ongoing Discussions Around Strategic Alternatives

/NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES/

BellRock secures bridge financing, led by a strategic institutional investor and insiders, connected to a broader transaction contemplating an equity financing of US\$30,000,000

DENVER, April 20, 2021 /CNW/ - BellRock Brands Inc. ("BellRock" or the "Company") (CSE: BRCK.U), an industry-leading cannabis consumer packaged goods ("CPG") multi-state operator ("MSO"), announced today that it has arranged for a bridge financing (the "Bridge Loan") of up to US\$4,000,000 from a consortium of insiders and a strategic institutional investor (the "Investor"). The Bridge Loan is connected to a potential, separate transaction with the same Investor that could result in equity financing of US\$30,000,000 (the "Equity Financing").

Under the terms of the Bridge Loan, investors are providing an initial financing in the amount of up to US\$4,000,000 at an annual interest rate of 15%, with quarterly interest payments. The Bridge Loan is secured against the Company's assets. The Company has the right to prepay the Bridge Loan without penalty or premium provided that in the event of any such prepayment the investors receive a minimum yield equal to 6 months' interest on the principal amount of the Bridge Loan. BellRock intends to use the net proceeds from the Bridge Loan for funding additional working capital, as the parties finalize the Equity Financing.

The Bridge Loan was established in conjunction with the exploration of various strategic alternatives, inclusive of the Equity Financing. The Equity Financing is expected to be structured as an initial US\$30,000,000 investment into BellRock by the investors in the form of equity units at a price per unit of US\$0.07125 with each unit comprised of one (1) common share and one (1) common share warrant exercisable within 48 months following the date of issuance at a price of US\$0.11 per share. If the warrants are fully exercised, the total gross proceeds from the Equity Financing would be US\$75,000,000.

The Company intends to disclose additional details regarding the terms of the Equity Financing following the execution of definitive agreements in connection therewith. There can be no assurance that the Equity Financing will be completed on the terms set out herein or at all. Completion of the Equity Financing is subject to satisfaction of numerous conditions, including execution of definitive agreements and receipt of all applicable third party and regulatory approvals.

In the event BellRock chooses not to consummate the Equity Transaction, the Company will be responsible to pay the Investor's legal fees, up to a maximum of US\$175,000, subject to certain exceptions, as well as a break-fee, tied to the Bridge Note, in the amount of US\$200,000.

Amid the current legalization landscape, BellRock believes that it is poised to capitalize on its house of brands MSO platform. In addition to the Bridge Loan and the proposed Equity Financing, the Company continues to explore additional strategic alternatives available to the Company.

Certain directors, officers or other insiders of the Company (collectively, "Related Parties") invested in the Bridge Loan. As a result of the participation of such Related Parties in the Bridge Loan, the Bridge Loan constitutes a related party transaction for the purposes of Multilateral Instrument 61-

101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

Notwithstanding such participation, however, the Bridge Loan is exempt from the formal valuation and minority approval requirements of MI 61-101 by virtue of Sections 5.5(b) and 5.7(1)(a) of MI 61-101 on the basis that (i) no securities of the Company are listed or quoted on the markets specified in Section 5.5(b) of MI 61-101, and (ii) at the time the terms of the Bridge Loan were agreed upon, neither the fair market value of, nor the fair market value of the consideration for, the portion of the Bridge Loan invested by the Related Parties exceeded 25% of the Company's market capitalization (as determined in accordance with MI 61-101). In addition, participation in the Bridge Loan by the Related Parties will not have an effect on the percentage of equity securities of the Company beneficially owned or controlled by any such Related Parties.

The terms of the Bridge Note were negotiated with arm's length investors rather than with the Related Parties. As a result, the board of directors of the Company determined that it was not necessary to establish a special committee in connection with the Bridge Loan or the participation of the Related Parties in the Bridge Loan as each such Related Party disclosed its participation in the Bridge Loan. No materially contrary view or abstention was expressed or made by any director of the Company in relation thereto. Further details regarding the Bridge Loan will be included in a material change report that will be filed by the Company in connection with the completion of the Bridge Loan. The Corporation did not file a material change report more than 21 days before the expected closing date of the Bridge Loan as the details of the Bridge Loan and the total amount to be invested by the applicable Related Parties were not settled until shortly prior to the completion of the Bridge Loan, and the Company wished to complete the Bridge Loan on an expedited basis for sound business reasons.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities issued referenced herein 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 state securities laws, and may not be offered or sold within 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.

ABOUT BELLROCK BRANDS:

BellRock Brands is a national cannabis house of brands and intellectual property focused CPG operator that possesses one of the industry's broadest branded product portfolios. BellRock consists of two iconic cannabis brands, Mary's Medicinals (a pioneer in the Health & Wellness segment since 2013) and Dixie (a market-leading cannabis-infused edibles brand since 2010). BellRock also includes two growing California-based brands, Rebel Coast and Défoncé. BellRock's CBD portfolio includes the brands Mary's Nutritionals and Mary's Tails. With 11 brands and over 200 SKUs, BellRock reaches nearly every key consumer group and addresses the needs of a diverse cannabis consumer base. The BellRock manufacturing and distribution footprint continues to expand and currently spans nine states, and the Company owns or manages production facilities in its largest markets. For more information, visit www.bellrockbrands.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

The information provided in this press release may contain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. All statements, other than statements of historical fact, made by the Company (or its predecessors) that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on current


expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: (I) the regulation of the medical and recreational marijuana industry in the United States, Canada, Mexico, Australia, New Zealand, Latin America and other countries in which the Company may carry on its business; (ii) the ability of the Company to obtain meaningful consumer acceptance and a successful market for its products on a national and international basis at competitive prices; (iii) the ability of the Company to develop and maintain an effective sales network; (iv) the success of the Company in forecasting demand for its products or services; (v) the ability of the Company to maintain pricing and thereby maintain adequate profit margins; (vi) the ability of the Company to achieve adequate intellectual property protection; (vii) the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; and (viii) other risks described from time to time in documents filed by the Company with securities regulatory authorities, including the Company's annual information form dated June 21, 2019.

The forward-looking statements contained herein are based on certain key expectations and assumptions, including that: (I) the transaction with BR Brands will be completed on the terms described herein; (ii) there will be no material adverse competitive or technological change in condition of the Company's business; (iii) there will be a demand for the Company's products that the Company has accurately forecast; and (iv) there will be no material adverse change in the Company's operations, business or in any governmental regulation affecting the Company or its suppliers.

With respect to the forward-looking statements contained herein, although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements as no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including the risks described above. Consequently, all forward-looking statements made in this press release are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company. The cautionary statements contained or referred to herein should be considered in connection with any subsequent written or oral forward-looking statements that the Company and/or persons acting on the Company's behalf may issue.

The Canadian Securities Exchange has neither approved nor disapproved the contents of this news release.

SOURCE BellRock Brands Inc.

 View original content to download multimedia:

<http://www.newswire.ca/en/releases/archive/April2021/20/c6774.html>

%SEDAR: 00000372E

For further information: Media Inquiries: Jen Turano, BellRock Brands, Email: jturano@bellrockbrands.com, Phone: 917-291-5200; Investor Inquiries: Cody Cree, Gateway Investor Relations, Email: BRCK@gatewayir.com, Phone: 949-574-3860

CO: BellRock Brands Inc.

CNW 13:00e 20-APR-21