

BellRock Brands Receives Financing from Rose Capital

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DENVER, Sept. 1, 2021 /CNW/ - BellRock Brands Inc. ("BellRock" or the "Company") (CSE: BRCK.U), an industry-leading cannabis consumer packaged goods ("CPG") company, announced today that it has arranged for financing (the "Loan") of up to US\$3,600,000.00 from Rose Capital (the "Investor").

Under the terms of the Loan, Rose Capital is providing financing in the amount of up to US\$3,600,000 at an annual interest rate of 15%. The Loan is secured against the Company's assets. The Company has the right to prepay the Loan without penalty or premium provided that in the event of any such prepayment the Investor receives a minimum yield equal to 4 months' interest on the principal amount of the Loan. BellRock intends to use the net proceeds from the Loan to refinance an existing note between one of its subsidiaries and the Investor and infuse new working capital into BellRock.

Certain directors, officers or other insiders of the Company (collectively, "Related Parties") invested in the Loan. As a result of the participation of such Related Parties in the Loan, the 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 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 Loan were agreed upon, neither the fair market value of, nor the fair market value of the consideration for, the portion of the 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 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 Loan 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 Loan or the participation of the Related Parties in the Loan as each such Related Party disclosed its participation in the Loan. No materially contrary view or abstention was expressed or made by any director of the Company in relation thereto. Further details regarding the Loan will be included in a material change report that will be filed by the Company in connection with the completion of the Loan. The Corporation did not file a material change report more than 21 days before the expected closing date of the Loan as the details of the Loan and the total amount to be invested by the applicable Related Parties were not settled until shortly prior to the completion of the Loan, and the Company wished to complete the 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 8 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.

ABOUT ROSE CAPITAL:

Rose Capital is an investment firm focused on providing strategic capital and operating partnerships across the global cannabis sector. The Rose team brings brand-name financial and operational expertise to the nascent legal cannabis market. For prospective operators and investors seeking more information on Rose Capital, please email info@rosecapital.com or visit <https://www.rosecapital.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.

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