

Chalice Brands Ltd. Announces Private Placement of up to C\$10 Million

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PORTLAND, Ore., Oct. 07, 2021 (GLOBE NEWSWIRE) -- Chalice Brands Ltd. (CSE: CHAL) (OTCQB: CHALF) ("Chalice" or the "Company"), a premier consumer-driven cannabis company specializing in retail, production, processing, wholesale, and distribution, today announced that it has entered into an agreement with Canaccord Genuity Corp. (the "**Agent**"), as sole agent and bookrunner, on a commercially reasonable efforts basis in respect of a brokered private placement of unsecured convertible debenture units (the "**Debenture Units**") and equity units (the "**Equity Units**") of the Company (the "**Offering**").

Pursuant to the Offering, the Company will issue, for gross proceeds of up to C\$10 million: (a) Debenture Units, each Debenture Unit to be comprised of (i) one C\$1,000 principal amount unsecured convertible debenture (each, a "**Debenture**" and collectively, the "**Debentures**") and (ii) 500 warrants of the Company (each warrant, a "**Warrant**"); and (b) Equity Units, at a price equal to C\$0.75 per Equity Unit (the "**Equity Issue Price**"), with each Equity Unit to be comprised of (i) one common share of the Company (each, a "**Common Share**") and (ii) one-half of one (1/2) Warrant.

The Debentures will mature on the date that is 36 months from the date of issuance (the "**Maturity Date**") and shall bear interest at a rate of 10% per annum from the closing date of the Offering (the "**Closing Date**"), calculated and payable on a semi-annual basis, at the option of the Company in cash or with that number of Common Shares determined by dividing the interest amount by 95% of the volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the "**CSE**") for the preceding 20 consecutive trading days and ending five days prior to the applicable interest payment date. The principal sum of the Debentures, or any portion thereof, together with accrued and unpaid interest, may be converted at the election of the holder thereof into Common Shares at a conversion price of C\$1.00 per share (the "**Conversion Price**") at any time prior to the Maturity Date.

On the Maturity Date, any outstanding principal amount of the Debentures plus any accrued and unpaid interest shall be repaid in cash. If, at any time following the date that is four months following the Closing Date, the daily volume weighted average trading price of the Common Shares on the CSE is greater than C\$1.50 for the preceding 10 consecutive trading days, the Company shall have the option to convert all the principal amount of the then outstanding Debentures at the Conversion Price with at least 30 days' prior written notice. Holders converting their Debentures will receive accrued and unpaid interest thereon for the period from and including the date of the latest interest payment date to, but excluding, the date of conversion.

Each Warrant shall entitle the holder thereof to acquire one Common Share (a "**Warrant Share**") at a price of C\$1.10 per Warrant Share for a period of 24 months from the Closing Date of the Offering.

The Agent shall have the option, exercisable at any time prior to the closing of the Offering, to increase the size of the Offering by up to C\$1,500,000.

The Company has agreed to: (i) pay the Agent a cash fee equal to 5% of the aggregate gross proceeds raised from the sale of Debenture Units (reduced to 2% for subscribers identified on the Company's president's list) and 7% of the aggregate gross proceeds raised from the sale of Equity Units (reduced to 2% for subscribers identified on the Company's president's list); and (ii) issue to the Agent such number of non-transferable compensation warrants (the "**Agent's Warrants**") as is equal to 5% of the aggregate gross proceeds raised from the sale of Debenture Units divided by the Equity Issue Price (reduced to 2% for subscribers identified on the Company's president's list) and 7% of the number of Equity Units issued in the Offering (reduced to 2% for subscribers identified on the Company's president's list). Each Agent's Warrant will entitle the holder thereof to acquire one Equity Unit at an exercise price equal to the Equity Issue Price for a period of 24 months from the Closing Date.

The Company intends to use the net proceeds of the Offering for strategic retail license acquisitions and for general corporate purposes.

The Units will be offered for sale to purchasers (i) in all provinces of Canada pursuant to available private placement exemptions, (ii) in the United States on a private placement basis pursuant to available exemptions from the registration requirements under the United States Securities Act of 1933, as amended, and (iii) such offshore jurisdictions as may be agreed to by the Company and the Agent pursuant to available prospectus or registration exemptions in accordance with applicable laws.

The Offering is subject to certain conditions, including, but not limited to, the receipt of all necessary regulatory and stock exchange approvals.

The Company also announces that it has ended its relationship with Chief Revenue Officer Mr. John Ford. The Company would like to wish him well in his future endeavours.

About Chalice Brands Ltd.

Chalice Brands is a premier consumer-driven cannabis company specializing in production, processing, wholesale, distribution and retail, with twelve dispensaries owned and four dispensaries under management in Oregon. The Company is committed

to developing a dynamic portfolio built around the recognized brands of Chalice Farms, with a focus on health and wellness. Chalice operates nationally through Fifth & Root and has operations in Oregon and California.

Visit investors.chalicebrandsltd.com for regular updates.

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Disclaimer: This press release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Company's future business operations, including the proceeds from the Offering, the use of the proceeds from the offering, the opinions or beliefs of management and future business goals. Generally, forward looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. These risks include but are not limited to general business, economic and competitive uncertainties, regulatory risks, market risks, risks inherent in manufacturing and retail operations such as unforeseen costs and production shutdowns, difficulties in maintaining brand loyalty, and other risks of the cannabis industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking information. Forward-looking information is provided herein for the purpose of presenting information about management's current expectations relating to the future and readers are cautioned that such information may not be appropriate for other purpose. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. This press release does not constitute an offer of securities for sale in the United States, and such securities may not be offered or sold in the United States absent registration or an exemption from registration or an exemption from registration.