

## Chalice Brands Ltd. Announces Closing of Private Placement for Gross Proceeds of C\$5.7 Million

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PORTLAND, Ore., Nov. 23, 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 closed its previously announced brokered private placement of unsecured convertible debenture units and equity units (the "**Offering**") led by Canaccord Genuity Corp. ("**Canaccord Genuity**" or the "**Agent**") as sole agent and bookrunner.

Pursuant to the Offering, the Company issued, for gross proceeds of C\$5.7 million: (a) 4,025 debenture units (the "**Debenture Units**") of the Company, each Debenture Unit 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) 2,285,933 equity units (the "**Equity Units**") of the Company, at a price equal to C\$0.75 per Equity Unit (the "**Equity Issue Price**"), with each Equity Unit comprised of (i) one common share of the Company (each, a "**Common Share**") and (ii) one-half of one (1/2) Warrant. An aggregate of 200,000 of such Equity Units were issued in a concurrent non-brokered placement.

The Debentures will mature on November 23, 2024 (the "**Maturity Date**") and bear interest at a rate of 10% per annum from the Closing Date, calculated and payable on a semi-annual basis. The principal sum of the Debentures, or any portion thereof, 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. The Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures at maturity by delivery of that number of Common Shares obtained by dividing the principal amount of the Debentures to be so satisfied by 95% of the volume weighted average trading price (the "**VWAP**") for the 30 consecutive trading days ending five trading days preceding the Maturity Date, subject to the minimum price permitted by the policies of the Canadian Securities Exchange. In addition, the Company may elect to satisfy and pay accrued but unpaid interest on the Debentures by delivering: (i) cash, or (ii) that number of Common Shares obtained by dividing the interest amount by 95% of the VWAP for the 20 consecutive trading days ending five trading days preceding the applicable date, or any combination thereof, subject to the minimum price permitted by the policies of the CSE.

If, at any time following the date that is four (4) months following the Closing Date, the VWAP of the Common Shares is greater than C\$1.50 for 10 consecutive trading days, the Company shall have the option to convert all the principal amount of the then outstanding Convertible Debentures at the Conversion Price.

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 Company: (i) paid 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) issued 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 of the Offering.

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

### **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](http://investors.chalicebrandsltd.com) for regular updates.

### **Investor Relations:**

John Varghese  
Executive Chairman  
Chalice Brands Ltd.  
971-371-2685

*Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*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.*