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**Rocky Mountain Liquor Inc. Announces Proposal to Amend the Terms of its Convertible Unsecured Subordinated Debentures due April 30, 2016**

EDMONTON, February 3, 2016 – Rocky Mountain Liquor Inc. (TSX-V: RUM) (“Rocky Mountain Liquor” or the “Corporation”) announced today that it will seek approval from holders of its 7.75% convertible unsecured subordinated debentures due April 30, 2016 (RUM.DB) (the “Debentures”) to amend the terms of the Debentures at a meeting of the holders of the Debentures (the “Debentureholders”) to be held on March 7, 2016 (the “Meeting”).

The proposed amendments (the “Amendments”) to the Debentures (as amended by the Amendments, the “Amended Debentures”) consist of:

- (i) EXTENDING the maturity date from April 30, 2016 to April 30, 2021;
- (ii) AMENDING the conversion price from \$0.50 to \$0.30 per share of the Corporation;
- (iii) AMENDING the underlying coupon rate to 7.00%, subject to adjustment on April 30<sup>th</sup> in each year following the effective date of the Amendments that would INCREASE the coupon rate on the Amended Debentures to be equal to 7.00% plus the amount, if any, by which the Bank of Canada’s target for the overnight rate exceeds 1.00%, to a maximum coupon rate of 7.75%;
- (iv) PERMITTING the Corporation to redeem the Amended Debentures at any time up to April 30, 2021, in whole or in part, at a price equal to the lesser of: (a) the principal amount thereof plus accrued and unpaid interest to, but excluding the date of the redemption, and (b) 125% of the volume weighted average trading price per Amended Debenture for the 20 consecutive trading days on the TSX Venture Exchange ending on the trading day immediately preceding the date of the notice of redemption; and
- (v) AMENDING the minimum required notice period for the redemption of Amended Debentures from 40 days to 30 days prior to the date fixed for redemption (maintaining the maximum notice period of 60 days).

Contingent on the approval of the Amendments, the Corporation will redeem on a *pro rata* basis 15% of the principal amount of Amended Debentures outstanding as at the effective date of the Amendments (the “Partial Redemption”). The Partial Redemption will be for a cash payment equal to the lesser of (a) the principal amount thereof plus accrued and unpaid interest to, but excluding the date of the redemption, and (b) 125% of the volume weighted average trading price per Amended Debenture for the 20 consecutive trading days on the TSX Venture Exchange ending on the trading day immediately preceding the date of the notice of redemption. It is the Corporation’s current intention that the Partial Redemption will occur within 90 days of the effective date of the Amendments (which is currently contemplated to occur on or about April 30, 2016).

Peter Byrne, the Corporation’s Chief Executive Officer stated: “Rocky Mountain Liquor is very excited about the growth opportunities that may open up in the near future with potential for privatization in the Saskatchewan liquor retail market. Should privatization take place, this would present tremendous acquisition opportunities for the Corporation. By extending the maturity of the Debentures, Rocky Mountain Liquor would be provided with the increased capital required to engage on the growth opportunities that lay ahead. Additionally, we believe that the Amendments will provide Debentureholders an opportunity to continue with an attractive yield, based on the current low interest rate environment.”

In each instance of a contemplated redemption activity of the Amended Debentures, the Corporation will be required to give not more than 60 days and not less than 30 days notice of its intention to redeem, whether in whole or in part. All remaining Amended Debentures will be repaid by the Corporation at the extended maturity date of April 30, 2021. In addition, Debentureholders will benefit from an annual coupon rate adjustment tied to increases in the Bank of Canada's target for the overnight rate (the "Overnight Rate"). The coupon rate of the Amended Debentures will be subject to adjustment on April 30<sup>th</sup> of each year following the effective date of the Amendments ("Adjustment Date"), beginning on April 30, 2017. If the Overnight Rate on the Adjustment Date exceeds 1.00%, the coupon rate on the Amended Debentures will be increased to be equal to 7.00% plus the amount, if any, by which the Overnight Rate exceeds 1.00%, up to a maximum coupon rate of 7.75%. The adjustment will be effective on the Adjustment Date (and not retroactively) and interest will accrue on the Amended Debentures at the adjusted coupon rate from the Adjustment Date until maturity. The coupon rate will not be adjusted if the Overnight Rate on the Adjustment Date is not greater than 1.00% and in no event will the coupon rate be decreased. Once the coupon rate is adjusted to 7.75%, it will not be subject to further adjustment.

### **Normal Course Issuer Bid for Debentures ("NCIB")**

In addition, the Corporation intends to make an NCIB for the Amended Debentures if the Amendments are approved by Debentureholders at the Meeting, subject to the approval of the TSX Venture Exchange. The NCIB will allow the Corporation to take advantage of scenarios where, in the opinion of its management team, the Amended Debentures appear to be undervalued. By repurchasing convertible debentures, Rocky Mountain Liquor will reduce interest payments, resulting in cash savings for the Corporation in the long term, and will also minimize potential future dilution of the Corporation's shares and provide value for shareholders.

As announced on December 15, 2015, the Corporation received TSX Venture Exchange approval of a Notice of Intention to once again commence a further NCIB to repurchase, for cancellation, up to \$844,100 of the outstanding Debentures until the earlier of the date on which purchases under the bid have been completed or April 30, 2016. As of February 2, 2016, the Corporation repurchased and cancelled \$193,000 principal amount of the Debentures (2.1% of the original principal amount) under the current NCIB. On the previous NCIB which expired on December 14, 2015, the Corporation repurchased and cancelled \$759,000 principal amount of the Debentures (8.3% of the original principal amount).

### **Board Recommendation**

The Board of Directors of the Corporation (the "Board") believes that the Amendments provide a number of benefits to the Corporation and its securityholders, including to the Debentureholders.

The Board **UNANIMOUSLY RECOMMENDS** that the Debentureholders vote **FOR** the Amendments.

### **Details About the Amendments**

The record date for determining the Debentureholders entitled to receive notice of and vote at the Meeting is February 3, 2016. Further information with respect to the Amendments will be outlined in a management information circular (the "Circular") expected to be made available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and mailed to the Debentureholders in February 2016. For the Amendments to be approved, at least 66⅔% of the principal amount of the Debentures voted (either in person at the Meeting or by proxy) must be FOR votes.

Detailed voting instructions will be found in the Circular and accompanying proxy form or voting instruction form. The Meeting is scheduled to be held on March 7, 2016 at 10:00 a.m. (Mountain Time) at the offices of National Bank Financial Inc. located at 311 – 6th Avenue SW, 18th Floor, Calgary, Alberta T2P 3H2.

### **About Rocky Mountain Liquor**

Rocky Mountain Liquor owns 100% of Andersons Liquor Inc. (“Andersons”), headquartered in Edmonton Alberta, which now own and operate 43 private liquor stores in that province, up from 18 stores since the common shares began trading in December 2008. It is listed on the TSX Venture Exchange (TSX-V:RUM). In addition to common shares the Corporation also lists convertible debenture on the Exchange under the trading symbol RUM.DB. You can visit Rocky Mountain Liquor’s website online at <http://www.ruminvestor.com>.

### **Caution Regarding Forward-Looking Information:**

Certain information contained in this press release constitutes forward-looking information, which is information relating to future events or the Corporation's future performance and which is inherently uncertain. When used in this press release, such statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These statements reflect management's current expectations regarding future events or performance and speak only as of the date of this press release. Forward looking information in this press release includes, but is not limited to, the expected privatization of the Saskatchewan liquor retail market; effects of the NCIB on the trading price for the Debentures; the impact of the Partial Redemption; expected terms of the Amendments; expected date and other details of the Meeting; management's expectation on the effect of the Amendments in increasing management's financial flexibility to capitalize on the growth opportunities; management's belief on Debentureholders benefiting from an attractive yield and other benefits from the Amendments; and management's belief that the Debentures will provide superior return. The Corporation believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this press release. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. Certain of these risks include, but are not limited to, the results of the Saskatchewan election, an increase in interest rates, the Amendments are not approved and the NCIB will not be sufficient to stabilize the trading price of the Debentures. Additional risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this press release have been identified in the Corporation's management's discussion and analysis for the fiscal year ended December 31, 2014 and in the Corporation's other public disclosure documents filed with certain Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this press release is made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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

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