

ROCKY MOUNTAIN LIQUOR ANNOUNCES REDEMPTION OF OUTSTANDING CONVERTIBLE DEBENTURES

Edmonton, Alberta (May 29, 2019) – Rocky Mountain Liquor Inc. (“Rocky Mountain” or the “Company”) (TSX-V: RUM) has delivered a notice of redemption (“Notice”) to the registered holders (“Debentureholders”) of 7.50% convertible unsecured subordinated debentures due April 30, 2021 (the “Debentures”) and has delivered a copy of the Notice to Computershare Trust Company of Canada, as debenture trustee. Pursuant to the Notice, Rocky Mountain will redeem in full the outstanding principal amount of Debentures (the “Redemption Price”) along with all accrued but unpaid interest (the “Interest Payment”) up to but excluding the date of redemption (the “Redemption Date”), an aggregate payment of approximately \$1,013.1507 per \$1,000 principal amount of Debentures (the “Redemption Amount”) (the “Transaction”). The Redemption Price will be satisfied, subject to receipt of all necessary approvals including the TSX Venture Exchange (“TSX-V”), by the issuance of common shares (“Common Shares”) in the capital of Rocky Mountain at a price per Common Share of approximately \$0.038 pursuant to the terms of the trust indenture between Rocky Mountain and Valiant Trust Company dated April 13, 2011, as supplemented by the first supplemental trust indenture between Rocky Mountain and Computershare Trust Company of Canada dated April 30, 2016 (collectively, the “Indenture”). All accrued unpaid interest owing from April 30, 2019 up to but not including the Redemption Date will be satisfied in cash.

Pursuant to the Transaction, Rocky Mountain will issue approximately 180,657,895 Common Shares representing approximately 76.1% of the pro forma Common Shares outstanding upon closing of the Transaction which is expected to be on or about July 3, 2019 (the “Closing Date”). Upon closing of the Transaction and payment in full satisfaction of the Redemption Amount, interest upon the Debentures shall cease to be payable from and after the Redemption Date.

In furtherance of the Transaction, Debentureholders are encouraged to consult with their own tax and professional advisers.

ISSUANCE OF COMMON SHARES

Pursuant to the terms of the Indenture and subject to receipt of all necessary regulatory approvals, the Company may, at its option, elect to satisfy its obligation to pay all or any portion of the Redemption Price by issuing and delivering or causing to have issued and delivered to Debentureholders on the Redemption Date, Common Shares (the “Common Share Redemption Right”). Such Common Shares are to be issued at a price per share being equal to 95% of the then Current Market Price (as such term is defined in the Indenture) with such Current Market Price being based on the weighted average price per share over 20 consecutive trading days ending on the fifth trading day preceding the date of the Notice. Rocky Mountain intends to exercise its Common Share Redemption Right in connection with the satisfaction of the Redemption Price. The Interest Payment will be satisfied by the Company in cash.

Upon completion of the Transaction, an aggregate of approximately 237,449,683 Common Shares will be issued and outstanding. Accordingly, the Company will consider a share consolidation which is supported in principal by management and the Board of Directors of Rocky Mountain (the “Board”) and, following completion of the Transaction and if considered appropriate, will be proposed to shareholders of the

Company at the next annual meeting of the Company. Further information will be provided as it becomes available.

ADVANTAGES OF THE TRANSACTION

Management and the Board believe that the Transaction and the exercise by the Company of its Common Share Redemption Right in connection therewith is in the best interests of all stakeholders, and provides a number of benefits, including the following:

- removes the uncertainty surrounding Debenture interest payments and settlement of the Debentures upon maturity in 2021;
- reduces Rocky Mountain's overall debt by approximately \$6.8 million and improves the Company's risk profile making it more attractive to a senior secured lender;
- allows Debentureholders to receive full face value of their Debentures even though the Debentures are currently trading at a discount in the market;
- provides certainty with respect to the potential dilution resulting from the conversion of the Debentures into Common Shares;
- improves the working capital, and reduces the debt to equity ratio of the Company;
- simplifies the capital structure of the Company;
- facilitates the Company's ability to attract future long term investment capital for continuing development of the successful Great Canadian Liquor brand; and
- provides post-Transaction flexibility to explore strategic alternatives that may bring value to the Company's stakeholders.

BACKGROUND TO THE TRANSACTION

On February 3, 2016, the Company announced that it would seek approval from Debentureholders to make certain amendments to the Indenture and subsequently announced on April 1, 2016 that such Debentureholders had approved certain of the proposed amendments and that such amendments would be effective April 30, 2016. Included among the amendments was a reduction to the interest rate (from 7.75% to 7.50%) and an extension to the maturity date (from April 30, 2016 to April 30, 2021) providing the Company with increased financial flexibility, stability from the extension of the maturity date and lower interest costs. Associated with the approval of the amendments the Company announced on May 2, 2016 that it would partially redeem \$1,211,000 of the \$8,076,000 outstanding Debentures and completed such redemption on June 10, 2016. In light of the ongoing and persistent economic pressures, Rocky Mountain's Board has determined that the Transaction and the early redemption of the Debentures is in the best interests of the Company and its stakeholders given, among other considerations, that it will reduce the Company's overall debt and interest burden, provide for a more orderly issuance of Common Shares to Debentureholders and provide improvement in the Company's financial position.

ABOUT ROCKY MOUNTAIN

Rocky Mountain owns 100% of Andersons Liquor Inc., headquartered in Edmonton Alberta, which now own and operate 29 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).

Forward-Looking Statements:

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements or information. Forward-looking statements and information are often, but not always, identified by the use of words such as "appear", "seek", "anticipate", "plan", "continue", "estimate", "approximate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions.

More particularly and without limitation, this news release contains forward-looking statements and information concerning the redemption of the Debentures and the timing associated therewith; the aggregate Redemption Amount; the issuance of Common Shares to satisfy the Redemption Price; the receipt of all necessary approvals including the approval of the TSX-V and the timing associated with obtaining such approvals; the closing of the Transaction and the expected timing; the number of Common Shares to be issued in satisfaction of the Redemption Price and the Interest Payment to be paid in cash; the ability to attract future long term investment capital and the timing associated therewith; the availability of post-Transaction strategic alternatives and the ability of the Company to capitalize on such alternatives; the ability to bring value to the Company stakeholders upon completion of the Transaction and the timing associated therewith; the advantages associated with the Transaction and the ability of the Company to achieve and implement such advantages to its benefit and the benefit of its stakeholders; and a share consolidation transaction, the timing associated with such a transaction, delivery of additional information and when such information may be available and if such a transaction would be supported by shareholders of the Company. The forward-looking statements and information are based on certain key expectations and assumptions made by management of the Company, including expectations and assumptions concerning the Transaction and the ability to implement the Transaction; assumptions concerning necessary approvals required by the Company from the TSX-V and the ability to obtain such approvals on the terms anticipated and within the timelines required; overall assumptions concerning the financial markets and commodity markets; and overall business strategy. Although management of the Company believes that the expectations and assumptions on which such forward looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information since no assurance can be given that they will prove to be correct.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements and information 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. Accordingly, readers should not place undue reliance on the forward-looking statements, timelines and information contained in this news release.

The forward-looking statements and information contained in this news release are made as of the date hereof and no undertaking is given to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws or the TSX-V. The forward-looking statements or information contained in this news release are expressly qualified by this cautionary statement.

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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