GFI ANNOUNCES $12.2 MILLION INVESTMENT IN ITS PET FOOD DIVISION AND CONCURRENT PRIVATE PLACEMENT

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Transactions unlock significant value from existing assets

TORONTO, June 15, 2023 /CNW/ - Global Food and Ingredients Ltd. (TSXV: PEAS) (OTCQX: PEASF) ("**GFI**" or the "**Company**"), announced today that it has entered into a letter of intent to raise approximately $11.7 million through an investment in equity and debt by 35 Oak Holdings Ltd. ("**35 Oak**") in its pet food ingredients division (the "**Pet Food Transaction**") as well as a commitment for a further $500,000 investment in a concurrent non-brokered private placement (the "**Private Placement**", and together with the Pet Food Transaction, the "**Transactions**"), for a total expected investment of approximately $12.2 million.

"We are very pleased to have entered into this letter of intent with 35 Oak in relation to our pet food ingredients division, unlocking significant value for our shareholders and generating substantial capital to strengthen our balance sheet and prepare GFI for the next phase of growth," said David Hanna, President and CEO. "GFI will continue to manage all aspects of the pet food business and will consolidate its results as a controlled entity, while realizing on the value created to date since building out the business unit over the past two years," he added.

Pet Food Transaction

Under the Pet Food Transaction, GFI will transfer all of the assets and liabilities associated with its pet food ingredients division to a newly formed and wholly owned subsidiary ("**Pet Food Co**") and will sell a 49.9% equity stake in Pet Food Co to 35 Oak for approximately $3.2 million. In addition, as part of the Pet Food Transaction, 35 Oak will provide a revolving credit facility (the "**Loan**") to Pet Food Co, of which approximately $8.5 million will be drawn at closing of the Pet Food Transaction.

Under the terms of the Loan, Pet Food Co will receive a revolving committed two-year credit facility of up to $10.0 million. The Loan will bear interest at an expected rate of 10% per annum and will be secured by a first position general security agreement over all of the assets of Pet Food Co. As consideration for providing the Loan, it is anticipated that the Company will issue 35 Oak non-transferrable warrants (each, a "**Warrant**") to purchase an aggregate of 3,250,000 common shares of the Company (each, a "**Common Share**"), each Warrant entitling 35 Oak to acquire one Common Share at an exercise price of $0.27 per share for a period of two years following the date of issuance. The Warrants will include a forced exercise feature in the event that the closing price of the Common Shares on the TSX Venture Exchange (the "**TSXV**") reaches or exceeds $0.50 for 20 consecutive trading days. The terms and issuance of the Warrants are subject to approval of the TSXV.

In addition, the Company will enter into a management services agreement with the Pet Food Co, which will result in a minimum annual fee of $180,000 to GFI. GFI will retain decision-making and management control of Pet Food Co following the closing of the Pet Food Transaction.

Private Placement

Under the Private Placement, GFI intends to offer units ("**Units**") of the Company at a price of $0.205 per Unit on a non-brokered basis. Each Unit will consist of one Common Share and one common share purchase warrant of the Company (a "**Unit Warrant**"). Each Unit Warrant will entitle the holder to acquire one Common Share at a price of $0.405 per share for a period of two years from the closing date of the Private Placement.

Under the letter of intent, 35 Oak has committed to purchase $500,000 of Units, conditioned on closing of the Pet Food Transaction.

The proceeds of the Transactions will be used for debt repayment, including approximately $3.2 million to repay a shareholder loan (inclusive of accrued interest) from 35 Oak in February 2023, working capital and to fund planned growth in GFI's business.

The Transactions are anticipated to close in the second quarter of the Company's current fiscal year ending March 31, 2024, subject to completion of definitive agreements, satisfaction of customary closing conditions, and receipt of regulatory approvals, including the approval of the TSXV.

The Pet Food Transaction and 35 Oak's participation in the Private Placement constitute "related party transactions" of GFI, within the meaning of Multilateral Instrument 61-101 – *Protections of Minority Security Holders in Special Transactions* ("**MI 61-101**") as 35 Oak is a shareholder of the Company. The Company determined that the Pet Food Transaction and 35 Oak's participation in the Private Placement are exempt from the formal valuation and minority approval requirements of MI 61-101 in reliance of the exemptions set forth in sections 5.5(e) and 5.7(1)(c) of MI 61-101, respectively, as the Pet Food Transaction and 35 Oak's participation in the Private Placement are supported by a control person of the Company in the circumstances described in section 5.5(e) of MI 61-101.

About GFI

GFI is a fast-growing Canadian plant-based food and ingredients company, connecting the local farm to the global supply chain for peas, beans, lentils, chickpeas and other high protein specialty crops. GFI's vision is to become a vertically integrated farm-to-fork plant-based company providing traceable, locally sourced, healthy and sustainable food and ingredients. GFI is organized into four primary business lines: Core Ingredients, Value-Added Ingredients, Plant-Based Pet Food Ingredients and Downstream Products. Headquartered in Toronto, GFI buys directly from its extensive network of farmers, processes its products locally at its four wholly-owned processing facilities in Western Canada and ships to 37 countries across the world.

Disclaimer

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Forward-Looking Information

This press release may contain certain forward-looking information and statements ("**forward-looking information**") within the meaning of applicable Canadian securities legislation, that are not based on historical fact. Forward-looking statements include without limitation statements containing the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "continue", "estimate", "forecasts" and other similar expressions. Forward-looking information in this press release includes without limitation statements relating to the Pet Food Transaction, the Loan, the Private Placement and 35 Oak's participation in the Private Placement, including the terms and conditions, closing date and impacts thereof. Readers are cautioned to not place undue reliance on forward-looking information. Actual results and developments may differ materially from those contemplated by these statements. GFI undertakes no obligation to comment on analyses, expectations or statements made by third-parties in respect of GFI, its securities, or financial or operating results (as applicable). Although GFI believes that the expectations reflected in forward-looking information in this press release are reasonable, such forward-looking information has been based on expectations, factors and assumptions concerning future events which may prove to be inaccurate and are subject to numerous risks and uncertainties, certain of which are beyond GFI's control, including the risk factors discussed in GFI's annual information form for the year ended March 31, 2022, which are incorporated herein by reference and are available through SEDAR at www.sedar.com. The forward-looking information contained in this press release is expressly qualified by this cautionary statement and is given as of the date hereof. GFI disclaims any intention and has no obligation or responsibility, except as required by law, to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

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