

# CASTLE BRANDS INC

## **FORM 8-K** (Current report filing)

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Address	122 EAST 42ND STREET SUITE 4700 NEW YORK, NY 10168
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

March 29, 2017

Castle Brands Inc.

(Exact name of registrant as specified in its charter)

Florida

001-32849

41-2103550

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

122 East 42nd Street, Suite 5000, New York, New  
York

10168

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(646) 356-0200

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 1.01 Entry into a Material Definitive Agreement.**

**Stock Purchase Agreement**

On March 29, 2017, Castle Brands Inc. (the “Company”), entered into a Stock Purchase Agreement (“Purchase Agreement”) with Gosling’s Limited (“GL”) and E. Malcolm B. Gosling (“Gosling,” and together with GL, the “Sellers”). Pursuant to the terms of the Purchase Agreement, the Company acquired 201,000 shares (the “GCP Share Acquisition”) of the common stock of Gosling-Castle Partners Inc. (“GCP”), representing a 20.1% equity interest in GCP. GCP is a strategic global export venture between the Company and the Gosling family. As a result of the completion of the GCP Share Acquisition, the Company’s total equity interest in GCP increased to 80.1%. The consideration for the GCP Share Acquisition was (i) \$20,000,000 in cash and (ii) 1,800,000 shares of common stock of the Company (the “Castle Brands Shares”). Under the Purchase Agreement, the Sellers agreed to a lockup covenant such that the Castle Brands Shares may not be offered, sold, pledged, or otherwise transferred for a period of 18 months following the closing date of the GCP Share Acquisition. The Purchase Agreement contains customary representations, warranties, covenants and closing conditions.

The foregoing description of the Purchase Agreement in this Current Report on Form 8-K is qualified in its entirety by reference to the full text of such Purchase Agreement filed as exhibit 2.1 hereto.

**Ancillary Agreements**

In connection with the GCP Share Acquisition, the Company and Sellers executed or caused to be executed, certain ancillary agreements, including an Amended and Restated Distribution Agreement and an Export Agreement Amendment, both as defined herein.

*Amended and Restated National Distribution Agreement*

On March 29, 2017, Castle Brands (USA) Corp., a wholly-owned subsidiary of the Company (“Castle Brands USA”), entered into an Amended and Restated National Distribution Agreement (the “Amended and Restated Distribution Agreement”) with GCP, which amends and restates the National Distribution Agreement, dated September 3, 2004, by and between Castle Brands USA and Gosling’s Export (Bermuda) Limited (“GXB”). Pursuant to the Export Agreement (as defined below), GXB, among other things, assigned its rights, title and interest in and to the National Distribution Agreement, to GCP. Pursuant to the Amended and Restated Distribution Agreement, Castle Brands USA continues as the exclusive long-term importer and distributor of certain beverage products as defined in the Amended and Restated Distribution Agreement, including “Goslings Rum” and “Goslings Stormy Ginger Beer” (collectively, the “Distribution Products”) throughout the United States, and such other markets as may be added by mutual consent of the parties (the “Distribution Territory”). The initial term of the Amended and Restated Distribution Agreement extends through March 31, 2030, with automatic ten-year renewal terms thereafter, subject to specific termination rights held by each party. The Amended and Restated Distribution Agreement automatically terminates upon the termination, for any reason, of the Export Agreement. Castle Brands USA will purchase Distribution Products from GCP for distribution in the Distribution Territory at prices set forth in the Amended and Restated Distribution Agreement, as may be mutually changed by the parties from time to time. Castle Brands USA is entitled to receive a net margin amount, certain reimbursement costs, and a specified fee to defray normal overhead costs, all as specified in the Amended and Restated Distribution Agreement. GCP will maintain primary responsibility and bear the costs for the overall marketing, advertising, and promotion of the Distribution Products. Also, Castle Brands USA has a right of first refusal regarding the distribution of any other current or future rum or ginger beer products GCP currently maintains in, or adds to, its product line for sale in the Distribution Territory. The Amended and Restated Distribution Agreement includes customary representations, warranties, and provisions regarding liability and insurance.

*Export Agreement Amendment*

On March 29, 2017, GCP entered into Amendment No. 4 to Export Agreement (the “Export Agreement Amendment”) with GXB, which further amends the Export Agreement made as of February 14, 2005, by and between GCP and GXB (as amended from time to time, the “Export Agreement”). Pursuant to the Export Agreement Amendment, GCP maintains all global distribution rights (with the exception of Bermuda) during the term of the Export Agreement and continues as the exclusive authorized global exporter of certain beverage products as defined in the Export Agreement (the “Export Products”) in all national or international markets, with the exception of Bermuda (the “Export Territory”). The Export Agreement Amendment, among other things, assigns to GCP global distribution and exporting rights to Goslings Stormy Ginger Beer and all other Goslings Ginger Beer products and extends the initial term of the Export Agreement from 15 to 25 years, through March 31, 2030, with ten-year renewal terms thereafter, subject to specific termination rights held by each party. Under the Export Agreement Amendment, in the event GXB decides to sell any or all of its trademarks (or other intellectual property rights) relating to the Export Products (other than Goslings Stormy Ginger Beer) during the term of the Export Agreement, GCP shall have a right of first refusal to purchase said trademark(s) (and intellectual property rights, if applicable) at the same price being offered by a bona fide third-party offerer. If GCP does not exercise its right of first refusal, then the Company shall acquire an identical right of first refusal. In the event GXB should decide to sell any or all of its Export Products (other than Goslings Stormy Ginger Beer) and/or trademark(s) (other than Goslings Stormy Ginger Beer), whether sold to an affiliate, a third party, GCP or the Company, GCP is entitled to share in the proceeds of such sale, according to a schedule specified in the Export Agreement Amendment. Also, in the event GXB should decide to sell the Export Products or trademarks relating to Goslings Stormy Ginger Beer, whether sold to an affiliate, a third party, GCP or the Company, then, GXB agrees to share with GCP an amount equal to a certain percentage of the proceeds of any such sale as specified in the Export Agreement Amendment.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

The information set forth in Item 1.01 and Item 2.03 of this Current Report on Form 8-K is hereby incorporated by reference herein. On March 30, 2017, the Company completed the GCP Share Acquisition.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference herein.

On March 29, 2017, the Company issued a promissory note to Frost Nevada Investments Trust (the “Holder”), an entity affiliated with Phillip Frost, M.D., a director and a principal shareholder of the Company, in the principal amount of \$20,000,000 (the “Note”). The purpose of Company’s issuance of the Note was to finance the GCP Share Acquisition. The Note bears interest quarterly at the rate of 11% per annum. The principal and interest incurred thereon shall be due and

payable in full on March 15, 2019. All claims of the Holder to principal, interest and any other amounts owed under the Note are subordinated in right of payment to all indebtedness of the Company existing as of the date of the Note. The Note contains customary events of default and may be prepaid by the Company, in whole or in part, without penalty, at any time.

The foregoing description of the Note in this Current Report on Form 8-K is qualified in its entirety by reference to the full text of such Note filed as exhibit 4.1 hereto.

### **Item 3.02 Unregistered Sales of Equity Securities.**

The information set forth in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference herein.

Pursuant to the Purchase Agreement, the Company issued the Castle Brands Shares to the Sellers in an unregistered offering. The sale of the Company's common stock in accordance with the Purchase Agreement was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to transactions by an issuer not involved in any public offering under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated under the Securities Act ("Regulation D"). The Company made this determination based on the representations of the Sellers that they are each "accredited investors" within the meaning of Rule 501 of Regulation D, have access to adequate information about the Company and their investment in the Castle Brands Shares and other customary representations and warranties made by accredited investors in an exempt offering.

### **Item 7.01 Regulation FD Disclosure.**

On March 30, 2017, the Company issued a press release announcing the GCP Share Acquisition and the transactions contemplated by the Purchase Agreement, Amended and Restated Distribution Agreement, and Export Agreement Amendment. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

In accordance with General Instruction B.2 of Form 8-K, Exhibit 99.1 attached hereto is being furnished pursuant to Item 7.01 of Form 8-K and will not, except to the extent required by applicable law or regulation, be deemed filed by Castle Brands Inc. for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor will such exhibit be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as expressly set forth by specific reference in such filing.

### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

2.1 Stock Purchase Agreement, dated March 29, 2017, by and among Castle Brands Inc., Gosling's Limited, and E. Malcolm B. Gosling.

4.1 11% Subordinated Note due 2019, issued by the Company.

99.1 Press release, issued on March 30, 2017.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

*March 30, 2017*

Castle Brands Inc.

*By: /s/ Alfred J. Small*

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*Name: Alfred J. Small*

*Title: Senior Vice President, CFO, Treasurer and Secretary*

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Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
2.1	Stock Purchase Agreement, dated March 29, 2017, by and among Castle Brands Inc., Gosling's Limited, and E. Malcolm B. Gosling.
4.1	11% Subordinated Note due 2019, issued by the Company.
99.1	Press release issued on March 30, 2017.

March 29, 2017

Gosling's Limited  
Attention: Dr. Nancy Gosling, President and Chief Executive Officer  
P.O. Box HM 827  
Hamilton, HM CX  
Bermuda

Mr. E. Malcolm B. Gosling  
"Bloomfield"  
15 Middle Road  
Paget, PG 01  
Bermuda

**Re: Gosling-Castle Partners Inc. ("GCP")**

Dear Nancy and Malcolm:

This letter, once fully executed and delivered, constitutes a securities purchase agreement (this "Agreement") of Castle Brands Inc., a corporation incorporated in the State of Florida ("Castle Brands"), to purchase from each of Gosling's Limited ("GL") and E. Malcolm B. Gosling (each, a "Seller," and collectively, the "Sellers"), and of each of the Sellers to sell and deliver to Castle Brands, the securities indicated in Section 1 below, free and clear of all liens, which securities are beneficially owned of record by the Sellers.

The terms and conditions of this Agreement are as follows:

1. Purchase and Sale of GCP Common Stock; Purchase Price. The Sellers agree to sell an aggregate of 201,000 shares of the common stock of GCP (the "GCP Shares"), representing a 20.1% equity interest in GCP, to Castle Brands for consideration payable to the Sellers as follows: (i) twenty million dollars (\$20,000,000.00) in cash (the "Cash Payment") and (ii) 1,800,000 shares of the common stock of Castle Brands (the "Castle Brands Shares") (the Cash Payment and the Castle Brands Shares, collectively, the "Purchase Price"). The purchase and sale transaction with the Sellers contemplated above is referred to hereinafter as the "Transaction." The allocation of the components of the Purchase Price between each of the Sellers at the Closing (as defined below) is indicated on Schedule A attached hereto.
2. Closing. The closing of the Transaction (the "Closing") shall take place electronically by facsimile or "PDF" electronic mail transmission exchange of executed documents or signature pages followed by the exchange of originals as soon thereafter as practicable, and will be effective as of 12:01 a.m. Eastern Time on the third business day following the satisfaction or written waiver of all conditions contained in Sections 3, 4 and 8 hereof (except for those conditions which by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), or on such other date, place and time as the Sellers and Castle Brands may agree in writing (the "Closing Date").
3. Deliveries by Sellers at Closing. At Closing, the Sellers shall deliver, or cause to be delivered, to Castle Brands, or as otherwise specified in Section 3.a., the following:
  - a. Original stock powers for the transfer of the GCP Shares and the original stock certificates representing such GCP Shares shall be delivered to the Secretary of GCP (with a copy to Castle Brands) including instructions that the Secretary issue certificates representing the GCP Shares to Castle Brands and issue new stock certificates to the Sellers for the balance of the Sellers' shares;
  - b. Each of the following ancillary agreements (collectively, the "Ancillary Documents"):
    - (i) An Amendment No. 1 (the "Amended Stockholders Agreement") to that Stockholders Agreement dated February 18, 2005, by and among Castle Brands and the Sellers (the "Stockholders Agreement"), substantially in the form attached hereto as Exhibit A, duly executed by the Sellers and GCP;
    - (ii) An Amendment No. 4 to the Export Agreement dated as of February 14, 2005, by and between GCP (f/k/a Gosling Partners Inc.) and Gosling's Export (Bermuda) Limited (the "Amended Export Agreement"), substantially in the form attached hereto as Exhibit B, duly executed by Gosling's Export (Bermuda) Limited and GCP;
    - (iii) An Amended and Restated National Distribution Agreement, by and between Castle Brands (USA) Corp. and GCP (the "Amended Distribution Agreement"), substantially in the form attached hereto as Exhibit C, duly executed by GCP;
    - (iv) A consulting agreement between GCP and Gosling's International Limited (the "Consulting Agreement"), substantially in the form attached hereto as Exhibit D, duly executed by Gosling's International Limited and GCP; and
    - (v) An Amendment No. 1 to the Manufacturing and Distribution Agreement dated April 1, 2009, by and between Gosling Export (Bermuda) Limited and Polar Corp. (the "Amended Polar Agreement"), substantially in the form attached hereto as Exhibit E, duly executed by Gosling Export (Bermuda) Limited and Polar Corp.

c. An IRS Form W-8 or IRS Form W-9, as applicable, for each of the Sellers.

4. Deliveries by Castle Brands at Closing. At the Closing, Castle Brands shall deliver, or cause to be delivered, to the Sellers the items set forth below in this Section 4. The allocation of the components of the Purchase Price between each of the Sellers at the Closing is indicated on Schedule A attached hereto.

- a. The Cash Payment;
- b. Certificates evidencing the Castle Brands Shares or book entry statements confirming the issuance of the Castle Brands Shares to the Sellers;
- c. The Amended Stockholders Agreement, duly executed by Castle Brands;
- d. The Amended Export Agreement, duly executed by GCP;
- e. The Amended Distribution Agreement, duly executed by Castle Brands (USA) Corp., a wholly owned subsidiary of Castle Brands, and by GCP; and
- f. The Consulting Agreement, duly executed by GCP.

Cash Payment Instructions. Subject to the satisfaction of the delivery requirements in Section 3 and the conditions to closing in Section 8. a. and 8. b., Castle Brands agrees to remit to each of the Sellers, \$10,000,000.00 of the Cash Payment pursuant to the wiring instructions delivered by Sellers to Buyer in advance of Closing.

5. Representation and Warranties of Castle Brands. Castle Brands represents and warrants to the Sellers as follows:

- a. Castle Brands is a corporation incorporated in the State of Florida, validly existing and in good standing under the laws of the State of Florida and has the full power and authority to enter into this Agreement and the Ancillary Documents (to the extent Castle Brands is a party thereto), and to carry out its obligations hereunder and thereunder.
- b. This Agreement has been duly executed and delivered by Castle Brands and is the legal, valid and binding obligation of Castle Brands, enforceable against Castle Brands in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).
- c. The execution and delivery of this Agreement and the Ancillary Documents (to the extent Castle Brands is a party thereto) and the consummation of the transactions contemplated herein and therein will not violate, conflict with or constitute a default under (i) the formation and governing documents of Castle Brands, (ii) any material agreement, indenture or instrument to which Castle Brands is a party; provided, however, Castle Brands has received the prior written consent of ACF FinCo I LP relating to any possible violations, defaults or conflicts under the Loan and Security Agreement, dated as of September 22, 2014, as amended, by and among ACF FinCo I LP, the Company and Castle Brands (USA) Corp., and the related loan documents thereto, (iii) any law, statute, rule or regulation to which Castle Brands is subject, or (iv) any agreement, order, judgment or decree to which Castle Brands is subject.
- d. The issuance and delivery of the Castle Brands Shares by Castle Brands to the Sellers has been duly authorized by Castle Brands' board of directors and, when issued and delivered to the Sellers pursuant to this Agreement, will be validly issued, fully paid and non-assessable.
- e. Castle Brands is not a party to any tax-sharing agreements.
- f. The prior guaranties by GL and E. Malcolm B. Gosling in favor of Castle Brands have been cancelled.
- g. Castle Brands is: (i) sophisticated in financial matters and able to evaluate the risks and benefits of its acquisition of the GCP Shares and able to afford a complete loss of the value of the GCP Shares, and (ii) able to bear the economic risk of its acquisition of the GCP Shares for an indefinite period of time because the GCP Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or under the "blue sky" laws of any jurisdiction, and are further restricted by the terms of the Amended Stockholders Agreement, and therefore cannot be resold without compliance with the terms of the Amended Stockholders Agreement and registration under the Securities Act unless an exemption from such registration is available. Castle Brands is capable of evaluating the merits and risks of its acquisition of the GCP Shares and has the capacity to protect its own interests.
- h. Castle Brands represents that it is an "accredited investor" as such term is defined in Rule 501(a) of Regulation D under the Securities Act and acknowledges that its acquisition of the GCP Shares contemplated hereby is being made in reliance on a private placement exemption to "accredited investors" or similar exemptions under federal and state law.
- i. Castle Brands is acquiring the GCP Shares solely for investment purposes, for its own account and not for the account or benefit of any other person, and not with a view towards the distribution or dissemination thereof. Castle Brands did not enter into this Agreement as a result of any general solicitation or general advertising within the meaning of Rule 502 of Regulation D under the Securities Act.
- j. Castle Brands represents that it has consulted with and relied upon its own legal, financial and tax advisors in order to review and

evaluate the tax, economic and other possible risks and/or benefits of the Transaction.

k. Castle Brands is not relying on any representation, warranty, or covenant of Sellers except as expressly provided in this Agreement.

l. The Sellers are not currently officers, directors or affiliates of Castle Brands.

m. The representations made in this Agreement by Castle Brands are deemed to be remade as of the Closing.

6. Representation and Warranties of the Sellers. The Sellers jointly and severally represent and warrant to Castle Brands as follows:

a. GL is a company formed in Bermuda, validly existing and in good standing under the laws of Bermuda, and E. Malcolm B. Gosling is citizen of Bermuda.

b. The Sellers have the full power and authority to enter into this Agreement and the Ancillary Documents (to the extent the Sellers are parties thereto) and to carry out their obligations hereunder and thereunder, including the transfer of the GCP Shares.

c. This Agreement has been duly executed and delivered by the Sellers and is the legal, valid and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

d. The Sellers are not currently officers, directors or affiliates of Castle Brands.

e. With respect to GL, the execution and delivery of this Agreement and the Ancillary Documents (to the extent GL is a party thereto) and the consummation of the transactions contemplated herein and therein will not violate, conflict with or constitute a default under (i) the formation and governing documents of GL, (ii) any material agreement, indenture or instrument to which GL is a party, (iii) any law, statute, rule or regulation to which GL is subject, or (iv) any agreement, order, judgment or decree to which GL is subject.

f. The Sellers are the beneficial and record owners of the GCP Shares as set forth on Schedule A and have good and marketable title to the GCP Shares, free and clear of all liens, claims, charges, security interests, and encumbrances of any kind or nature, except for applicable securities law restrictions and restrictions pursuant to the Amended Stockholders Agreement.

g. The Sellers acknowledge that Castle Brands, its officers and its directors may possess or have access to material non-public information of Castle Brands, which has not been communicated to the Sellers and that Castle Brands, its officers and its directors have no duty or obligation to disclose any such material non-public information of Castle Brands to the Sellers.

h. The Sellers are: (i) sophisticated in financial matters and are able to evaluate the risks and benefits of their acquisition of the Castle Brands Shares and are able to afford a complete loss of the value of the Castle Brands Shares, and (ii) able to bear the economic risk of their acquisition of the Castle Brands Shares for an indefinite period of time because the Castle Brands Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act") or under the "blue sky" laws of any jurisdiction, and therefore cannot be resold unless the Lockup (as defined below) expires and the resale of the Castle Brands Shares is registered under the Securities Act or an exemption from registration is available. The Sellers are capable of evaluating the merits and risks of their acquisition of the Castle Brands Shares and have the capacity to protect their own interests.

i. The Sellers represent that they are "accredited investors" as such term is defined in Rule 501(a) of Regulation D under the Securities Act and acknowledge their acquisition of the Castle Brands Shares contemplated hereby is being made in reliance on a private placement exemption to "accredited investors" or similar exemptions under federal and state law.

j. The Sellers are acquiring the Castle Brands Shares solely for investment purposes, for their own accounts and not for the account or benefit of any other person, and not with a view towards the distribution or dissemination thereof; provided, however, GL may distribute to its equity owners the Castle Brands Shares it receives pursuant to this Agreement if and only if such equity owners or any other transferees allowed pursuant to this Agreement agree in writing to be bound by the restrictions on Transfer (as defined below) set forth in this Agreement. The Sellers did not enter into this Agreement as a result of any general solicitation or general advertising within the meaning of Rule 502 of Regulation D under the Securities Act.

k. The Sellers represent that they have consulted with and relied upon their own legal, financial and tax advisors in order to review and evaluate the tax, economic and other possible risks and/or benefits of the Transaction.

l. Prior to the execution of this Agreement, the Sellers have had the opportunity to ask questions of and receive answers from representatives of the Company concerning an investment in the Company, as well as the finances, operations and business of the Company, and the opportunity to obtain additional information to verify the accuracy of all information so obtained, including reviewing the Company's public filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In determining whether to make these investments, the Sellers have relied solely on their own knowledge and understanding of the Company and its business based upon the Sellers' own due diligence, including such information obtained from the Company's public filings under the Exchange Act. The Sellers have not relied on any other representations or information in making its investment decision, whether written or oral, relating to the Company, its finances, operations and business.

m. The representations made in this Agreement by the Sellers are deemed to be remade as of the Closing.

## 7. Covenants.

- a. Castle Brands, on the one hand, and the Sellers, jointly and severally on the other hand, agree as follows:
- (i) To ensure that the Amended Export Agreement and the Amended Distribution Agreement have been duly executed by the parties thereto as of the Closing Date, in the forms attached hereto.
  - (ii) To hold each other harmless and indemnify each other for any commission and/or fees agreed to be paid to any broker, finder or other person or entity acting or purporting to act in a similar capacity on behalf of the indemnifying party in connection with the Transaction.
  - (iii) To furnish to each other such additional information as the other party shall reasonably request prior to the Closing and which may be obtained without any unreasonable hardship or expense in connection with the consummation of the Transaction.
  - (iv) To do all things reasonably necessary or convenient before or after the Closing, and without further consideration, to consummate the Transaction in good faith and fair dealing.
  - (v) To indemnify, defend and hold harmless each other against and in respect of any loss, damage, deficiency, cost or expense (including without limitation reasonable attorneys' fees) resulting from any breach by the other party of any of the representations, warranties, covenants or agreements of such other party contained in this Agreement.
- b. Castle Brands agrees as follows:
- (i) To take all reasonable measures necessary to ensure that upon the expiration of the Lockup (as defined below), the Sellers will be able to sell their Castle Brands Shares within the safe harbor provided by Rule 144 of the Securities Act, subject to the conditions set forth therein.
  - (ii) In the event that any Seller is considered an "affiliate" of Castle for purposes of Rule 144, Castle shall take all reasonable measures necessary to ensure that upon the expiration of the Lockup, the Castle Brands Shares will be registered.
  - (iii) To file a supplemental listing application with the NYSE MKT to list the Castle Brands Shares on the NYSE MKT and receive the NYSE MKT's approval thereof.
- c. The Sellers each agree as follows:
- (i) That he/it will not, directly or indirectly, offer, sell, pledge, contract to sell (including any short sale), grant any option to purchase, transfer, or otherwise dispose of any of the Castle Brands Shares ("Transfer") for a period commencing on the Closing Date and continuing until and through the date that is 18 months from the Closing Date (the "Lockup"), except that the Lockup shall not apply to a Transfer to a spouse, ancestor, lineal descendant or sibling of the Seller, and the spouses of the foregoing family members (each, a "Family Member") or to a trust established solely for the benefit of such Seller and/or to such Seller's Family Members, or to an affiliate or equity owner of such Seller, provided that such transferee agrees in writing to be bound by the restrictions on Transfer set forth in this Agreement.

## 8. Conditions to Closing.

- a. Conditions Precedent to Obligation of the Parties. The respective obligation of each party hereto to consummate the Transaction is subject to the satisfaction or waiver, in writing, on or prior to the Closing Date of the following conditions:
- (i) There shall not be in effect any order by a governmental authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the Transaction; and
  - (ii) There shall not be any law enacted, entered or enforced which makes the consummation of the Transaction illegal.
- b. Conditions Precedent to Obligation of Castle Brands. The obligation of Castle Brands to consummate the Transaction is further subject to the satisfaction or waiver, in writing, on or prior to the Closing Date of the following conditions:
- (i) The representations and warranties of each of the Sellers made herein shall be true and correct as of the date hereof and as of the Closing Date as if made on the Closing Date;
  - (ii) Each of the Sellers shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by such Seller on or prior to the Closing Date;
  - (iii) Each of the Sellers shall have delivered, or caused to be delivered, the items set forth in Section 3;
  - (iv) Castle Brands shall have obtained adequate financing from one or more lenders to fund the Cash Payment on terms and conditions satisfactory to Castle Brands;
  - (v) The opinion of Bermuda counsel on behalf of the Sellers that was received by Castle Brands on March 22, 2017, shall not have been revoked or modified; and

- (vi) That Castle Brands shall have received the Amended Polar Agreement, duly executed by Gosling Export (Bermuda) Limited and Polar Corp., and that the Amended Polar Agreement shall be in full force and effect as of the Closing Date and shall not have been further amended or modified by the parties thereto.
- c. Conditions Precedent to Obligation of the Sellers. The obligation of the Sellers to consummate the Transaction are further subject to the satisfaction or waiver, in writing, on or prior to the Closing Date of the following conditions:
- (i) the representations and warranties of Castle Brands made herein shall be true and correct as of the date hereof and as of the respective Closing Date as if made on the Closing Date;
  - (ii) Castle Brands shall have performed and complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by Castle Brands on or prior to the Closing Date;
  - (iii) Castle Brands shall have delivered, or caused to be delivered, each of the items set forth in Section 4; and
  - (iv) Castle Brands shall have filed a supplemental listing application with the NYSE MKT to list the Castle Brands Shares on the NYSE MKT and received the NYSE MKT's approval thereof.
9. Termination. In the event the Closing does not occur by March 31, 2017, either party may terminate this Agreement by providing written notice to the other party. Upon termination, all further obligations of the parties under this Agreement shall terminate without liability of any party to the other party to this Agreement, except that no such termination shall relieve any party from liability for any fraud or willful breach of this Agreement.
10. Legend. The Castle Brands Shares shall be stamped or otherwise imprinted with a legend in substantially the following form:
- THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FROM THE ISSUER WITHOUT BEING REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND UNLESS REGISTERED, SUCH SHARES ARE RESTRICTED SHARES AS THAT TERM IS DEFINED UNDER RULE 144, PROMULGATED UNDER THE SECURITIES ACT. THESE SHARES MAY NOT BE SOLD, PLEDGED, TRANSFERRED, DISTRIBUTED, OR OTHERWISE DISPOSED OF IN ANY MANNER ("TRANSFER") UNLESS SUCH SHARES ARE REGISTERED UNDER THE SECURITIES ACT OR EXCEPT PURSUANT TO A VALID EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AS EVIDENCED BY AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE ISSUER, STATING THAT THE TRANSFER WILL NOT RESULT IN A VIOLATION OF THE SECURITIES ACT.
- THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP AGREEMENT BETWEEN THE HOLDER OF SUCH SHARES AND CASTLE BRANDS INC., EXCEPT THAT THE LOCKUP SHALL NOT APPLY TO A TRANSFER TO A SPOUSE, ANCESTOR, LINEAL DESCENDANT OR SIBLING OF THE SELLER, AND THE SPOUSES OF THE FOREGOING FAMILY MEMBERS (EACH, A "FAMILY MEMBER") OR TO A TRUST ESTABLISHED SOLELY FOR THE BENEFIT OF SUCH SELLER AND/OR TO SUCH SELLER'S FAMILY MEMBERS, OR TO AN AFFILIATE OR EQUITY OWNER OF SUCH SELLER. THE LOCKUP EXPIRES ON OCTOBER 1, 2018.
11. Arbitration. Except as otherwise specifically provided for in this Agreement, and to the fullest extent permitted by law, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in New York, New York, in accordance with the then-existing rules for commercial arbitration of the Judicial Arbitration and Mediation Service ("JAMS"). Any judgment or award rendered by JAMS will be final, binding and non-appealable, and judgment may be entered by any state or federal court having jurisdiction thereof.
12. Survival. The representations and warranties contained herein shall survive the Closing for a period of one year from the Closing Date.
13. Notice. All notices to be given under this Agreement shall be sent by certified mail, return receipt requested, postage prepaid or by personal delivery (by commercial courier or otherwise) in either case to the address of the party appearing on the signature pages to this Agreement, or by electronic mail to the electronic mail address of the party appearing on the signature pages to this Agreement, or by telecopy. Notices sent by mail shall be deemed delivered on the second business day following deposit in the U.S. mail. Notices delivered by electronic mail shall be deemed delivered upon confirmation of transmission. Notices personally delivered or by telecopy shall be deemed delivered upon the business day of receipt at the office of the addressee.

A copy of all notices sent to Castle Brands (which shall not itself constitute notice) shall also be provided to Holland & Knight LLP at:

Holland & Knight LLP  
Attention: Bradley D. Houser  
701 Brickell Avenue, Suite 3300  
Miami, Florida 33131  
E-mail: bradley.houser@hklaw.com

A copy of all notices sent to either Seller (which shall not itself constitute notice) shall also be provided to Hinckley, Allen & Snyder LLP at:

Hinckley, Allen & Snyder LLP  
Attention: Daniel L. Gottfried

20 Church Street, 18 Floor  
Hartford, CT 06103  
E-mail: dgottfried@hinckleyallen.com

14. This Agreement may be executed by facsimile or scanned document via email in two or more counterparts, each of which shall be deemed an original and together shall constitute one and the same Agreement.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement is executed the day and year first written below.

CASTLE BRANDS:

The undersigned, as of the 29th day of March, 2017, executes and delivers this Agreement on behalf of Castle Brands:

**CASTLE BRANDS INC.**

By: /s/ Richard Lampen

Name: Richard Lampen  
Title: President and Chief Executive Officer  
Address: 122 East 42<sup>nd</sup> Street, Suite 5000  
E-mail: New York, New York 10168  
rlampen@castlebrandsinc.com  
Fax No.: (305) 579-8009

SELLERS:

Each of the undersigned, as of the 29th day of March, 2017, executes and delivers this Agreement on behalf of each Seller:

**GOSLING'S LIMITED**

By: /s/ Nancy Gosling

Name: Dr. Nancy Gosling  
Title: President and Chief Executive Officer  
Address: P.O. Box HM 827  
Email: Hamilton, HM CX  
Bermuda  
ngosling@goslings.com  
Fax No.: (441) 292-1775

**E. MALCOLM B. GOSLING**

/s/ E. Malcolm B. Gosling

E. Malcolm B. Gosling

Address: "Bloomfield"  
Email: Paget, PG 01  
Bermuda  
mgosling@goslings.com  
Fax No.: (441) 292-1775

**SCHEDULE A**

<u>GCP Shares Purchased</u>			<u>Purchase Price</u>	<u>Castle Brands</u>
<u>Name</u>	<u>Number of GCP Shares</u>	<u>Percentage (%)</u>	<u>Cash (\$)</u>	<u>Shares (#)</u>
Gosling's Limited	100,500	10.05%	\$10,000,000	900,000
E. Malcom B. Gosling	100,500	10.05%	\$10,000,000	900,000
<b>Total</b>	<b>201,000</b>	<b>20.1%</b>	<b>\$20,000,000</b>	<b>1,800,000</b>

**EXHIBIT A**

Amendment No. 1 to the Stockholders Agreement, Dated March 29, 2017

**EXHIBIT B**

Amendment No. 4 to the Export Agreement, Dated March 29, 2017

**EXHIBIT C**

Amended and Restated National Distribution Agreement, Dated March 29, 2017

**EXHIBIT D**

Consulting Agreement, Dated March 29, 2017

**EXHIBIT E**

Amendment No. 1 to the Manufacturing and Distribution Agreement, Dated March 29, 2017

CASTLE BRANDS INC.

11% SUBORDINATED NOTE DUE 2019  
(this “Note”)

March 29, 2017

New York, New York  
\$20,000,000.00

FOR VALUE RECEIVED, the undersigned, Castle Brands Inc., a Florida corporation (the “Company”), promises to pay to the order of Frost Nevada Investments Trust (the “Holder”), the principal sum of Twenty Million Dollars and No Cents (\$20,000,000.00) plus interest to the extent and at the rate specified in Section 1 below from and after the date hereof.

1. Payments; Subordination.

a) The unpaid principal balance of this Note, and all accrued but unpaid interest earned hereon, shall be due and payable, without demand or notice, on March 15, 2019 (the “Maturity Date”). The Company will pay interest quarterly on the unpaid balance of this Note in arrears on June 15, September 15, December 15 and March 15 of each year, or if any such day is not a business day, on the next succeeding business day. Interest on this Note will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that the first interest payment date shall be June 15, 2017. Interest shall be due and payable, without demand or notice, on such dates, at a rate of eleven percent (11.00%) per annum, (computed on the basis of a 360-day year of twelve (12) thirty (30)-day months) from the date hereof until paid in full.

b) All payments (including payments) of principal or interest made by the Company hereunder shall be made without set off, deduction, or counterclaim on the due date thereof by wire transfer of immediately available funds to the Holder at such account as shall be specified in writing by the Holder to the Company. If payment hereunder becomes due and payable on a day that is not a business day, the payment due date shall be extended to the next succeeding business day.

c) Optional Prepayment. This Note may be prepaid by the Company, in whole or in part, without penalty, at any time.

d) Subordination. All claims of the Holder to principal, interest and any other amounts owed under this Note are hereby subordinated in right of payment to all indebtedness of the Company existing as of the date hereof. The Company agrees that until the obligations hereunder have been paid in full, it and its subsidiaries will not create, incur or allow to exist (other than indebtedness existing on the date hereof and amendments to the Company’s indebtedness with ACF Finco I L.P. or affiliates thereof) any indebtedness for borrowed funds which is not subordinated in all respects to the indebtedness under this Note.

2. Representations and Warranties. The Company represents and warrants to the Holder that:

a) It is duly organized, validly existing and in good standing under the laws of the State of Florida;

b) It has full power and legal right to execute and deliver this Note and to perform its obligations hereunder, and its execution and delivery of this Note, and the performance by it of its obligations hereunder, have been duly authorized by all necessary corporate action and do not conflict with any law or contractual restriction binding upon or affecting it or any of its property or assets, except where such conflict, individually or in the aggregate, could not reasonably be expected to result in a material adverse effect;

c) This Note constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforcement hereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and subject to the applicability of general principles of equity;

d) No consent, approval or authorization of, or registration, declaration or filing with, any governmental authority or other person or entity is required as a condition to or in connection with the due and valid execution, delivery and performance by the Company of this Note that has not been received or made, as applicable; and

e) There are currently no material judgments entered against the Company, and the Company is not in default with respect to any judgment, writ, injunction, order, decree or consent of any court or other judicial authority.

3. Events of Default.

a) The occurrence of any of the following events shall constitute an “Event of Default” under this Note:

i) Failure by the Company to pay when due an installment of principal, interest or other amount owing under this Note on or before the date such payment is due, and such failure continues for five (5) days following written notice of such default to the Company;

ii) The Company fails to comply with or perform any other term, obligation, covenant or condition contained in this Note and which failure shall continue for five (5) consecutive days following written notice of such default to the Company;

iii) The Company or Castle Brands (USA) Corp., a Delaware corporation and wholly-owned subsidiary of the Company (“CBUSA”), shall (a) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; (b) consent to the entry of an order for such relief in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; (c) consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official for either the Company or CBUSA, or for all or substantially all of the assets of the Company or CBUSA; or (d) make any general assignment for the benefit of creditors;

iv) There shall have occurred a default by the Company or CBUSA in the payment of principal or interest on any obligation in excess of \$50,000 for borrowed money beyond the period of grace, if any, provided with respect thereto or default in the performance or observance of any other term, condition or agreement contained in any such obligation or in any agreement relating thereto, if the effect thereof is to cause, or permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause such obligation to become due prior to its stated maturity and such default remains unremedied for a period of 10 days;

v) A final judgment for the payment of money in excess of \$50,000 shall be rendered against the Company or CBUSA and the same shall remain undischarged for a period of thirty (30) days during which execution of such judgment shall not be effectively stayed;

vi) The non-payment, for any reason, of any check tendered to Holder by the Company; or

vii) The occurrence of a Company Sale. As used herein, “Company Sale” shall mean (A) the sale, transfer or exclusive license of all or substantially all of the assets of the Company, (B) a merger or consolidation of the Company with or into another company, or (C) a sale of outstanding units or securities convertible into the units of the Company (except for transactions in which the Company is raising additional capital), if, in the case of (B) or (C), as a result of such transaction, the holders of the Company’s voting securities immediately prior to the closing of such transaction own less than fifty percent (50%) of the voting securities of the surviving or resulting entity.

b) Upon the occurrence of an Event of Default, all amounts due hereunder, including, without limitation, the unpaid principal balance and accrued and unpaid interest thereon, shall, at the Holder’s option, become immediately due and payable upon written notice to the Company; provided, however, that upon the occurrence of an Event of Default described in Section 3.a)iii), all such amounts shall be immediately due and payable automatically and without written notice or demand by the Holder. Upon the occurrence of an Event of Default, the Holder may additionally exercise any of its other rights and remedies granted hereunder or under applicable law. Such remedies shall be cumulative and concurrent and may be pursued singly, successively or together, at the Holder’s option, and as often as the occasion therefore arises.

#### 4. Miscellaneous.

a) Governing Law. The validity and interpretation of this Note, and the terms and conditions set forth herein, shall be governed by and construed in accordance with the laws of the State of Florida, without regard to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the state of Florida.

b) Submission to Jurisdiction. THE COMPANY, AND THE HOLDER BY ITS ACCEPTANCE HEREOF, HEREBY EXPRESSLY AND IRREVOCABLY (I) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL, TO THE EXTENT PERMITTED BY APPLICABLE LAW, AND STATE COURTS SITTING IN MIAMI-DADE COUNTY, FLORIDA IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY; AND (II) WAIVES (A) ITS RIGHT TO A TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NOTE, THE TRANSACTIONS CONTEMPLATED HEREBY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PURCHASER AND FOR ANY COUNTERCLAIM RELATED TO ANY OF THE FOREGOING AND (B) ANY OBLIGATION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

c) Costs. The Company agrees to pay all cost of collection, including reasonable attorney’s fees (including attorney’s fees on appeal) in case the principal of this Note or any payment on the principal or interest thereon is not paid at the respective maturity thereof, whether suit be brought or not.

d) Presentment. The Company hereby waives presentment, demand for payment (except as expressly required herein), protest, notice of protest, notice of dishonor and any and all other notices or demands in connection with the delivery, acceptance,

performance, default or enforcement of this Note. No delay on the part of the Holder in exercising any right hereunder shall operate as a waiver of such right or any other right.

e) Lost, Stolen, Destroyed or Mutilated Note. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note, the Company will issue a new Note of like tenor and amount and dated the date to which interest has been paid, in lieu of such lost, stolen, destroyed or mutilated Note, and in such event the Holder agrees to indemnify and hold the Company harmless in respect of any such lost, stolen, destroyed or mutilated Note.

f) Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed given or delivered when delivered personally or sent by telecopy with confirmation of transmission by the transmitting equipment, four days after being mailed by registered or certified mail, return receipt requested, or one day after being sent by private overnight courier, addressed as follows:

If to the Company:

Castle Brands Inc.

122 East 42<sup>nd</sup> Street, Suite 5000

New York, NY 10168

Attention: Alfred J. Small

Facsimile: (646) 356-0222

If to the Holder:

Frost Nevada Investments Trust

4400 Biscayne Boulevard

15<sup>th</sup> Floor

Miami, Florida 33137

Attn: Veronica Miranda

Facsimile: (305) 575-6518

g) Severability. If any provision of this Note is held to be invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

[Remainder of page intentionally left blank.]

**IN WITNESS WHEREOF**, the undersigned has executed and delivered this Note as of the date first above written.

**COMPANY:**

CASTLE BRANDS INC.

By: /s/ Alfred J. Small

\_\_\_\_\_  
Name: Alfred J. Small

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Senior Vice President, Chief  
Financial Officer, Treasurer

and Secretary

# Castle Brands Announces Key New Developments with Goslings

*Castle Brands increases ownership to 80.1% of Gosling-Castle Partners*

*Exclusive Export and Distribution Agreements for Goslings Rum and Goslings Stormy Ginger Beer  
Extended*

NEW YORK – March 30, 2017 — Castle Brands Inc. (NYSE MKT: ROX), a developer and international marketer of premium and super-premium branded spirits, today announced that it has acquired an additional 20.1% stake in Gosling-Castle Partners Inc. (“GCP”), its strategic global export venture with the Gosling family.

GCP holds the exclusive long-term export and distribution rights for Goslings Rum and Goslings Stormy Ginger Beer for all countries other than Bermuda. The transaction increases Castle Brands ownership of GCP to 80.1% and will enable consolidation for tax purposes.

In a related development, Castle Brands announced that GCP’s exclusive export agreement with Gosling’s Export (Bermuda) Limited and exclusive distribution agreement with Castle Brands have been extended through March 31, 2030, with ten-year renewal terms thereafter.

“Since Castle Brands joined forces with the Gosling family to form GCP in 2005, sales of Goslings Rum have grown rapidly in the United States and internationally. Sales were approximately 170,000 cases (9L) during the 12 months ended December 31, 2016. In addition, we have worked together to launch and grow Goslings Stormy Ginger Beer, used in the trademarked *Dark ‘n Stormy*® cocktail, an important driver of Goslings Rum sales. Sales of Goslings Stormy Ginger Beer were approximately 1,325,000 cases during the 12 months ended December 31, 2016. We are very glad that we have increased our ownership of GCP and have extended the terms of our Goslings agreements,” stated Richard J. Lampen, President and Chief Executive Officer of Castle Brands.

“The Goslings family has produced Goslings rum in Bermuda for 200 years. Because we realized that the brand had great potential in the U.S. and internationally, we initiated sales in the U.S. almost 20 years ago. By joining together with Castle Brands in 2005, we sharply accelerated that growth by gaining a very strong sales force, top-tier distributor relations and substantial infrastructure to support operations. We are excited to be taking these important steps to expand the relationship with Castle Brands,” said Malcolm Gosling, President and Chief Executive Officer of GCP.

“We believe that our sales and marketing initiatives will enhance Goslings Rum sales and that the strong growth of Goslings Stormy Ginger Beer will expand the consumer base, grow brand awareness and drive more consumer pull. We look forward to working even more closely with Malcolm Gosling and the Gosling family to build the prominence of the iconic Goslings brands,” added John Glover, Executive Vice President and Chief Operating Officer of Castle Brands.

## **About Goslings Rum**

Goslings Rum has been blended in Bermuda for over 200 years by Gosling’s Brothers Ltd., the oldest company in Bermuda. Seven generations of the Gosling’s family have built the brand into the “National Drink of Bermuda”. Goslings Black Seal® Rum, Goslings Gold® Rum and Goslings Old® Rum are all award-winners. Because of its rapid growth, Goslings Rum was named a “Hot Prospect” by *Impact Magazine*. In addition to the United States, Goslings is now sold in 20 countries globally. Goslings *Dark ‘n Stormy*® cocktail is one of the few trademarked cocktails in the world and Goslings Stormy Ginger Beer, launched in 2009 to fuel the growth of this cocktail, has become the leading Ginger Beer in the United States.

## **About Castle Brands**

Castle Brands is a developer and international marketer of premium and super-premium brands including: Jefferson’s® , Jefferson’s Presidential Select™ , Jefferson’s Reserve® , Jefferson’s Ocean Aged at Sea Bourbon, Jefferson’s Wine Finish Collection and Jefferson’s Wood Experiments, Goslings® Rums, Goslings® Stormy Ginger Beer, Knappogue Castle Whiskey®, Clontarf® Irish Whiskey, Pallini® Limoncello, Boru® Vodka, and Brady’s® Irish Cream. Additional information concerning the Company is available on the Company’s website, [www.castlebrandsinc.com](http://www.castlebrandsinc.com).

## **Forward Looking Statements**

*This press release includes statements of our expectations, intentions, plans and beliefs that constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to the discussion of our business strategies and our expectations concerning future operations, margins, sales, taxes, new products and brands, potential joint ventures, potential acquisitions, expenses, profitability, liquidity and capital*

*resources and to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. You can identify these and other forward-looking statements by the use of such words as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “thinks,” “estimates,” “seeks,” “predicts,” “could,” “projects,” “potential” and other similar terms and phrases, including references to assumptions. These forward looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties, risks and factors relating to our operations and business environments, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by these forward looking statements. These risks include our history of losses and expectation of further losses, our ability to expand our operations in both new and existing markets, our ability to develop or acquire new brands, our relationships with distributors, the success of our marketing activities, the effect of competition in our industry and economic and political conditions generally, including the current economic environment and markets. More information about these and other factors are described under the caption “Risk Factors” in Castle Brands’ Annual Report on Form 10-K for the year ended March 31, 2016, as amended, and other reports we file with the Securities and Exchange Commission. When considering these forward looking statements, you should keep in mind the cautionary statements in this press release and the reports we file with the Securities and Exchange Commission. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. We assume no obligation to update any forward looking statements after the date of this press release as a result of new information, future events or developments, except as required by the federal securities laws.*