

Lobe Sciences Announces CAD\$23,000,000 Sale of Cowlitz Cannabis Option to Ionic Brands Corp.

Signed LOI for CAD\$23 million sale to Ionic provides shareholder value

Vancouver, British Columbia--(Newsfile Corp. - December 1, 2020) - Lobe Sciences Ltd. (CSE: LOBE) (OTC Pink: GTSIF) ("**Lobe**" or the "**Company**") is pleased to announce that it has received and signed a non-binding letter of intent dated November 30, 2020 with IONIC Brands Corp. ("**Ionic**") for the proposed sale to Ionic of certain assets held by Lobe related to Cowlitz County Cannabis Cultivation Inc. ("**Cowlitz**") (the "**Transaction**"). Cowlitz is one of the top five licensed cannabis producers/processors located in Washington State.

The assets being sold to Ionic may include, but are not limited to, the assignment of all property leases relating exclusively to Cowlitz's business, the assignment of Lobe's option agreement to acquire all of the outstanding shares of Cowlitz, and the assignment of other contracts and rights related exclusively to Cowlitz including service contracts and equipment leases (the "**Assets**").

The Transaction is subject to several closing conditions, including but not limited to: (i) satisfactory due diligence by both Ionic and Lobe; (ii) completion of a definitive agreement with binding terms and conditions for the Transaction, including finalization of the specific Assets that will be sold and certain Cowlitz assets that may be retained by Lobe; (iii) all respective directors and officers of Lobe and Ionic entering into support agreements for the Transaction; (iv) approval by the boards of directors of both Lobe and Ionic; (v) the completion of a share consolidation by Ionic on a minimum of one new Ionic common share for every four and a half (4.5) old Ionic common shares (the "**Ionic Consolidation**"); (vi) the conversion of all Ionic debentures (with principal amount of approximately CAD\$14.7 million) into a secured equity or a similar instrument ("**Debt Conversion**"); (vii) completion of a concurrent financing by Ionic for gross proceeds of at least US\$2 million (the "**Ionic Concurrent Financing**"); (viii) Ionic having all cease trade orders issued against it lifted⁽²⁾; (ix) Ionic applying to the CSE for requalification and qualifying for listing and resumption of trading⁽²⁾; and (x) the receipt of all required shareholder and regulatory approvals, including the approval of the CSE. Following the closing of the Transaction, Ionic's board of directors is expected to be comprised of five (5) members and Lobe will have the right to appoint two (2) directors to the Ionic board.

The sale price for the Assets shall be a minimum of CAD\$23 million, payable through the issuance of Ionic post-consolidation common shares (being approximately 49% of Ionic's estimated \$47 million capitalization post-restructuring (after giving effect to the Ionic Consolidation and Debt Conversion)), prior to giving effect to the Ionic Concurrent Financing. Following the closing of the Transaction, it is expected that the Lobe will own approximately 49% of Ionic's common shares, on a post-consolidation and pre-Ionic Concurrent Financing basis. Ionic is expected to have a minimum total capitalization valuation of CAD\$47 million, pre-Ionic Concurrent Financing.

As previously announced, Lobe has been pursuing strategic alternatives for Cowlitz, aimed at maximizing its value to the Company. Cowlitz reported over US\$14.6 million in gross sales revenues for the nine month period ended September 30, 2020, according to data provided on reports to the Washington State Department of Revenues⁽¹⁾. Lobe generates revenues through licensing and leasing agreements in place with Cowlitz.

Ionic is listed on the Canadian Securities Exchange⁽²⁾ (the "**CSE**") (CSE: IONC) and is a growing US-

based cannabis company that focuses on premium cannabis products with current operations in Washington and Oregon. Ionic has completed a number of strategic synergistic acquisitions since 2019 aimed at growing revenues as a multi-state operator, and increasing their overall product lines and intellectual property portfolio. Ionic's strategy has been focused on building a regionalized multistate operation of cannabis brands in the Pacific Northwest markets with an eye to expansion into other recreational markets and aggressive national expansion.

John Gorst, CEO of Ionic said, "We are excited about this opportunity to expand our presence in Washington State. Cowlitz has tremendous brand presence and following in Washington State, which we feel is a natural fit, complementing our existing operations. The combination will make us one of the largest premier cannabis companies in the Pacific Northwest markets. The acquisition of the Cowlitz Assets will represent a complimentary synergistic acquisition that achieves our goal of operational expansion and growth of our product portfolio."

"The proposed transaction with Ionic is accretive to both parties, successfully meets our M&A initiatives and keeps Lobe active in the cannabis and overall transformation psychedelic medicine space," states Tom Baird, CEO of Lobe. "The Transaction provides Lobe with significant ownership and board presence in Ionic. With its already significant operations in Washington State and Oregon, we feel Ionic's proposed product expansion initiatives together with the addition of the Cowlitz Assets can lead to aggressive growth."

About Ionic Brands Corp.

Ionic is dedicated to building a regionally based multi-state consumer-focused cannabis concentrate brand portfolio with strong roots in the premium and luxury segments of vape concentrates and edibles. The cornerstone brand of the portfolio, IONIC, is the #3 vaporizer brand in Washington State and has aggressively expanded throughout the Pacific Northwest of the United States. The brand is currently operating in Washington and Oregon. Ionic's strategy is to be the leader of the highest-value segments of the cannabis market.

About Lobe Sciences Ltd.

Lobe is a growth-oriented research, technology & services company that provides financial, management, IP and branding support to businesses. The Company operates a portfolio of companies focused on developing transformational medicines and applies refined strategies to help partner companies reach their full potential. Based in Vancouver, BC, Lobe Sciences creates value through acquisitions and development of assets, products and technologies by leveraging its scientific, engineering, branding and operational expertise supported by strong capital markets acumen.

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THE CSE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE.

Disclaimer for Forward Looking Statements

This news release contains forward-looking statements relating to the future operations of the Company and other statements that are not historical facts. Forward-looking statements are often identified by terms such as "will", "may", "should", "anticipate", "expects" and similar expressions. All statements other than statements of historical fact included in this release, including statements regarding the future plans and objectives of the Company, the Company's expectations surrounding

its development of treatments and/or therapeutics for mTBI and PTSD, the proposed Transaction and terms with Ionic and estimated capitalization of Ionic and share value to Lobe, Ionic having its cease trader orders lifted and resumption for trading on the CSE, future sales and expected revenues of Cowlitz and enhancing its value to the Company, are forward looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are risks detailed from time to time in the filings made by the Company with securities regulations. Readers are cautioned that assumptions used in the preparation of the forward-looking statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including changes to the regulatory environment; and that the current Board and management may not be able to attain the Company's corporate goals and objectives. As a result, the Company cannot guarantee that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made only as of the date of this news release and the Company does not intend to update any of the included forward-looking statements except as expressly required by applicable Canadian securities laws.

(1) 2020 Cowlitz sales information noted above is based on Cowlitz reports provided to the Washington State Department of Revenues. This information is unaudited and this information is not under Lobe's control. Cowlitz is not a subsidiary of Lobe.

(2) Ionic's common shares are currently suspended from trading on the CSE and Ionic is subject to a cease trade order dated June 22, 2020 by the Ontario Securities Commission ("**OSC**"), which is also in effect in British Columbia and Alberta where the company is also a reporting issuer. Ionic has yet not applied to the CSE for requalification and there is no guarantee Ionic will qualify for listing or resume trading. Information on Ionic has been provided by Ionic and Lobe has not verified this information.



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