

Lobe Sciences Signs Definitive Agreement for Sale of Cowlitz Cannabis Assets to Ionic Brands Corp.

The transaction value of approximately \$32,000,000 will significantly improve Lobe's balance sheet with non-dilutive capital and will provide immediate shareholder value

Vancouver, British Columbia--(Newsfile Corp. - February 23, 2021) - Lobe Sciences Ltd. (CSE: LOBE) (OTC Pink: GTSIF) ("**Lobe**" or the "**Company**") and Ionic Brands Corp. ("**Ionic Brands**") are pleased to announce that, further to their press releases dated December 1, 2020, Lobe's wholly owned subsidiary Green Star Biosciences Inc. has signed a definitive binding asset purchase agreement dated February 22, 2021 (the "**Agreement**") with Ionic Brands with respect to the sale to Ionic Brands of certain assets held by Lobe's subsidiary vendor relating to Washington-based Cowlitz County Cannabis Cultivation Inc. ("**Cowlitz**"), for total consideration valued at approximately \$32,000,000 (the "**Transaction**"), based on the cash value in respect of the cash portion of the consideration and the previous closing price of the common shares of Ionic Brands (the "**Ionic Brands Shares**") on the Canadian Securities Exchange in respect of the share-based consideration.

Transaction Highlights for Lobe Sciences:

- Total \$32,000,000 in sale proceeds to be received including a combination of cash, secured promissory note, and preferred shares of Ionic Brands Corp.;
- Provides Lobe with two director representatives on Ionic's board of directors;
- Provides Lobe with equity ownership in Ionic Brands Corp.

Philip Young, CEO of Lobe states "We are extremely pleased with this transaction as we believe it is accretive to both parties. The share ownership we will have in Ionic Brands will allow Lobe to continue to benefit from Cowlitz's growth and Ionic Brands' entire operations in the Pacific Northwest under the experienced leadership of John Gorst. This transaction will also provide Lobe with significant non-dilutive capital which will allow the Company to continue to pursue its business objectives and other M&A initiatives in the transformative medicine industry."

John Gorst, CEO of Ionic Brands Corp. states "This transaction will allow our shareholders to benefit from the continued growth of the Cowlitz brands. Meantime, we look forward to integrating the full suite of the Cowlitz brand assets into our portfolio offered in the Washington and Oregon markets. We look forward to strategically working with the Cowlitz operating team to bring even greater value to our shareholders in the months and years ahead as we expand our brands across the country."

Terms of the Agreement:

Pursuant to the Agreement, on the closing date of the Transaction (the "**Closing Date**"), Lobe's subsidiary vendor will receive consideration payable through a combination of:

- the payment of Cdn\$1,750,000 in cash;
- the issuance 100,406,701 series E non-voting preferred shares of Ionic (each an "**Ionic Brands Pref Share**"). Each Ionic Brands Pref Share is exchangeable into one Ionic Brands Share on a one-for-one basis (subject to adjustment, and provided that the Company's share ownership of Ionic Brands remains below 10% at the time of conversion) and carries an annual dividend equal to 13% for a period of two years from the Closing Date, with Ionic Brands Pref Shares

- automatically converting to Ionic Brands Shares four years from the issuance date;
- Lobe's subsidiary vendor shall, immediately upon receipt of the Ionic Brands Pref Shares, convert the lesser of: (a) 9.99% of the total number of Ionic Brands Pref Shares; and (b) that number of Ionic Brands Pref Shares that would, upon conversion, result in Lobe's subsidiary vendor holding not more than 9.99% of the outstanding Ionic Brands Share, on a post-closing basis;
 - the issuance of 4,000,000 Ionic Brands warrants (each an "**Ionic Brands Warrant**"), with each Ionic Brands Warrant exercisable into one Ionic Brands Share at a price of \$0.30 per Ionic Brands Share for a period of five (5) years from the Closing Date (and containing a term which prevents the exercise of Ionic Brands Warrants if, as a result of such exercise, Lobe's subsidiary vendor would own more than 9.99% of the outstanding Ionic Brands Shares); and
 - a secured promissory note in the principal amount of USD\$50,000 maturing two (2) years from the date of issue and bearing interest at a rate of 7%, secured by the Assets (as defined below).

All Ionic Brands Pref Shares and Ionic Brands Shares to be issued will be subject to contractual restrictions on transfer, pursuant to which 20% of the Ionic Brands Shares issued will be restricted from trading for a period of seven (7) months from the Closing Date, and further 20% releases will occur on the date that is ten (10), thirteen (13), fifteen (15) and eighteen (18) months from the Closing Date (subject to compliance with all applicable securities laws).

The assets being sold to Ionic Brands include 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, certain trademarks and intellectual property related to 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 standard closing conditions, including receipt of applicable corporate and regulatory approvals. In addition, the Transaction is subject to Ionic Brands arranging at least 90% of their outstanding 10% debentures being converted into preferred voting shares of Ionic Brands at a price of \$0.30 per share prior to the Closing Date, such that no more than \$1,800,000 in debentures (including principal and accrued interest) will be outstanding on the Closing Date. Following the closing of the Transaction, Ionic Brands' board of directors is expected to be comprised of seven (7) members and Lobe will have the right to appoint two (2) directors to the Ionic Brands board. There can be no assurances the Transaction will be completed as proposed or at all. The Company anticipates closing the Transaction prior to March 5, 2021.

About Ionic Brands Corp.

Ionic Brands 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 a top vaporizer brand in Washington State and has aggressively expanded throughout the Pacific Northwest of the United States. The brand is currently operating in Washington State and Oregon. Ionic Brands' strategy is to be the leader of the highest-value segments of the cannabis market.

About Lobe Sciences Ltd.

Lobe Sciences is a life sciences company focused on psychedelic medicines. The Company, through collaborations with industry leading partners, is engaged in drug research and development using psychedelic compounds and the development of innovative devices and delivery mechanisms to improve mental health and wellness.

For further information please contact:

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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 proposed Transaction and terms with Ionic and estimated value to Lobe, the benefits of the Transaction, including leveraging Cowlitz's growth and Ionic's entire operations and providing immediate shareholder value to Lobe, the pursuit of M&A initiatives, development of effective delivery methods and commercialization potential of the nasal mist device, research and development using NAC and psilocybin and growth of the business, are forward looking statements that are based on assumptions considered to be reasonable by management of the Company at the time such statements are made, and which involve known and unknown 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; counterparty risk, including counterparty credit risk, risks relating to ownership of the Ionic Shares and Pref Shares, and the risks relating to the business of Ionic and that the current board of directors of Lobe and its 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.



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