

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Lobe Sciences Ltd. (“**Lobe**” or the “**Company**”)
Suite 1400, 1199 West Hastings Street
Vancouver, BC V6E 3T5

Item 2 Date of Material Change

February 22, 2021.

Item 3 News Release

A news release with respect to the material change was disseminated through the facilities of Newfile Corp. on February 23, 2021 and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On February 22, 2021, Lobe entered into a definitive agreement (the “**Purchase Agreement**”) with Ionic Brands Corp. (“**Ionic Brands**”) in respect of the sale of certain assets owned by a subsidiary of Lobe to Ionic Brands (the “**Transaction**”).

See “*Cautionary Note Regarding Forward-Looking Statements*” below.

Item 5.1 Full Description of Material Change

On February 22, 2021, Lobe and Ionic Brands entered into the Purchase Agreement in respect of the Transaction. Pursuant to the Purchase Agreement, on the closing date of the Transaction, Lobe’s subsidiary vendor will sell certain assets to Ionic Brands relating to Washington-based Cowlitz County Cannabis Cultivation Inc. (“**Cowlitz**”) in exchange for the following consideration:

- the payment of C\$1,750,000 in cash;
- the issuance of 100,406,701 series E non-voting preferred shares of Ionic (each an “**Ionic Brands Pref Share**”), with each Ionic Brands Pref Share being exchangeable into one Ionic Brands common share (an “**Ionic Brands Share**”) on a one-for-one basis (subject to adjustment, and provided that Lobe’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: (i) 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 Shares, on a post-closing basis;

- the issuance of 4,000,000 Ionic Brands warrants (each, an "**Ionic Brand Warrant**"), with each Ionic Brand 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 years from the date of issuance 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 months from the closing date, and further 20% releases will occur on the date that is ten, thirteen, fifteen and eighteen 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' 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, Ionic Brands' board of directors is expected to be comprised of seven members and Lobe will have the right to appoint two directors to the Ionic Brands board. There is no assurance the Transaction will be completed as proposed or at all.

See "*Cautionary Note Regarding Forward-Looking Statements*" below.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, contact Jonathan Gilbert, Executive Chairman Tel: 949-505-5623.

Item 9 Date of Report

March 4, 2021.

Cautionary Statement on Forward-Looking Statements

This material change report 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, progression with nasal mist device engineering and commercialization, 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 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 material change report are expressly qualified by this cautionary statement. The forward-looking statements contained in this material change report are made only as of the date of this material change report 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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