

Lobe Sciences Completes Previously Announced Sale of Cannabis Assets to Ionic Brands

Strategic sale of non-core assets by Lobe adds non-dilutive capital and shareholder value

Vancouver, British Columbia--(Newsfile Corp. - March 8, 2021) - Lobe Sciences Ltd. (CSE: LOBE) (OTC Pink: GTSIF) ("**Lobe**" or the "**Company**") is pleased to announce, further to its press release dated February 23, 2021, that it has completed the sale to Ionic Brands Corp. ("**Ionic Brands**") of Lobe's non-core cannabis assets relating to Washington-based Cowlitz County Cannabis Cultivation Inc. ("**Cowlitz**") held by Lobe's subsidiary vendor, Green Star Biosciences Inc. (the "**Transaction**").

Philip Young, CEO and Director of Lobe stated, "This sale provides us with substantial non-dilutive capital to grow our business and accelerate our research and device development. Ionic Brands has been expanding their footprint in the US cannabis market, and this sale allows Lobe to continue to be invested in this exciting sector. The Company continues to focus on its psychedelics business segment, and plans to provide an update on its pre-clinical studies with the University of Miami in the near future. The Company intends to capitalize on the growing mental health sector including the use of other psychedelics with and without NAC using our proprietary nasal delivery device."

Transaction Highlights:

- Strengthens Lobe's balance sheet with \$1.75 million cash on closing
- Provides equity ownership in Ionic Brands through the issuance of class E non-voting preferred shares which carry a two-year 13% annual, cumulative, preferential dividend on the issue price per share of \$0.30, and which are convertible into common shares of Ionic Brands on a one-for-one basis, as well as additional equity upside through warrants to purchase up to 4,000,000 common shares (subject to Lobe's covenant not to convert if conversion would result in Lobe becoming an insider of Ionic Brands based on post-conversion beneficial ownership)
- Commitment from Ionic Brands to significantly improve its balance sheet through the conversion of outstanding Debentures
- Lobe's subsidiary vendor issued a US\$50,000 promissory note from Ionic Brands bearing interest at 7% and maturing in two years, secured against the purchased assets
- Allows Lobe to continue to be exposed to the cannabis sector and the broader mental health and wellness industry utilizing transformative medicine, while permitting Lobe to focus on its core business relating to R&D of psychedelic medicines
- Provides Lobe with certain minority board representation rights with respect to the board of directors of Ionic Brands

Further to the Company's press release dated February 23, 2021, in connection with the closing of the Transaction, the Company amended the terms of the asset purchase agreement governing the Transaction. In particular, and following Ionic Brand's news release on March 2, 2021 confirming that it had closed a \$14.7 million oversubscribed private placement and had entered into debenture conversion and voting support agreement with holders of 80.2% of the outstanding principal amount of secured convertible debentures (the "**Ionic Debentures**"), Ionic Brands covenanted in favour of Lobe's vendor subsidiary to convert, within 60 days following the date hereof, at least 90% of the principal amount of the outstanding Ionic Debentures, resulting in obligations outstanding (including principal and accrued interest, if any) of no more than \$1,800,000 as at the date of conversion. Furthermore, Ionic Brands has agreed to certain minority board nomination rights in favour of Lobe.

For further details regarding the Transaction, please refer to the news release of the Company dated February 23, 2021 and the asset purchase agreement dated February 22, 2021 between the Company's subsidiary vendor and Ionic Brands in respect of the Transaction, copies of which are filed under Lobe's SEDAR profile at www.sedar.com.

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.

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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 Transaction and terms with Ionic and estimated value to Lobe, the benefits of the Transaction, including the benefits of non-dilutive capital and shareholder value to Lobe, the pursuit of other M&A initiatives, continued research and results of pre-clinical studies with the University of Miami, 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 credit risk, risks relating to ownership of securities of Ionic Brands, and the risks relating to the business of Ionic Brands 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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