IONICBRANDS

IONIC Brands Announces Closing of C$20 Million Convertible Debenture Offering

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VANCOUVER, British Columbia, May 16, 2019 -- IONIC Brands Corp. (CSE: IONC; FRA: IB3; OTC: ZRRRF) ("**IONIC BRANDS**" or the "**Company**") is pleased to announce that, further to its news release dated April 9, 2019, it has closed the brokered offering of 17,227 convertible debenture units ("**Units**") for gross proceeds of $17,227,000 pursuant to a private placement (the "**Brokered Offering**") of Units. The Offering was led by Clarus Securities Inc., as lead agent, together with a syndicate of agents including GMP Securities L.P., Cormark Securities Inc. and PI Financial Corp. (collectively, the "**Agents**"). Concurrent with the closing of the Brokered Offering, the Company also closed the non-brokered offering of 2,532 Units for gross proceeds of $2,532,000 (the "**Concurrent Offering**" and, together with the Brokered Offering, the "**Offering**"). The Units sold under the Concurrent Offering have the same terms and conditions as those Units sold under the Brokered Offering. Each Unit consists of (i) $1,000 principal amount of 8.0% unsecured debentures (the "**Convertible Debentures**") convertible into common shares of the Company (each, a "**Common Share**") at a conversion price of $0.75 per Common Share and maturing on May 16, 2022; and (ii) 1,333 common share purchase warrants of the Company (the "**Warrants**"). Each Warrant entitles the holder to purchase a Common Share at an exercise price of $0.90 until May 16, 2022, subject to acceleration in certain circumstances.

The net proceeds from the Offering will be used for strategic acquisitions and for general and corporate working capital purposes.

The Debentures bear interest from their issue date at 8.0% per annum, payable semi-annually on the last day of June and December in each year and mature three years following the date of issuance (the "**Maturity Date**"). The first interest payment will be made on June 28, 2019. The Debentures are unsecured, and rank *pari passu* in right of payment of principal and interest with all of the existing and future unsecured indebtedness of the Company. The Debentures are convertible at the option of the holder into Common Shares any time prior to 5:00 p.m. (Pacific time) on the last business day prior to the Maturity Date at a conversion price of $0.75 per Common Share (the "**Conversion Price**"). The Company may force the conversion of the entire principal amount of the then outstanding Convertible Debentures at the Conversion Price if the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the "**CSE**") is greater than $1.50 for the preceding five consecutive trading days. Holders having their Convertible Debentures converted will receive accrued and unpaid interest thereon in cash.

In connection with the Brokered Offering, the Company paid the Agents a cash fee of $1,033,620 and issued an aggregate of 1,034 compensation warrants to the Agents and other selling dealer group members (the "**Compensation Warrants**"). Each Compensation Warrant entitles the holder to purchase one Unit of the Company at an exercise price of $1,000 until May 16, 2022.

In connection with the Concurrent Offering, the Company paid a cash fee of $59,500 and issued an aggregate of 62 finders' warrants (each, a "**Finders' Warrant**") to eligible finders. Each Finders' Warrant entitles the holder to purchase one Unit of the Company at an exercise price of $1,000 until May 16, 2022. In addition, in connection with the Concurrent Offering, the Company also paid the Agents a corporate finance fee of $25,320 and issued an aggregate of 25 Compensation Warrants.

The Debentures and the Warrants comprising each Unit, and any Common Shares issuable upon conversion or exercise thereof, are subject to a statutory four month and one day hold period, which expires on September 17, 2019.

An insider of the Company purchased 390 Units under the Concurrent Offering, which constituted a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The issuance to the insider is exempt from the formal valuation and the minority shareholder approval requirements of MI 61-101 as the fair market value of the Units issued to or the consideration paid by such person did not exceed 25% of the Company's market capitalization.

The securities referred to in this news release have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons absent U.S. registration or an applicable exemption from the U.S. registration requirements. This release does not constitute an offer for sale of, nor a solicitation for offers to buy, any securities in the United States. Any public offering of securities in the United States must be made by means of a prospectus containing detailed information about the issuer and its management, as well as financial statements.

About IONIC BRANDS Corp.

IONIC BRANDS is a national cannabis holdings company based in Washington, led by a team of successful entrepreneurs. The company is focused on building a multi-state consumer-focused cannabis concentrate brand portfolio focusing on the premium and luxury segments. The cornerstone brand of the portfolio, Ionic, is an accomplished #1 vaporizer brand in

Washington State has aggressively expanded throughout the west coast of the United States and is currently operating in Washington, Oregon and California. IONIC BRANDS' strategy is to be the leader of the highest-value segments of the cannabis market and expand nationally.

ON BEHALF OF THE BOARD OF DIRECTORS

"John Gorst"

John Gorst
Chairman and CEO

For further information, please contact John Gorst, Chairman & CEO
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The CSE does not accept responsibility for the adequacy or accuracy of this release.

All statements, other than statements of historical fact, included herein are forward-looking statements that involve various 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. The risks are without limitations: the price for cannabis and related products will remain consistent and the consumer demand remains strong; availability of financing to the Company to develop the retail locations; retention of key employees and management; changes in State and/or municipal regulations of retail operations and changes in government regulations generally. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time with the Canadian Securities Exchange, the British Columbia Securities Commission, the Ontario Securities Commission and the Alberta Securities Commission.