

IONIC BRANDS CORP.
(the “Corporation”)

STATEMENT OF EXECUTIVE COMPENSATION

The following information is presented by the management of the Corporation in accordance with Form 51-102F6V – Statement of Executive Compensation – Venture Issuers and sets forth compensation for the year ended December 31, 2019.

GENERAL

“Named Executive Officers” or “NEOs” means each of the following:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO.
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO.
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000; and
- (d) everyone who would be an NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

NAMED EXECUTIVE OFFICERS – SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years, to the directors and to the Named Executive Officers.

Table of compensation excluding compensation securities						
Name and position	Year	Salary, consulting fee, retainer or commission US(\$)	Bonus US(\$)	Committee or meeting fees US(\$)	Value of all other compensation US(\$)	Total Compensation US(\$)
John Gorst ⁽¹⁾ <i>CEO & Board Chairman, Director</i>	2019	273,450	Nil	4,500	24735	302,685
	2018	129,000	Nil	Nil	42,618	171,618
Dan Devlin ⁽²⁾ <i>Interim Chief Financial & Chief Operations Officer</i>	2019	164,000	Nil	Nil	Nil	164,000
	2018	Nil	Nil	Nil	Nil	Nil
Christian Struzan ⁽³⁾ <i>Chief Marketing Officer & Director</i>	2019	191,650	Nil	6,000	Nil	197,650
	2018	116,497	Nil	Nil	Nil	116,497

Andrew Schell ⁽⁴⁾ <i>(Former) Chief Strategies Officer & Director</i>	2019	176,000	Nil	4,500	77,692	258,192
	2018	72,500	Nil	Nil	93,923	166,423
Scott Manson ⁽⁵⁾ <i>(Former) CFO & Counsel</i>	2019	120,500	Nil	Nil	Nil	120,500
	2018	35,000	Nil	Nil	Nil	35,000
Johnny Stange ⁽⁶⁾ <i>(Former) Chief Revenue Officer</i>	2019	249,139	Nil	Nil	32,665	281,804
	2018	202,366	Nil	Nil	Nil	202,366
Rhett Couture ⁽⁷⁾ <i>(Former) VP Business Dev & Interim CFO</i>	2019	98,187	Nil	Nil	Nil	98,187
	2018	Nil	Nil	Nil	Nil	Nil
Bryen Salas ⁽⁸⁾ <i>President & Director</i>	2019	242,907	55,889	6,000	Nil	304,796
	2018	135,861	Nil	Nil	Nil	135,861
Austin Gorst ⁽⁹⁾ <i>VP Sales & Director</i>	2019	140,017	44,370	6,000	Nil	190,387
	2018	99,542	Nil	Nil	Nil	99,542
M. Carroll Benton ⁽¹⁰⁾ <i>Director</i>	2019	8,000	Nil	6,000	Nil	14,000
	2018	37,500	Nil	Nil	Nil	37,500
Brian Lofquist ⁽¹¹⁾ <i>Director</i>	2019	Nil	Nil	6,000	Nil	6,000
	2018	Nil	Nil	Nil	Nil	Nil

Notes:

In an effort to assist the Corporation's ability to sustain operations during cash-flow difficulties, executives and management team members agreed to temporarily reduce and/or defer salaries in quarter 4 of 2019, and said salaries remain unpaid as of December 31, 2019. Original contract details are as follows:

- (1) John Gorst held the role of CEO and Director of the Corporation in March 2019. He is employed at an annual salary of \$300,000 and deferred \$75,000.
- (2) Dan Devlin was initially employed as Chief Operations Officer to oversee the Corporation's expansion of the edibles market, and then assumed the interim CFO role in November 2019 to assist the Corporation in completing its public audit. \$45,000 in wages was deferred.
- (3) Christian Struzan serves as the Chief of Marketing (CMO) and is Director of the Corporation, employed at an annual salary of \$205,000. Deferred salaries of \$21,250 remains unpaid.
- (4) Andrew Schell had served as the Chief Strategies Officer and Director and resigned in September 2019.
- (5) Scott Manson who was retained as CFO and General Counsel stepped down from the CFO role to serve as General Counsel in third quarter of 2019 and later resigned in November 2019.
- (6) Johnny Stange serving as Chief Revenue Officer was terminated in November 2019 when unable to fulfill performance expectations and growth goals in the California and Nevada markets.
- (7) Rhett Couture was initially employed as the VP of Business Development, to oversee industry growth opportunities, primarily in Canada, and held a brief interim role as CFO in Q3 of 2019 before being terminated in November 2019 for performance issues.
- (8) Bryen Salas is a board director and served as Executive Vice President and in September 2019, served as President of a holdings company of the Corporation. Deferred wages of \$41,875 plus \$31,874.55 in unpaid commission for April – December 2019.
- (9) Austin Gorst previously served as General Sales Manager of the Oregon subsidiary market and in October 2019, assumed Vice President of Sale. Deferred wages of \$10,100 remains unpaid as of December 31, 2019.
- (10) M. Carroll Benton was appointed to the Board of directors in March 2019. Deferred Board compensation of \$1500.
- (11) Brian Lofquist was appointed to the Board of directors in March 2019. Deferred Board compensation of \$1500.

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table provides a summary of all compensation securities granted or issued to each director and NEO by the Corporation or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
John Gorst <i>CEO & Board Chairman, Director</i>	Performance warrants	2,408,000	March 22, 2019	\$0.05	N/A	\$0.02	June 30, 2021
	Stock Options	126,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	200,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Dan Devlin <i>Interim CFO & Chief Operations Officer</i>	Stock Options	50,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	50,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Christian Struzan <i>Chief Marketing Officer & Director</i>	Performance warrants	2,008,000	March 22, 2019	\$0.05	N/A	\$0.02	June 30, 2021
	Stock Options	129,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	200,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Andrew Schell <i>(Former) Chief Strategies Officer & Director</i>	Performance warrants	2,408,000	March 22, 2019	\$0.05	N/A	\$0.02	June 30, 2021
	Stock Options	126,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	200,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Scott Manson <i>(Former) CFO & Counsel</i>	Stock Options	129,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
Johnny Stange <i>(Former) Chief Revenue Officer</i>	Performance warrants	100,000	March 22, 2019	\$0.05	N/A	\$0.02	June 30, 2021
	Stock Options	129,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
Rhett Couture <i>(Former) VP Business Dev Interim CFO</i>	Stock Options	60,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	500,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Bryen Salas <i>President & Director</i>	Performance warrants	1,908,000	March 22, 2019	\$0.05	N/A	\$0.02	June 30, 2021
	Stock Options	129,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	200,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Austin Gorst <i>VP Sales & Director</i>	Performance warrants	1,908,000	March 22, 2019	\$0.05	N/A	\$0.02	June 30, 2021
	Stock Options	129,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	200,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
M. Carroll Benton <i>Director</i>	Stock Options	100,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	100,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024
Brian Lofquist <i>Director</i>	Stock Options	100,000	April 11, 2019	\$0.68	\$0.62	\$0.02	April 12, 2024
	Stock Options	100,000	August 16, 2019	\$0.20	\$0.145	\$0.02	August 16, 2024

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
John Gorst <i>CEO & Board Chairman, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dan Devlin <i>Interim CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Christian Struzan <i>Chief Marketing Officer & Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Schell <i>(Former) Chief Strategies Officer & Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Scott Manson <i>(Former) CFO & Counsel</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rhett Couture <i>(Former) VP Business Dev Interim CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Johnny Stange <i>(Former) Chief Revenue Officer</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Bryen Salas <i>President & Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Austin Gorst <i>VP Sales & Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
M. Carroll Benton <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brian Lofquist <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

STOCK OPTION PLAN AND OTHER INCENTIVE PLANS

The Corporation's stock option plan (the "**Stock Option Plan**") was previously approved by the shareholders at its shareholders meeting on January 25, 2019. The Stock Option Plan is a "rolling" stock option plan reserving a maximum of 10% of the issued shares of the Corporation at the time of the stock option grant. The Stock Option Plan is administered by the Board of the Corporation.

As of December 31, 2019, the Corporation had 8,218,000 outstanding options and 11,119,115 options remain available for issuance.

The Corporation adopted the Stock Option Plan which provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to consultants or employees conducting Investor Relations Activities will not exceed 2% of the issued and outstanding common Shares in any twelve (12) month period.

Options are exercisable for a period of up to ten (10) years. If the holder ceases to be a director, officer, employee or consultant of the Corporation for any reason other than death, such holder's options must be exercised within the earlier of: (i) the expiry of the option period; and (ii) 90 days from the date of termination of employment or cessation of position with the Corporation. In the case of death, such holder's options must be exercised within the earlier of: (i) the expiry of the option period; and (ii) twelve months from the date of death. The price per share set by the Board shall not be less than the last closing price of the common shares of IBC prior to the date on which such option is granted, less the applicable discount permitted (if any) by IBC. If, prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS

Formation of the Corporation's executive-level team followed the completion of the acquisition of Blacklist Holdings Inc. in March 2019 and provided a wide-spectrum of diverse skills and experience envisioned to assist the Corporation to pioneer the Corporation through new and aggressive ventures in response to investors expecting the Corporation to move quickly in growing the western market of the United States.

Upon recognizing the inept ability of several chief executives to effectively perform, the CEO worked to downsize its executive team and seize control as best as possible of failing ventures as executed by key strategic members removed from the team. The Board then took actions to finalize contractual agreements with remaining executive members to solidify the team that would continue to resolve the multitude of problems faced by the Corporation and to rebuild, restructure and regain market position.

As developed by the Compensation Committee and recommended to the Board, executive employment contracts were implemented to retain the proven executives that continue to move the Corporation forward. It is critical that the Corporation maintain support and incentive of its executive team, wherein consideration of the multitude of problems and constraints faced by the Corporation, the fact that the Corporation continues to survive is remarkable.

The following are summaries of the material terms of employment agreements, as developed in 2019 and executed through 2020 after completion of negotiations with remaining executives, whereby stated compensation was applicable through year ended December 31, 2019.

Overview of individual contracts

John Gorst agreed to serve as the Chief Executive Officer (CEO) and Board Chairman executed an employment contract in August 2019, following his successful plight of taking Blacklist Holdings Inc. public. His initial contract enforces the term of one year from the effective date to continue until the Corporation exercises its right of non-renewal. His employment agreement with the Corporation provides for an annual salary of US\$300,000, and as long as he is in good standing, he is eligible for a bonus up to 50% of his base salary, pro-rated for the first partial year after effective date and paid within 2.5 months after the end of the applicable calendar/fiscal year as recommended by the Compensation Committee and approved by the Board.

Dan Devlin initially employed as Chief Operations Officer and then assumed Interim CFO under a contract he entered as Chief Operations Officer at an annual salary of US\$180,000.

Christian Struzan serves as Chief Marketing Officer and is a Director, under an annual salary of US\$205,000.

Bryen Salas serves as President and is a Director, under an annual salary of US\$180,000.

Austin Gorst serves as Vice President of Sales and is a Director, under an annual salary of US\$144,000.

Benefits on Termination Without Cause or For Good Reason

Each employee may terminate their agreement for good reason or the Corporation can terminate without cause, or at the end of the initial term where employee and Corporation are not agreeing to terms for continued employment, such termination entitles employee to receive payment as of the termination date for (i) any unpaid accrued salaries or other

contracted compensation, (ii) any earned but unpaid annual bonus, (iii) full 100% vesting of any outstanding Performance Stock Options, (iv) full 100% vesting of any outstanding Performance Warrants, and (v) subject to employee’s compliance with any proprietary rights agreement that may be in effect, and their execution, and non-revocation, of a release of claims in favor of the Corporation, its affiliates and their respective officers and directors in a form provided by the Corporation (the “**Release**”), Employee shall be entitled to receive twelve (12) months of Employee’s final base salary as severance pay (the “**Severance**”). No severance will be paid if an employee refuses to sign said release, within (21) days of termination, and with (7) days to revoke release. Severance will be paid in a lump sum less required withholding taxes on the next normal pay period.

Good reason can be executed by the employee following written notice to be provided to the Corporation regarding existing circumstances whereby the Corporation has at least (30) days to cure such circumstances in the event of (a) material reduction to base salary of just said employee, and not proportionately across the board of all executives, (b) increased job duties without mutual content or corresponding salary increase, (c) failure by the Corporation to fund initiatives associated with employee’s responsibilities and incentives that extend achievement of goals beyond reasonable expectation, (d) failure by the Corporation to make timely commitments or decisions for employee to achieve success consistent with job duties and incentives, (e) any material breach by the Corporation of any provision in the employment agreement. If employee does not terminate their employment within 90 days after providing notice to Corporation to cure circumstances and if the Corporation is unresponsive within this timeframe, employee will be deemed to have waived right to terminate for good reason with respect to such grounds.

Benefits on Change in Control

If the employee’s employment is terminated by the Corporation for Good Reason or by the Corporation without Cause (other than on account of employee’s death or disability), in each case within twelve (12) months following a Change in Control, employee shall be entitled to receive payment of (i) any accrued but unpaid base salary as of the termination date, (ii) any earned but unpaid annual bonus as of the termination date, (iii) full (100%) vesting of any outstanding Performance Stock Options and Performance Warrants, and (iv) subject to the employee’s compliance with proprietary rights agreement that may be in effect, and his execution of the Release and such Release becoming effective within the release period, Employee shall be entitled to receive an amount as indicated below in accordance with specific executive contract(s) as severance pay, plus an additional US\$20,000 which payment amount equals the cost of COBRA continuation coverage premiums for group health plan coverage for the employee and its family for one year after the termination date. As specifically addressed in the employment contract, employee is entitled to severance or the change in control sequence, never both events. The employee will be paid in a lump sum, less withholding taxes, on the next regularly occurring payroll period after the last calendar day of the release period.

“Change in Control” means the occurrence of any of the following: (a) one person (or more than one person acting as a group) acquires ownership of stock of the Corporation that, together with the stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Corporation; provided that, a Change in Control shall not occur if any person (or more than one person acting as a group) owns more than 50% of the total fair market value or total voting power of the Corporation’s stock and acquires additional stock; or (b) the sale of all or substantially all of the Corporation’s assets (including those assets held by the Corporation’s subsidiaries); provided that such transaction constitutes a change in the ownership of the Corporation or a change in the ownership of a substantial portion of the Corporation’s assets under Section 409A of the Internal Revenue Code of 1986, as amended.

Termination Payment Calculation

The following table presents the incremental payments the Corporation would have to make to currently employed NEOs if a triggering event occurred as of December 31, 2019:

Name	Termination Payment on a Without Cause Termination (US\$)	Termination Payment on a Change in Control (US\$)
John Gorst	\$300,000	\$500,000
Dan Devlin	\$180,000	\$200,000

Christian Struzan	\$205,000	\$240,000
Bryen Salas	\$200,000	\$220,000
Austin Gorst	\$160,000	\$220,000

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Compensation of Directors

Compensation of directors is determined by a recommendation of the Compensation Committee and approval of the Board. Non-executive directors may receive quarterly retainers for meeting specific goals of the Board. Long term incentives (stock options) as granted are based on an existing complement of long-term incentives and corporate performance, as well as to be competitive with other companies of similar size and scope, and industry.

Compensation of Named Executive Officers

The Corporation’s compensation philosophy for NEOs follows three underlying principles:

- (a) to provide compensation packages that encourage and motivate performance.
- (b) to be competitive with other companies of similar industry, size, and scope of operations so as to attract and retain talented executives; and
- (c) to align the interests of its executive officers with the long-term interests of the Corporation and its shareholders through stock related programs.

When determining compensation policies and individual compensation levels for the Corporation’s NEOs, the Compensation Committee takes into consideration a variety of factors including: understanding of the amount of compensation generally paid in similar industry and relative companies to their executives with like roles and responsibilities; and in consideration of each executive officer’s individual performance during the financial year; each executive officer’s experience, skills and level of responsibility; the executive’s historical compensation and performance within the Corporation; and existing market standards and technology within the industry. Management presents its recommendations to the Compensation Committee and the Board following the release of the annual financial statements. The Compensation Committee meets annually and on an as-needed basis to finalize NEO compensation matters, with input from management.

In keeping with the Corporation’s philosophy to link executive compensation to corporate performance and to motivate executives to achieve exceptional levels of performance, the Corporation has adopted a compensation model consisting primarily of base salary, bonus, and “at-risk” compensation comprised of participation in long term incentive plans (stock options), as described below. The Compensation Committee responsibly manages the allocation of compensation using market research on industry, relative HR/personnel data and in consideration of rigorous goals and performance expectations.

Elements of NEO Compensation

Base Salary: The Corporation’s employee NEOs receive an annual base salary and contractor NEOs receive monthly contractual compensation. These compensation plans are reviewed annually to ensure they reflect each respective executive’s performance and experience in fulfilling their role and to ensure executive retention. In determining the compensation plan for each NEO, the Compensation Committee and the Board have taken into consideration the Corporation’s understanding of the range of salaries paid to executives, and in consideration of the more arduous and challenging matters relevant to the cannabis industry.

Long Term Incentives (Stock Options): Long term incentives are performance-based grants of stock options. The awards are intended to align executive interests with those of Shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options are based on:

- (a) the executive's performance.
- (b) the executive's level of responsibility within the Corporation.
- (c) the number and exercise price of options previously issued to the executive; and
- (d) the overall aggregate total compensation package provided to the executive.

Management makes recommendations to the Compensation Committee and the Board concerning the long-term incentives based on the above criteria. Stock options are typically granted on an annual basis in connection with the review of executives' compensation packages. Stock options may also be granted, at the discretion of the Board, throughout the year, as special recognition for extraordinary performance. The Board considers previous grants of options and the overall number of awards that are outstanding relative to the number of outstanding common shares in determining whether to make any new grants and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience, and level of commitment of the NEO.

Annual Bonus: Annual executive bonuses were not paid by the Corporation during the current fiscal year given the taxing constraints governing cash flow of the Corporation. The Corporation pays bonuses based upon the achievement of personal performance objectives established by management and the Corporation's Compensation Committee and a combination of operating milestones and profitability for the Corporation overall.

PENSION PLAN BENEFITS

The Corporation does not currently have a pension plan in place; however, due consideration of this benefit is made when establishing base salaries.