



Reply to the Attention of	Marina Tran
Direct Line	236.826.3044
Email Address	Marina.tran@mcmillan.ca
Our File No.	279203
Date	February 2, 2021

VIA SEDAR

BC Securities Commission
Alberta Securities Commission
Ontario Securities Commission
The Canadian Depository for Securities

Dear Sirs/Mesdames:

**Re: Ionic Brands Corp. (the “Company”)
Consolidation of Shares**

Pursuant to Policy 9 – Name Change, Stock Splits & Share Consolidations of the Canadian Securities Exchange (“CSE”), please be advised that the Company will consolidate its common shares on the basis of one post-consolidated common share for every 6 pre-consolidated common shares held (the “**Consolidation**”). The Record Date for the Consolidation is February 8, 2021.

Enclosed please find a copy of the news release dated January 28, 2021 announcing the Consolidation.

We trust you will find the foregoing in order. However, if you have any questions, please feel free to contact the undersigned.

Yours truly,

“Marina Tran”

Marina Tran

IONIC BRANDS

CSE: IONC | FRA: IB3 | OTC: IONKF

For Immediate Release

IONIC BRANDS CORP. ANNOUNCES AN AGREEMENT WITH CONVERTIBLE DEBENTURE HOLDERS TO EXCHANGE APPROXIMATELY CAD\$16.2 MILLION OF DEBT TO PREFERRED EQUITY AND A SHARE CONSOLIDATION PLAN TO LAUNCH IONIC 2.0

TACOMA, WASHINGTON, USA, January 28, 2021, IONIC BRANDS CORP. (CSE: IONC) (OTC: IONKF) (FRA: IB3) (“IONIC BRANDS” or the “Company”), a regional multi state operator in the Pacific Northwest region of innovative cannabis edibles and concentrate extract products, is pleased to announce that it has entered into a non-binding proposal letter (the “Letter”) with certain holders of secured convertible debentures due May 16, 2022 (the “Secured Debentures”) for a proposed exchange (the “Proposed Exchange”) of 90% or approximately CAD\$16.2 million of the outstanding principal amount of Secured Debentures for preferred voting shares (the “Preferred Voting Shares”). The Proposed Exchange represents approximately 72% of the Company’s total debt, therefore significantly improving the financial position of Ionic Brands.

A summary of the proposed principal terms and conditions of the Proposed Exchange are as follows:

Proposed Exchange. Holders of the Secured Debentures shall exchange 90% of the outstanding principal amount of their Secured Debentures, along with any accrued and unpaid interests, into Preferred Voting Shares at the post-Consolidation (as defined below) price of CAD\$0.30 per Preferred Voting Share (the “Conversion Price”). The aggregate amount of outstanding principal amount and accrued and unpaid interest exchanged for Preferred Voting Shares is hereinafter referred to as the “Initial Amount”.

Consolidation. Prior to closing the Proposed Exchange, the Company will complete a consolidation of its issued and outstanding common shares of the Company (the “Common Shares”) on the basis of a one (1) post-consolidated Common Share for each six (6) pre-consolidation Common Shares (the “Consolidation”).

Voting. Each Preferred Voting Share entitles the holder to one vote per Preferred Voting Share at all meetings of shareholders of the Company.

Dividends. The Preferred Voting Shares will carry an annual, cumulative, preferential dividend equal to, initially, 10% of the Initial Price, compounded annually. The dividend shall be paid by way of the issuance

of Preferred Voting Shares at a rate of 12% per annum, unless and until the Company received notice from holders of Preferred Voting Shares holding no less than 66²/₃% of the outstanding Preferred Voting Shares that all future dividends be paid in cash, in which case the dividends shall be paid at a rate of 10%. Dividends shall be declared and paid for so long as any Preferred Voting Shares are issued and outstanding.

Redemption and Retraction. The holders of Preferred Voting Shares shall be entitled, at their election at any time and from time to time after May 16, 2022 (the “Redemption Date”), to have the Company redeem, in whole or in part, the Preferred Voting Shares for an amount equal to Conversion Price per Preferred Voting Share plus the payment of any accrued and unpaid dividends. The Company shall be entitled, at its election at any time after the Redemption Date, to redeem all of the Preferred Voting Shares at the Conversion Price per Preferred Voting Share plus the payment of any accrued and unpaid dividends.

Liquidation upon a Change of Control. Not less than 30 days prior to the consummation of any change of control, the Company will notify the holders of Preferred Voting Shares of the change of control and the holders shall have the right (i) to require the redemption by the Company of their Preferred Voting Shares for an amount equal to 105% of the respective Initial Amount, plus any accrued and unpaid dividends thereon, or (ii) to convert their outstanding Preferred Voting Shares into Common Shares in accordance with the terms of the Preferred Voting Shares.

Liquidation and winding-up. Upon the occurrence of any liquidation event that does not constitute a change of control, holders of Preferred Voting Shares would be entitled to 100% of distributable cash on a priority basis ahead of all Common Shares and other preferred shares in amount up to 100% of the converted Secured Debenture (the “Liquidation Preference”) (calculated cumulative with all prior distributions in respect of the Liquidation Preference). Upon a sale of less than substantially all of the assets of the Company (other than ordinary course and de minimis transactions), holders of Preferred Voting Shares would be entitled to share in the distributable cash on a priority basis ahead of all common shares and other preferred shares in amount up to 100% of the Liquidation Preference (calculated cumulatively with all prior distributions in respect of the Liquidation Preference).

Option to Convert Preferred Voting Shares. Each Preferred Voting Share will be convertible into one Common Share at any time at the holder’s option.

The Proposed Exchange is subject to approval from the requisite number of holders of the Secured Debentures, the Canadian Securities Exchange and, if applicable, shareholders’ approval.

Ionic Brands, Chairman and CEO, John P. Gorst, stated, “We are very pleased with the continued and long-term support of our debt holders. Their agreement to this exchange of debt for preferred equity cleans up our balance sheet and sets the stage to launch Ionic Brands 2.0. Management has worked tirelessly to restructure the Company and preparing it for future success, creating long-term value for the Company’s shareholders.”

Pursuant to the terms of the Letter, the Company announces today that it will be proceeding with the Consolidation. The Company will not be changing its name and trading symbol in connection with the Consolidation.

The Consolidation is subject to approval by the Canadian Securities Exchange, and no fractional shares will be issued under the Consolidation. Letters of transmittal with respect to the Consolidation will be mailed upon completion of the Consolidation to all shareholders.

The Company currently has 253,964,402 Common Shares issued and outstanding, and immediately following the Consolidation will have approximately 42,327,400 Common Shares outstanding. The exact number of post-Consolidated Common Shares will vary depending on the treatment of fractional shares which will occur when each shareholder's holdings in the Company are consolidated. Outstanding stock options and warrants would similarly be adjusted by the Consolidation ratio.

About IONIC BRANDS CORP.

The Company 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 vape product along with our economy brand Dabulous vaporizer brand in Washington State and has aggressively expanded throughout the Pacific Northwest of the United States. The brand is currently operating in Washington and Oregon. IONIC BRANDS' strategy is to be the leader of the highest-value segments of the cannabis market.

JohnP.Gorst
Chief Executive Officer & Chairman

For more information visit www.ionicbrands.com or contact:

To stay better informed with the current events of the company you can join our investor community at <https://www.ionicbrands.com/investor-community>

JohnGorst
investor.relations@ionicbrands.com
+1.253.248.7927

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.