

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Ionic Brands Corp. (the “Company”)
1142 Broadway, Suite 300
Tacoma, WA 98402

Item 2 Date of Material Change

February 22, 2021 and March 2, 2021

Item 3 News Release

The news releases dated February 23, 2021 and March 2, 2021 were disseminated via Stockwatch and subsequently filed on SEDAR.

Item 4 Summary of Material Change

The Asset Purchase Agreement

On February 23, 2021, the Company announced the signing of a definitive binding asset purchase agreement dated February 22, 2021 (the “**Asset Purchase Agreement**”) to acquire certain assets of Lobe Sciences Ltd.’s (“**Lobe**”) subsidiary vendor relating to Washington-based Cowlitz County Cannabis Cultivation Inc. (“**Cowlitz**”) for total consideration valued at approximately \$32,000,000 (the “**Transaction**”).

The Private Placement

On March 2, 2021, the Company announced the closing of a \$14.7 million over subscribed non-brokered private placement (the “**Private Placement**”).

Item 5 Full Description of Material Change

The Asset Purchase Agreement

On February 23, 2021, the Company announced the signing of the Asset Purchase Agreement to acquire certain assets of Lobe’s subsidiary vendor relating to Washington-based Cowlitz for total consideration of approximately \$32,000,000, based on the cash value with respect of the cash portion of the consideration and the previous closing price of the common shares of the Company on the Canadian Securities Exchange in respect of the share-based consideration.

Pursuant to the Asset Purchase Agreement, on the closing of the Transaction (the “**Closing Date**”), Lobe’s subsidiary vendor will receive consideration payable through a combination of:

- \$1,750,000 in cash
- the issuance of 100,406,701 series E non-voting preferred shares of the Company (each a “**Preferred Share**”) with a deemed price of \$0.30 per Preferred Share;

- the issuance of 4,000,000 warrants of the Company (“**Warrants**”). The Warrants are exercisable into one common share in the capital of the Company (each a “**Common Share**”) at a price of \$0.30 per Common Share for a period of five (5) years from the Closing Date; and
- a secured promissory note in the principal amount of USD\$50,000 maturing two (2) years from the date of issue and bearing interest at a rate of 7% secured by the Assets (as defined below).

The assets being sold to the Company include the assignment of all property leases relating exclusively to Cowlitz’s 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 Private Placement

On March 2, 2021, the Company announced the closing of the Private Placement. The Company issued 77,695,502 units (each a “**Unit**”) at a price of \$0.19 per Unit for total gross proceeds of approximately \$14,762,145. Each Unit consists of one Common Share and one Common Share purchase warrant (each, an “**Unit Warrant**”). Each Unit Warrant entitles the holder thereof to acquire an additional Common Share at a price of \$0.30 per Common Share for a period of five (5) years from the date of issuance.

The Company paid finders’ fees of approximately \$1,094,912 and issued 7,285,014 finder’s warrants (each a “**Finder’s Warrant**”). Each Finder’s Warrant entitles the holder to purchase one Common Share at a price of \$0.19 per Common Share for a period of two (2) years from the date of issuance. All securities issued in the Private Placement are subject to a four-month hold expiring July 3, 2021.

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

John Gorst, CEO & Chairman
Tel: +1-253-248-7927

Item 9 Date of Report

March 4, 2021