

December 1, 2020

IONICBRANDS

Ionic Brands Corp. Announces the Acquisition of Cowlitz County Cannabis in Washington Option from Lobe Sciences

Signed LOI for (minimum) CAD\$23 million purchase of Cowlitz County Option to Ionic provides shareholder value

TACOMA, WA / ACCESSWIRE / December 1, 2020 / Ionic Brands Corp. ("**Ionic**" or the "Company") (CSE:IONC)(OTC Pink:IONKF) is pleased to announce that it has signed a non-binding letter of intent with Lobe Sciences Ltd. ("**Lobe**") (LOBE) (GTSIF) for the proposed sale to Ionic of certain assets held by Lobe related to Cowlitz County Cannabis Cultivation Inc. ("Cowlitz") (the "Transaction"). Cowlitz is one of the top five licensed cannabis producers/processors located in Washington State. The assets being sold to Ionic include, but are not limited to, 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, and the assignment of other contracts and rights related exclusively to Cowlitz including service contracts and equipment leases (the "Assets").

The Transaction is subject to several closing conditions, including but not limited to: (i) satisfactory due diligence by both Ionic and Lobe; (ii) completion of a definitive agreement with binding terms and conditions for the Transaction, including finalization of the specific Assets that will be sold and certain Cowlitz assets that may be retained by Lobe; (iii) all respective directors and officers of Lobe and Ionic entering into support agreements for the Transaction; (iv) approval by the boards of directors of both Lobe and Ionic; (v) the completion of a share consolidation by Ionic on a minimum of one new Ionic common share for every four and a half (4.5) old Ionic common shares (the "Ionic Consolidation"); (vi) the conversion of all Ionic debentures (with principal amount of approximately CAD\$14.7 million) into a secured equity or a similar instrument ("Debt Conversion"); (vii) completion of a concurrent financing by Ionic for gross proceeds of at least US\$2 million (the "Ionic Concurrent Financing"); (viii) Ionic having all cease trade orders issued against it lifted(2); (ix) Ionic applying to the CSE for requalification and qualifying for listing and resumption of trading(2); and (xviii) the receipt of all required shareholder and regulatory approvals, including the approval of the CSE. Following the closing of the Transaction, Ionic's board of directors is expected to be comprised of five (5) members and Lobe will have the right to appoint two (2) directors to the Ionic board. The sale price for the Assets shall be a minimum of CAD\$23 million, payable through the issuance of Ionic post-consolidation common shares (being approximately 49% of Ionic's estimated \$47 million capitalization post-restructuring (after giving effect to the Ionic Consolidation and Debt Conversion)), prior to giving effect to the Ionic Concurrent Financing. Following the closing of the Transaction, it is expected that the Lobe will own approximately 49% of Ionic's common shares, on a post-consolidation and pre-Ionic Concurrent Financing basis. Ionic is expected to have a minimum total capitalization valuation of CAD\$47 million, pre-Ionic Concurrent Financing.

As previously announced, Lobe has been pursuing strategic alternatives for Cowlitz, aimed

at maximizing its value to the Company. Cowlitz reported over US\$14.6 million in gross sales revenues for the nine-month period ended September 30, 2020, according to data provided on reports to the Washington State Department of Revenues. Lobe generates revenues through licensing and leasing agreements in place with Cowlitz.

John Gorst, CEO of Ionic said "We are excited about this opportunity to expand our presence in Washington State. Cowlitz has tremendous brand presence and following in Washington State, which we feel is a natural fit, complementing our existing operations. The combination will make us one of the largest premier cannabis companies in the Pacific Northwest markets. The acquisition of the Cowlitz Assets will represent a complimentary synergistic acquisition that achieves our goal of operational expansion and growth of our product portfolio."

"The proposed transaction with Ionic is accretive to both parties and successfully meets our M&A initiatives and overall focus on transformation psychedelic medicine" states Tom Baird, CEO of Lobe. "Not only does The Transaction provides Lobe with significant ownership and board presence in Ionic. With its already significant operations in Washington State and Oregon, we feel Ionics's proposed product expansion initiatives together with the addition of the Cowlitz Assets can lead to aggressive growth."

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 the #3 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.

John 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>

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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.

SOURCE: IONIC Brands Corp.

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