

Form 51-102F3
Material Change Report

Item 1 Name and Address of Company

Lobe Sciences Ltd. (“Lobe” or the “Company”)
Suite 717, 1030 West Georgia Street
Vancouver, BC V6E 2Y3

Item 2 Date of Material Change

May 4, 2021

Item 3 News Release

The news releases were disseminated on May 4, 2021 through Newsfile Corp. and subsequently filed on SEDAR.

Item 4 Summary of Material Change

On May 4, 2021, the Company announced that it had acquired, through its wholly-owned subsidiary Eleusian Biosciences Corp. (“**Eleusian**”), the consumer goods product line, “**Vitamind**”, pursuant to an asset purchase agreement (the “**Purchase Agreement**”) dated April 30, 2021 between Eleusian and a holding corporation which holds the rights to Vitamind (the “**Vendor**”) (the “**Transaction**”). Vitamind is a brand of non-psychedelic functional mushroom products that includes three product lines which are focused on boosting immune response and increasing mental clarity.

Item 5.1 Full Description of Material Change

Pursuant to the terms of the Purchase Agreement, Eleusian acquired all of the Assets (as defined below) of the Vendor for aggregate consideration of \$3.6 million. The consideration includes a cash payment of \$100,000 and the issuance of 17,500,000 common shares of the Company (the “**Consideration Shares**”) at a deemed price of \$0.20 per Consideration Share for an aggregate deemed value of \$3,500,000. On the closing date, the Company paid \$100,000 in cash and released 25% of the Consideration Shares, the remainder of which are subject to release conditions, such that the remaining 13,125,000 Consideration Shares will be released in further 25% increments of 4,375,000 common shares upon the Company achieving certain performance milestones with the Vendor's cooperation. Assets being acquired include: the *Vitamind* brand and line of products and all intellectual property rights therein, including the exclusive use of the *Vitamind* tradename and trademark, and all associated branding and marketing materials; access to the Vendor's supply and distribution network and ongoing commercial assistance with such relationships (the “**Assets**”).

Lobe also issued 1,400,000 common shares to a finder in connection with the Transaction, at a deemed price of \$0.20 per common share. All Lobe securities issued pursuant to the Transaction will be subject to a statutory hold period under Canadian securities laws of four months and a day from the date of issuance.

Please see attached Schedule "A" for the news release regarding the Transaction.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not Applicable

Item 7 Omitted Information

No significant facts remain confidential in, or no information has been omitted from, this report.

Item 8 Executive Officer

For more information, please contact Philip J. Young, Chief Executive Officer
Telephone: (604) 834-9499

Item 9 Date of report:

May 4, 2021

SCHEDULE "A"

Please see attached.



file

LOBE SCIENCES ACQUIRES VITAMIND LINE OF WELLNESS PRODUCTS

Addition of consumer packaged goods ("CPG") line of functional mushroom products further expands Lobe's operations and reach across the psychedelic space

May 3, 2021 Vancouver, British Columbia – Lobe Sciences Ltd. ("**Lobe**" or the "**Company**") (CSE: LOBE) (OTC Pink: GTSIF) is pleased to announce that it has acquired, through its wholly-owned subsidiary Eleusian Biosciences Corp. ("**Eleusian**"), the consumer goods product line, "Vitamind", pursuant to an asset purchase agreement (the "**Purchase Agreement**") dated April 30, 2021 between Eleusian and a holding corporation which holds the rights to *Vitamind* (the "**Vendor**") (the "**Transaction**"). *Vitamind* is a brand of non-psychedelic functional mushroom products that includes three product lines which are specifically focused on boosting immune response and increasing mental clarity.

Philip Young, CEO and Director of Lobe stated, "We are pleased to announce the acquisition of this CPG brand, continuing the Company's success in achieving its ongoing M&A initiatives. Functional mushrooms have been gaining popularity with consumers. Not only do we expect that the *Vitamind* line of products will provide us with top line revenues, but we anticipate that it will also allow for exciting opportunities for development of complementary new products as we expand our reach across the growing psychedelics space. We intend to leverage this line of products with additional development focused on improving brain function and treatment of mild traumatic brain disease. We look forward to developing additional products in the near term, securing manufacturing facilities and further developing the brand."

Mr. Young continues, "Functional mushrooms are known to have therapeutic properties and research has shown that certain mushroom products can help strengthen the immune system. We believe the time is right to acquire and launch this complementary product line, as functional/medicinal mushrooms are being increasingly incorporated into health supplements and consumers are becoming extremely wellness focused, with a particular interest in mushrooms and natural immune-boosting supplements that can aid in mental health – with this being of heightened importance with the continuing COVID-19 pandemic."

The *Vitamind* line of products are adaptogenic functional mushroom extract blends, which are specifically designed to promote wellness, including supporting immune response, and mental clarity, including improving memory function and reducing anxiety. The products include a blend of reishi, cordyceps, lion's mane, turkey tail, mesima, maitake, bacopa and/or shitake mushrooms. The *Vitamind* line currently consists of three product lines: 911 IMMUNITY, 911 IMMUNITEA, and LIFE

HACK. The products include multiple delivery forms, including capsules, teabags and powder, allowing for ease of consumption and convenience, catering to consumer preferences.

Transaction details:

Pursuant to the terms of the Purchase Agreement, Eleusian acquired all of the Assets (as defined below) of the Vendor for aggregate consideration of \$3.6 million. The consideration includes a cash payment of \$100,000 and the issuance of 17,500,000 common shares of the Company (the “**Consideration Shares**”) at a deemed price of \$0.20 per Consideration Share for an aggregate deemed value of \$3,500,000. On the closing date, the Company paid \$100,000 in cash and released 25% of the Consideration Shares, the remainder of which are subject to release conditions, such that the remaining 13,125,000 Consideration Shares will be released in further 25% increments of 4,375,000 common shares upon the Company achieving certain performance milestones with the Vendor's cooperation. Assets being acquired include: the *Vitamind* brand and line of products and all intellectual property rights therein, including the exclusive use of the *Vitamind* tradename and trademark, and all associated branding and marketing materials; access to the Vendor's supply and distribution network and ongoing commercial assistance with such relationships (the “**Assets**”).

Lobe also issued 1,400,000 common shares to a finder in connection with the Transaction, at a deemed price of \$0.20 per common share. All Lobe securities issued pursuant to the Transaction will be subject to a statutory hold period under Canadian securities laws of four months and a day from the date of issuance.

The securities described in this news release have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) and may not be offered or sold in the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the U.S. Securities Act) absent registration or an applicable exemption from the registration requirements.

Key Industry Drivers:

According to a February 2021 Grand View Research report¹, the global dietary supplements market size is expected to reach USD\$272.4 billion by 2028. It is expected to expand at a CAGR of 8.6% from 2021 to 2028. The growing awareness regarding personal health and wellness owing to changing eating habits and hectic lifestyles is expected to drive the demand for dietary supplements over the forecast period.

Specifically, medicinal mushrooms have been used in traditional medicine for many years, and recently have been in the spotlight of modern science, through studies of their adaptogenic properties and efficacy for a variety of mental health issues. The growing popularity and recognition of medicinal mushrooms is evidenced in the increasing demand for mushrooms, mushroom extracts and dietary supplements using these natural ingredients.

According to a Market Reports World report: “Functional Mushroom Market – growth, trends, and forecast (2019-2024)”², mushrooms and mushroom extract powder are increasingly being used to improve cognitive health and immune function. The global functional food market is forecasted to reach USD\$34.3 billion by 2024, growing at a CAGR of 8.04% during the forecast period (2019 - 2024). Functional mushrooms are used in a wide variety of healthcare and pharmaceutical products. This increases the applicability of these mushrooms in the food and beverage sector. The application

of these mushrooms as a functional ingredient is driving the growth of the market as functional mushrooms are being increasingly incorporated into health supplements.

¹ Source: <https://www.grandviewresearch.com/industry-analysis/dietary-supplements-market>
Dietary Supplements Market Growth & Trends

² Source: <https://www.businesswire.com/news/home/20190523005497/en/34.3-Bn-Functional-Mushroom-Market---Global-Growth-Trends-and-Forecast-2019-2024---ResearchAndMarkets.com>

About Lobe Sciences Ltd.

Lobe is a life sciences company focused on psychedelic medicines. The Company, through collaborations with industry leading partners, is engaged in drug research and development using psychedelic compounds and the development of innovative devices and delivery mechanisms to improve mental health and wellness.

For further information please contact:

Lobe Sciences Ltd.

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THE CSE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ACCURACY OR ADEQUACY OF THIS RELEASE.

Disclaimer for Forward Looking Statements

This news release contains forward-looking statements relating to the future operations of the Company and other statements that are not historical facts. Forward-looking statements are often identified by terms such as “will”, “may”, “should”, “anticipate”, “expects” and similar expressions. All statements other than statements of historical fact included in this release, including statements regarding the future plans and objectives of the Company, the Transaction and terms with the Vendor, the performance-based milestones and anticipated future plans and operations, including anticipated revenues, marketing plans, opportunities and manufacturing arrangements, development of new products, including treatment of mTBI, research and development using psychedelic compounds, the development of innovative devices and delivery mechanisms to improve mental health and wellness, and success of achieving ongoing M&A initiatives, are forward looking statements that involve 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. Readers are cautioned that assumptions used in the preparation of the forward-looking statements may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including changes to the regulatory environment; risks relating to the Vitamind products, that the Company may not secure a manufacturing agreement, that the Company's drug research and development activities may be unsuccessful; that drugs and medical devices produced by, or on behalf of, the Company, may not work in the manner intended or at all, and may subject the Company to product liability or other liability claims; that the Company may not be able to attain the Company's corporate goals and objectives; and other risk factors detailed in the Company's continuous disclosure filings from time to time, as available under the Company's profile at www.sedar.com. As a result, the Company cannot guarantee that any forward-looking statement will materialize and the reader is cautioned not to place undue reliance on any forward-looking information. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made only as of the date of this news release and the Company does not intend to update any of the included forward-looking statements except as expressly required by applicable Canadian securities laws.