



February 28, 2017

## **NUTRITIONAL HIGH AND LAKESIDE MINERALS ANNOUNCE AGREEMENT TO BUILD CULTIVATION FACILITIES IN COLORADO AND NEVADA**

### ***FOR IMMEDIATE RELEASE***

**Toronto, Ontario** – Nutritional High International Inc. ("**Nutritional High**") (CSE:EAT, OTCQB:SPLIF, FRANKFURT:2NU) and Lakeside Minerals Inc. ("**Lakeside**") (NEX: LAK.H) (together the "**Companies**" or the "**Parties**") are pleased to announce that they have entered into a Letter of Intent (the "**Letter of Intent**") dated February 22, 2017, whereby Lakeside will build medical and adult use cannabis cultivation facilities in Nevada and Colorado ("**Proposed Transaction**"), in accordance with applicable state law.

### ***Description of the Proposed Transaction and the Target Assets***

As a part of the Proposed Transaction, Lakeside will enter into the following arrangements with Nutritional High:

- (i) Nutritional High will assign to Lakeside its right to acquire a Provisional Marijuana Cultivation License issued by the Nevada Division of Public and Behavioral Health (the "**Nevada Cultivation License**"); and
- (ii) Lakeside will form a joint venture company with Nutritional High for the purposes of acquiring and holding a real property located in Henderson, Nevada ("**Henderson Property**") to be licensed for the operation of a medical marijuana cultivation facility (the "**Nevada JV**");
- (iii) Nutritional High will lease to Lakeside land and a building in Pueblo, Colorado ("**Pueblo Facility**") which qualify for marijuana cultivation. Lakeside will sublease the Pueblo Facility to Palo Verde, LLC ("**Palo Verde**"), a party which has applied to renew a Cultivation License in Colorado respecting the Pueblo Facility.

NH is under the contract to purchase the Nevada Cultivation License, from a third party ("**Vendor**") located in Nevada for US\$500,000. The Vendor acquired the Nevada Cultivation License it in a competitive process and has not yet generated revenue. Further information regarding the expected build-out costs is being developed and will be available in due course. Please see below for details of the financial terms for Nevada JV and Colorado JV.

### ***Strategic Vision for Lakeside***

Starting with Nevada and Colorado, Lakeside will take steps to acquire or establish cannabis cultivation operations throughout US states which permit medical and adult use cannabis. Lakeside's cultivation facilities will be designed to utilize automation and technology and data collection and analysis to produce high quality cannabis in an efficient, safe and low cost manner. Building on the collective experience of Lakeside's board and executive team, Lakeside is

expected to build or acquire, own, and operate highly effective, low cost cultivation facilities. Lakeside is currently engaging in discussions with various technology providers and developers to acquire, integrate and utilize best of breed automation systems and technology for these purposes.

Billy Morrison, Director and Officer of Nutritional High commented: "The leading cultivators in Canada, Holland, Israel and the US have demonstrated that analytics play a critical role in cannabis production. The collection and analysis of data will allow Lakeside to perfect growing processes, maintain high compliance standards and develop superior logistics channels for the express purpose of building patient and customer trust in the Lakeside brands."

Lakeside will begin designing a facility in Colorado to be operated by Palo Verde, LLC, a Colorado State Licensee. The Colorado facility will be designed to allow for parallel testing of the technology solutions as medical and adult use cannabis is grown commercially, building on a scientific approach to planned variances and control batches. Lakeside will implement these solutions in the proposed larger Nevada facility as the next step. Once its cultivation processes are validated and scaled, Lakeside may consider implementing a tissue culture ("TC") lab to underpin and further enhance and standardize the phenotypes in its cultivation processes. TC is a technique widely used in other branches of industrial scale agriculture to produce clones of a plant in a method known as micro propagation. TC rapidly multiplies the infant plant grow tissue giving rise to enhanced predictability of growth behavior and significant scalability. Lakeside will also consider implementing a licensing model to further increase its market penetration and share.

Robert Schwartz, Director of Lakeside commented: "We are going to use and add value to optimized cannabis cultivation technologies to build smart grows that will ensure Lakeside can be profitable and scaleable in an environment where cannabis growing will increasingly be commoditized. We will also develop distribution channels within each of the states to further improve the margins and accelerate growth. Colorado and Nevada are the initial two states where Lakeside aims to demonstrate its proof of concept, but will also pursue an aggressive expansion strategy in other Cole Memo compliant jurisdictions."

Lakeside will undertake a change of business ("**COB**"), which such transaction shall be subject to approval of its shareholders and the TSX Venture Exchange.

### ***Contemplated Lakeside Financings***

To fund its business plan, Lakeside intends to undertake a convertible debenture ("**Debenture**") private placement financing ("**CD Offering**") for gross proceeds of up to CAD \$2,000,000. The Debenture shall be convertible into common shares in the capital of Lakeside ("**Lakeside Shares**"), at a price of no less than 25% discount to the Equity Financing Price (as defined below).

After completing the CD Offering Lakeside also intends to complete an equity financing ("**Equity Financing**") of up to 23,333,333 units of Lakeside (the "**Units**") at a price of C\$0.30 per Unit (or such other price as may be agreed) for aggregate gross proceeds of up to C\$7,000,000. Each Unit will consist of one common share of Lakeside (a "**Common Share**") and one-half of one common share purchase warrant (each whole warrant, a "**Warrant**"). It is expected that each Warrant will entitle the holder to purchase one Common Share at a price of C\$0.45 per Common Share for a period of 18 months from the closing date.

All securities issued in connection with the CD Offering and the Equity Financing will be subject to a four-month hold from the date of issuance in accordance with applicable securities laws. The closing of the Offering is subject to receipt of approvals of the TSX Venture Exchange and other applicable securities regulatory authorities.

The net proceeds from the CD Offering and the Equity Financing will be used by Lakeside to build legal cannabis cultivation facilities in Nevada and Colorado, product development, research and development, and funding the costs relating to the COB and general working capital.

### ***Strategic vision of Nutritional High***

Nutritional High considers the proposed transaction with Lakeside as a strategic opportunity to ensure Nutritional High will be able to continue to focus all of its resources on the oils and edibles segment of the marijuana market. While growing marijuana can be a lucrative endeavour, such effort takes focus and capital. With the increasingly vast opportunities for oils and edibles in the US, Nutritional High is pleased to continue its focus in that segment while working with Lakeside as a partner which will focus on excellence and innovation in cannabis cultivation.

This arrangement will allow both Lakeside and Nutritional High to bifurcate the economics of the future integrated cultivation/extraction operations as they present themselves by matching the projects with the appropriate management teams and shareholder base. Sharing the capital cost would also augment the economics for Nutritional High.

In the short term, this relationship will allow Nutritional High to secure additional revenue from its Pueblo facility, spread out the capital expenditures of the project in Nevada, and reduce product distribution costs. Over the long term, it is expected that the Lakeside relationship will ensure a consistent and high quality supply of trim, without the capital costs of growing.

### ***Details of the Proposed Transaction***

#### *Henderson, Nevada*

- Lakeside will purchase the Nevada Cultivation License from Nutritional High for a cash payment of US\$500,000, payable on completion of the CD Offering. If Lakeside does not receive requisite approvals for the transaction on or before June 30, 2017 ("**Drop Dead Date**"), Nutritional High shall return to Lakeside the amounts paid for the Nevada Cultivation License within 10 business days of the termination of the Proposed Transaction.
- The Parties will form a joint-venture company ("**Land Holdco**") to purchase the Henderson Property that Nutritional High is in the process of acquiring (please see Nutritional High Press Release dated February 21, 2017), or such acceptable alternative location. Each of Lakeside and Nutritional High will own Land Holdco on a 50-50 basis and be responsible for funding Land Holdco on a basis relative to its shareholdings.
- Land Holdco will enter into long-term lease agreements ("**Lease Agreements**") with each of Nutritional High and Lakeside to lease the Facility ("**Facility**") at an agreed upon price per square foot.
- Up until closing of the CD Financing, Nutritional High will cover all costs, of which, Lakeside will reimburse to Nutritional High all amounts expended with respect to the Nevada Cultivation License, and one-half of the costs incurred by Nutritional High in relation to the due diligence and the development of the Henderson property or such

acceptable alternative location, (altogether, the "**Lakeside Costs**"). Lakeside and Nutritional High will each be responsible for their own respective internal build out costs, equipment and related infrastructure.

- Lakeside will issue to Nutritional High 1,000,000 Lakeside Shares. In the event that the Lakeside Costs are not paid by Lakeside to Nutritional High by April 27, 2017, then Lakeside shall be obligated to issue to Nutritional High an additional 2,000,000 Lakeside Shares for a total of 3,000,000 Lakeside Shares. Lakeside shall pay interest on the outstanding balance of the Lakeside Costs at a rate equal to 12% per annum;
- It is expected that Lakeside and Nutritional High shall enter into long term agreements for Nutritional High to buy trim (the "**Trim Agreement**") and for the parties to share distribution costs, on such terms to be mutually agreed (the "**Distribution Agreement**").

### *West Pueblo, Colorado*

Nutritional High owns a property ("**Property**") with three buildings in Pueblo, Colorado which has been leased by Palo Verde, an arm's length entity which holds marijuana infused products license ("**MIPs License**"). Palo Verde currently uses Building 1 to manufacture adult use marijuana-infused products. Palo Verde had previously been granted a cultivation license ("**OPC License**") for Buildings 2 and a3, which have expired and are now in the process of being renewed. Nutritional High will lease to Lakeside Building 2 and other portions of the Pueblo Property where a greenhouse can be erected with the purposes of Lakeside building a cannabis cultivation facility for Palo Verde to operate once the OPC License is renewed.

Nutritional High will lease Building 2 to Lakeside at a rate of \$15.00 per square foot of usable space per year payable monthly. The lease amount payable will accrue for up to 9 months during the time of the build out bearing an interest of 12% per annum. Lakeside will sublet the leased space to Palo Verde on a basis to be determined. Additional provisions will include:

- Lakeside will design and manage the cultivation facility build-out. Palo Verde will incur the cost of the build-out, which shall be funded by Lakeside by providing an unsecured loan to Palo Verde on terms to be agreed.
- Lakeside will develop and acquire certain automation technologies and cultivation systems which will be licensed to Palo Verde at agreed upon rates and as permitted by applicable regulation.
- Lakeside will purchase all the equipment required for the cultivation facility and lease it to Palo Verde on terms to be agreed upon.
- Lakeside will supply Palo Verde with non-marijuana inputs (such as fertilizer) and branded packaging, at prices to be determined, and will also provide consulting services to Palo Verde.

It is expected that Palo Verde will sell the cannabis flower produced to various retailers, and will utilize the trim and shake it produces in the Lakeside Cultivation Facility in its oil extraction and edibles operation established with the assistance of Nutritional High. For greater clarity, neither Lakeside nor Nutritional High will own a cultivation or production license in the State of Colorado.

### *Pennsylvania*

Nutritional High is considering applying for a marijuana production/processing license in Pennsylvania and has identified a property to acquire and service providers to assist on the

application. If Nutritional High proceeds with this application, Lakeside will have the right to partner with Nutritional High on a similar basis to that being undertaken in Nevada.

### ***Material and Related Party Interests in the Proposed Transaction***

Nutritional High holds no interest in Lakeside. David Posner is a director of both Nutritional High and Lakeside beneficially owns 6,117,370 common shares in the capital of Nutritional High (“**NH Shares**”) and 1,140,000 common shares in the capital of Lakeside (“**Lakeside Shares**”). Adam Szweras is a director of Nutritional High and is the Corporate Secretary of Lakeside and beneficially owns 1,161,701 Lakeside Shares and 1,134,227 NH Shares. FMI Capital Advisory Inc. (“**FMICAI**”) acts as a financial advisor to both Nutritional High and Lakeside and owns 8,341,143 NH Shares and 1,071,075 Lakeside Shares. Peter Bilodeau, CEO and Director of Lakeside is also an executive officer of FMICAI and Adam Szweras is a chairman of FMICAI. No related parties or third parties own a controlling interest in Lakeside or Nutritional High. FMICAI is not receiving a finder's fee in connection with the Proposed Transaction.

Notwithstanding these relationships, the Proposed Transaction is considered to be an arm's length transaction, as Messrs, Szweras, Bilodeau and Posner have recused themselves from approval of the Proposed Transaction, and the Proposed Transaction was independently negotiated by special committees appointed by each of Lakeside and Nutritional High. On behalf of Nutritional High the Proposed Transaction was negotiated and approved by Robert Keeler, Brian Presement, David Caplan and headed by Jim Frazier, CEO of Nutritional High. On behalf of Lakeside the Proposed Transaction was negotiated and approved by Aurelio Useche and Hamish Sutherland, and headed by Robert Schwartz.

On completion of the Proposed Transaction, Nutritional High will own 1 million Lakeside Shares, representing approximately 3 percent of the issued and outstanding Lakeside Shares, or in the event the Lakeside Costs are not paid in a timely manner, Nutritional High will own 3 million Lakeside Shares, representing approximately 9 percent of the issued and outstanding Lakeside Shares.

As required, both of Lakeside and Nutritional High will be seek shareholder consent or approval of disinterested shareholders for the Proposed Transaction.

It is not contemplated that the board of Lakeside will change after completion of the Proposed Transaction, and will continue to be made up of Robert Schwartz, Hamish Sutherland, David Posner, Peter Bilodeau, Aurelio Useche (please see Lakeside press release dated December 22, 2016), and FMICAI will remain an insider in its capacity as financial advisor.

Lakeside wishes to advise that Yannis Banks has resigned as a director of Lakeside effective February 17, 2017. Lakeside expresses gratitude to Mr. Banks for his assistance and wishes him the best in his future endeavours.

Closing of the Proposed Transaction is subject to requisite shareholder and regulatory approval, including the approval of the TSX-V, successful completion of due diligence on the part of Lakeside, closing of financing in requisite amounts and other standard closing conditions.

Sponsorship of a Proposed Transaction may be required by the TSX-V unless exempt in accordance with TSX-V policies. Lakeside has not retained a Sponsor and intends to apply for an exemption from the sponsorship requirements. There is no assurance that Lakeside will ultimately obtain an exemption from sponsorship.

It is anticipated that the Proposed Transaction may be considered a Related Party Transaction under Policy 5.9 of the TSX Venture Exchange, which incorporate by reference Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company believes that the Proposed Transaction is exempt from the requirement of having a formal valuation based on the exemption available under Section 5.5 (b) of MI 61-101 because the Lakeside Shares are not listed on the Toronto Stock Exchange and other exchanges enumerated therein. The Company believes that the Proposed Transaction is exempt from the requirement of minority approval based on the exemption available under Section 5.7 (1)(b) of MI 61-101 because the Proposed Transaction is a distribution of securities for cash for not more than \$2,500,000. Neither Lakeside or Nutritional High has knowledge of any material information concerning Lakeside or Lakeside's Shares that has not been generally disclosed.

### **About Lakeside Minerals Inc.**

Lakeside is currently a Mining Issuer pursuant to the policies of the TSXV, listed for trading on the NEX board. Management and board have considered potential strategies to maximize shareholder value in both the cannabis and mineral exploration sectors, including strategic alternatives relating to the Company's Launay project and different facets of the US cannabis industry with a specific focus on plant propagation and growing as retail segments of the value chain. With this new announcement, the Company will transition to a marijuana issuer, subject to necessary regulatory and shareholder approvals, with a focus on building grows that rely heavily on technology processes and data collection and analysis.

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### **About Nutritional High International Inc.**

Nutritional High is focused on developing, manufacturing and distributing products and nationally recognized brands in the hemp and marijuana-infused products industries, including edibles and oil extracts for nutritional, medical and adult recreational use. The Company works exclusively through licensed facilities in jurisdictions where such activity is permitted and regulated by state law.

For updates on Nutritional High's activities and highlights of the Company's press releases and other media coverage, please follow Nutritional High on [Facebook](#), [Twitter](#), [Instagram](#) and [Google+](#) or visit [www.nutritionalhigh.com](http://www.nutritionalhigh.com).

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*Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable, disinterested shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Lakeside should be considered highly speculative. The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this news release.*