

FORM 51-102F3  
MATERIAL CHANGE REPORT

ITEM 1. Name and Address of Company

Lakeside Minerals Inc.  
77 King Street West  
Suite 2905, P.O. Box 121, TD Centre  
Toronto, Ontario M5K 1H1

ITEM 2. Date of Material Change

May 12, 2017

ITEM 3. Press Releases

Press release in the form of Schedule A attached hereto was disseminated on May 16, 2017 via Marketwire news service.

ITEM 4. Summary of Material Change

Lakeside Minerals Inc. (the "Company" or "Lakeside") has announced the closing of a brokered private placement offering (the "Offering") led by Foundation Markets Inc., consisting of 2,500 units (the "Units") for aggregate gross proceeds of CAD \$2,500,000. The proceeds from the Offering will be used by the Company to fund the previously announced proposed transaction with Nutritional High International Inc. ("Nutritional High") regarding the building of cannabis cultivation facilities in Nevada and Colorado (please see press release dated February 28, 2017).

The Company and Nutritional High are in the process of completing formal agreements whereby the Company will use the Offering proceeds to purchase a provisional cultivation license issued by the Nevada Department of Health and Human Services, Division of Public and Behavioral Health for the cultivation of marijuana and operation of a "medical marijuana establishment" (as defined in NV Rev Stat § 453A.116 (2015) (the "Cultivation License"), and the acquisition of a 50% interest in associated real property located in Henderson, Nevada (the "Grow Facility").

ITEM 5. Full Description of Material Change

See Schedule A attached.

ITEM 5. Full Description of Material Change

5.1 Full Description of Material Change

See Schedule A attached.

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

Not applicable.

ITEM 8. Executive Officer

The following officer of the Company may be contacted for further information:

David Drutz, CEO  
Lakeside Minerals Inc.  
416-587-1840  
[david@drutz.com](mailto:david@drutz.com)

ITEM 9. Date of Report

This report is dated this 18<sup>th</sup> day of May, 2017.



May 16, 2017 07:30 ET

## **Lakeside Minerals Announces Closing of Private Placement**

TORONTO, ONTARIO--(Marketwired - May 16, 2017) - Lakeside Minerals Inc. (the "Company" or "Lakeside") is pleased to announce the closing of a brokered private placement offering (the "Offering") led by Foundation Markets Inc., consisting of 2,500 units (the "Units") for aggregate gross proceeds of CAD \$2,500,000. The proceeds from the Offering will be used by the Company to fund the previously announced proposed transaction with Nutritional High International Inc. ("Nutritional High") regarding the building of cannabis cultivation facilities in Nevada and Colorado (please see press release dated February 28, 2017).

The Company and Nutritional High are in the process of completing formal agreements whereby the Company will use the Offering proceeds to purchase a provisional cultivation license issued by the Nevada Department of Health and Human Services, Division of Public and Behavioral Health for the cultivation of marijuana and operation of a "medical marijuana establishment" (as defined in NV Rev Stat § 453A.116 (2015) (the "Cultivation License"), and the acquisition of a 50% interest in associated real property located in Henderson, Nevada (the "Grow Facility").

David Drutz, the CEO of the Company, commented, "The North American cannabis industry represents an exceedingly attractive business opportunity. Lakeside's entry point into the industry will be to position itself as an industry leader in the Nevada market, a market that is legalizing for "adult use" and which sees a tremendous flow of people from all over the world. These funds will enable us to acquire highly coveted assets in one of the fastest growing cannabis markets in the United States, execute on our strategic vision and drive shareholder value."

### **Financing Terms**

Each Unit is comprised of one (1) \$1,000 principal amount 12% convertible secured debenture (the "Debentures") and 4,000 common share purchase warrants ("Warrants") exercisable into common shares in the capital of the Company ("Common Shares") at a price of \$0.325 per Common Share for a period of 24 months after closing. The Debentures are due and payable on May 12, 2019 (the "Maturity Date"), are convertible at the option of the holder at any time prior to the Maturity Date into Common Shares at a conversion price of \$0.25 per share and bear interest at a rate of 12.0% per annum, payable semi-annually in advance on May 12 and November 12 of each year. The Company may elect to satisfy its obligation to pay all or a portion of the interest owing under the Debentures by issuing Common Shares at a price of \$0.25 per share. The first interest payment was satisfied on closing of the Offering by the issuance of 600,000 Common Shares at a price of \$0.25 per share.

On the closing of the Offering, the Company directed the sum of approximately CAD \$2.2 million (the "Escrowed Funds") to be held in escrow to be released to the Company upon satisfying certain escrow release conditions ("Escrow Release Conditions"), including (i) the completion, satisfaction or waiver of all conditions precedent to the acquisition of the Cultivation License and the Grow Facility (the "Acquisition"); and (ii) the receipt of all required regulatory approvals and third party consents required for the Acquisition. If the Escrow Release Conditions are not met within 8 months of closing, the Escrowed Funds, together with all accrued interest thereon, will be repaid the holders of the Debentures, pro-rata, as a mandatory prepayment of principal and accrued but unpaid interest.

The Company paid an 8% cash commission to Foundation Markets Inc. and members of the selling group, 50% of which was paid on closing (\$100,000), with the balance (\$100,000) deposited in escrow to be payable on satisfaction of the Escrow Release Conditions. In addition, the Company agreed to issue broker warrants of which 50% (400,000 broker warrants) were issued on closing and the balance (400,000 broker warrants) will be issued upon satisfaction of the Escrow Release Conditions. Each broker warrant entitles the holder to acquire one Common Share at a price of \$0.25 per share for a period of 24 months from the closing.

All securities issued pursuant to the private placement will be subject to a four-month hold period under Canadian securities laws.

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

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 United States cannabis industry with a specific focus on plant propagation and growing as retail segments of the value chain. The Company intends to transition as 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.

This news release may contain forward-looking statements and information based on current expectations. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Such statements include the ability of the Company to fulfill the Escrow Release Conditions, including acquiring a cannabis cultivation licence, completing the acquisition of the applicable real estate, to complete the proposed transaction with Nutritional High and raising sufficient financing to complete the Company's business strategy. There is no certainty that any of these events will occur. Although such statements are based on management's reasonable assumptions, there can be no assurance that such assumptions will prove to be correct. We assume no responsibility to update or revise them to reflect new events or circumstances.

Company's securities have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or applicable state securities laws, and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons", as such term is defined in Regulation S under the U.S. Securities Act, absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.

Additionally, there are known and unknown risk factors which could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained herein. All forward-looking information herein is qualified in its entirety by this cautionary statement, and the Company disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by applicable securities laws.

### **Contact Information**

David Drutz, CEO  
Lakeside Minerals Inc.  
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