



Nutritional High International Inc.
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NUTRITIONAL HIGH ANNOUNCES NEW MEXICO ACQUISITION

FOR IMMEDIATE RELEASE

***THIS NEWS RELEASE IS NOT FOR
DISSEMINATION IN THE UNITED
STATES OR TO U.S. PERSONS.***

TORONTO, ONTARIO – Nutritional High International Inc. (the "**Company**" or "**Nutritional High**") (CSE:NHL) is pleased to announce that the Company has entered into a binding letter of intent ("**LOI**") dated April 8, 2015, to acquire a 51% equity interest (the "**Transaction**") in Zephyr Management Inc. ("**Zephyr**"), an exclusive management company being established to provide management and real estate services to Sacred Garden ("**Sacred Garden**"), an entity licensed to produce medical cannabis in New Mexico.

David Posner, CEO of Nutritional High commented – "Nutritional High continues to execute on our business strategy in order to capitalize on the burgeoning marijuana industry in the United States. In addition to our progress in Colorado and Illinois, the acquisition of Zephyr will represent a landmark cross-border transaction enhancing our presence in the rapidly growing marijuana sector in the United States. The Transaction will immediately bring a profitable business under our umbrella and will provide a licensed platform to offer Nutritional High's edible products to the New Mexico medical market. Nutritional High is excited to contribute its resources and expertise to help expand Sacred Garden's business, and is looking forward to working with its management team."

The Transaction is conditional on, among other things, the approval of the New Mexico Department of Health ("**DOH**"), a department responsible for implementing Lynn and Erin Compassionate Use Act ("**Act**"), which governs the beneficial use of medical cannabis in the State of New Mexico.

About Sacred Garden

Sacred Garden, a not-for-profit entity, is one of the 24 licensed entities under the Act to produce medical cannabis in the State of New Mexico from seed to sale. All licensed entities in New Mexico are not-for-profit. Sacred Garden was formed in September 2010 and has grown to be one of the dominant players in the New Mexico market. Sacred Garden currently owns and operates a cultivation operation and medical cannabis dispensary in Santa Fe (the population of Santa Fe Metropolitan Area is approximately 144,000). The Department of Health of the State of New Mexico ("**DOH**"), a department responsible for implementing the Act limits the number of cannabis plants produced by one producer to 150 per facility. Sacred Garden was recently approved by the DOH to increase its plant count to 450 (maximum allowed), and to capitalize on this opportunity Sacred Garden will replace the existing cultivation centre in Santa Fe with a larger one, which will effectively provide 14,000 square feet of the cultivation space. Sacred

Garden will also construct an additional medical cannabis dispensary in Albuquerque (population of Albuquerque Metropolitan Area is approximately 908,000).

On the basis of the unaudited financial statements for the year ended on December 31, 2014, Sacred Garden had revenue of \$1.7 million and net income of approximately \$245,000, with approximately 70% its revenue is derived from the sales of the dried cannabis flower. Nutritional High will assist Sacred Garden, through Zephyr, to capitalize on the growth opportunities presented by an increase in the permitted plant count. Nutritional High believes the New Mexico edible product market is undersupplied and intends to bring its expertise in developing marijuana-infused products to capitalize on the opportunity by supporting Sacred Garden's expansion plans in become a leading manufacturer of high-quality edible products with consistent THC levels.

Transaction Terms

The Transaction is expected to close on May 31, 2015, ("**Closing Date**") upon the parties entering into definitive agreement ("**Definitive Agreement**") and a shareholder agreement, which shall include customary provisions. Closing of the Transaction is subject to the parties obtaining all requisite governmental, regulatory, shareholder and board approvals of, exemptions from and consents to the Transaction, including approval of the regulatory authorities of the State of New Mexico.

In consideration for the Transaction, at closing, the Company shall issue to Zeke and Kelly Shortes ("**Vendors**") 20,000,000 common shares in the capital of the Company ("**Consideration Shares**"). The Consideration Shares will be subject to the following escrow provisions: (i) regulatory escrow, whereby 75% of the Consideration Shares will be placed into a standard three year escrow pursuant to the policies of the Canadian Securities Exchange, and (ii) performance-based escrow, whereby 25% of the Consideration Shares will be placed into escrow until such time Zephyr earns a normalized gross revenue of a minimum of US\$3,500,000 on the basis of the trailing 12 month period and net earnings of Zephyr are at least US\$500,000 (before deducting for any interest payable pursuant to the Purchaser's Loan (as hereinafter defined) for the same trailing 12 month period. The Company will also issue a finders fee equal to 1.5% of the Consideration Shares to an arms length party.

On or prior to the Closing Date, the Company shall also provide loan to Zephyr a first secured loan ("**Purchaser's Loan**") in the amount of \$500,000 for a period of 5 years, bearing an interest rate of 12% per annum. The proceeds of the Purchaser's Loan will be used by Zephyr for the build-out of the new dispensary and a new cultivation center in Albuquerque and general working capital. The Vendors shall also retain 6,000 non-voting preferred shares (the "**Preferred Shares**"). Each Preferred Share is redeemable by the holder at a price of \$100.00 per Preferred Share and carries a preferred dividend rate of \$12.00 per annum, payable quarterly.

Prior to or on the Closing Date, Zeke Shortes ("**Shortes**"), President of Sacred Garden, shall have entered into an employment agreement (the "**Employment Agreement**") with Zephyr for a period of five years, on terms and conditions satisfactory to the Company and Shortes, each acting reasonably. The Employment Agreement will provide (a) a monthly salary of US\$15,000 per month; (b) for severance equal to four times the annual salary in the circumstance that Shortes is terminated without cause, payable in four equal installments over 12 months, and (c) that Shortes will enter into a non-competition/non-solicitation agreement.

Closing of the Transaction is also subject to a number of conditions including the following:

- Entry into a management agreement between Sacred Garden and Zephyr to oversee and supervise production, distribution and marketing for Sacred Garden, coordinate facility operations and maintenance, and perform periodic audit and process testing to ensure compliance with corporate policy and applicable regulatory requirements in exchange for fees to be negotiated;
- Zephyr and the Company shall enter into an intellectual property licensing agreement whereby NHII shall be paid a royalty of 10% of any gross sales to other dispensaries of any marijuana-infused products which use NHII's brands;
- Entry into a shareholders' agreement in a form satisfactory to the Company which will include usual rights of first refusal provisions, shotgun provisions, negative controls on the operation of the business of Zephyr, including a provisions that if Shortes is terminated without cause within 24 months of the Closing Date, the Vendors may repurchase from the Company 51% interest in Zephyr in exchange for 16,750,000 Consideration Shares or the equivalent amount in cash. If Shortes is terminated without cause and the Vendors do not exercise the option to re-purchase 51% interest in Zephyr, the Vendors may, require the Purchaser to purchase their 49% equity interest in Zephyr at fair market value, which purchase price will be paid half in cash and half in common shares of the Company;
- Approval of the DOH of the Transaction as contemplated above; and
- Satisfactory due diligence review by the Company.

There is no assurance that the Transaction will be approved by the DOH, that the parties will obtain all requisite approvals for the Transaction, or that the Company will be able to complete the Transaction on terms favourable to the Company or at all.

Option Issuance

The Company also wishes to announce the issuance of 150,000 options to a consultant to the Company. Each option is exercisable into one common share of the Company at a price of \$0.10 per common share for up to five years.

About Nutritional High International Inc.

Nutritional High is primarily focused on developing, acquiring and designing products and brands in the marijuana-infused edible products and oil extracts sectors for medical and adult recreational use. The Company works exclusively in U.S. states where such activity is permitted and regulated by state law, through entities which hold a valid license to produce marijuana-infused edible products and to distribute, and dispense marijuana products.

For updates on the edibles industry and highlights of the Company's press releases and other media coverage, please follow Nutritional High on [Facebook](#), [Twitter](#), [Instagram](#) and [Google+](#).

For further information, please contact:

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Company's securities offered 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 law.