

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

- ITEM 1. Name and Address of Company  
Nutritional High International Inc. (“**Nutritional High**” or the “**Company**”)  
2905 - 77 King St W  
Toronto, Ontario M5K 1H1
- ITEM 2. Date of Material Change  
July 25, 2018
- ITEM 3. Press Releases  
On July 27, 2018, a news release in respect of the material change was disseminated through Globe Newswire and filed on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com)
- ITEM 4. Summary of Material Change  
On July 27, 2018, the Company announced that it had closed the previously announced acquisition of Pasa Verde, LLC. (“Pasa Verde”) and closed its previously announced acquisition of a 9,000 square foot Sacramento Property.
- ITEM 5. Full Description of Material Change  
Please see the news release attached as Schedule “A” for a full description of the material change.
- ITEM 6. Reliance on subsection 7.1(2) of National Instrument 51-102  
The report is not being filed on a confidential basis.
- ITEM 7. Omitted Information  
No information has been omitted.
- ITEM 8. Executive Officer  
The following officer of the Company may be contacted for further information:  
David Posner, Chairman of the Board  
Nutritional High International Inc.  
647-985-6727  
Email: [dposner@nutritionalhigh.com](mailto:dposner@nutritionalhigh.com)
- ITEM 9. Date of Report  
This report is dated this 9<sup>th</sup> of August, 2018.

## Schedule A

July 27, 2018

### NUTRITIONAL HIGH CLOSES ACQUISITION OF PASA VERDE LABS & SACRAMENTO PROPERTY, BOLSTERING ITS POSITION IN THE CALIFORNIA RECREATIONAL MARKET

#### *FOR IMMEDIATE RELEASE*

**Toronto, Ontario** – Nutritional High International Inc. (the "**Company**" or "**Nutritional High**") (CSE: EAT, OTCQB: SPLIF, FRANKFURT:2NU) is pleased to announce the closing of its previously announced acquisition of 100% of California-based Pasa Verde, LLC ("**Pasa Verde**") (see press releases dated April 23 and July 9, 2018). Pasa Verde was founded in 2017 and operates a leading cannabis extraction and toll processing facility in Sacramento, California.

In addition, Nutritional High is pleased to announce that it has closed on its previously announced purchase of a separate 9,000 square foot facility in Sacramento, California ("**Sacramento Property**") (see press release dated April 3<sup>rd</sup>, 2018).

#### *Closing of Pasa Verde Acquisition*

The Pasa Verde facility is presently operating under temporary State and local authorizations. Under the membership interest purchase agreement (the "**Agreement**"), the Company paid the following to the Pasa Verde vendor:

- a) A cash payment of USD\$750,000, of which USD\$250,000 was paid on closing, and USD\$500,000 will be paid upon Pasa Verde providing documentation of receipt of certain local approvals;
- b) the issuance of USD\$900,000 worth of shares representing 3,094,560 common shares in the Company at CDN\$0.38 per share, to be held in escrow and released to the Vendor upon either (i) receipt by Pasa Verde of a business operating permit issued by the City of Sacramento to operate its business, or (ii) submission of one or more additional construction permit applications or material changes to one or more construction permit applications that are pending that are reasonably expected to cause a delay in the completion of the construction for a period greater than 30 days;
- c) subject to achieving certain mutually-agreed upon annual gross revenue targets for the 2-year period commencing after the closing of the Agreement, Vendor will be entitled to additional consideration of up to USD\$5.3 million as earn out payment payable in a combination of cash and Nutritional High shares priced at the 20-day VWAP prior to issuance.

Pursuant to the terms of the Agreement, the Company has also agreed to fund up to USD\$456,000, subject to adjustment, of capital expenditures to support Pasa Verde's growth in California and to fund increased production capacity, inventory as well as expanded marketing and branding initiatives and for new product development.

All shares issued in the transaction will be subject to a statutory Canadian hold-period of four months and a day from the date of issuance.

In connection with the closing of the transaction, the Company will pay a cash fee of USD\$10,000 (CDN\$13,157) and issue 123,782 Company common shares at CDN\$0.38 per share to FMI Capital Advisory Inc. (“**FMI**”), who acted as exclusive financial advisor to Nutritional High in connection with the transaction. Subject to Pasa Verde achieving the aforementioned gross revenue targets, the Company will pay an additional cash consideration of up to USD\$126,000 (CDN\$165,778) and issue additional shares worth up to USD\$106,000 (CDN\$139,464) to FMI. This compensation represents 4% of total consideration under the Agreement. Compensation in cash and shares are due and payable to FMI at the same time they become due and payable to Vendor.

Jim Frazier, CEO of Nutritional High provided the following comments: "We are excited to have achieved this next milestone in our California expansion and look forward to rapidly expanding production at Pasa Verde. We have a number of innovative product lines we expect to launch from Pasa Verde, to be distributed through Calyx's distribution channels. We further welcome Pasa Verde vendor Tony Westfall to our senior management team and we look forward to working closely with him over the coming years."

### ***Closing of Acquisition of Sacramento Property***

The Company has also completed the closing of its previously announced acquisition of a 9,000 square foot Sacramento Property permitted for the manufacture of cannabis extracts and infused products. The Company has acquired the Sacramento Property for a purchase price of USD \$775,000. The Sacramento Property, in tandem with Pasa Verde will create the Company’s Northern California manufacturing hub, supported by the distribution network currently in place under it’s wholly-owned subsidiary Calyx Brands.

David Posner, Nutritional High Chairman, commented as follows: "It has been a busy time for our management team having closed these two acquisitions in one week. Ultimately, we believe this will improve our cost structure, drive revenue and further enhance our ability to create value for our shareholders. We believe these assets will help us to secure our supply chain and further develop our suite of value added product offerings to the California marketplace."

### ***Termination of TKO Edibles Agreement***

The Company would like to advise that it is no longer proceeding with its its previously announced arrangement (see press release dated January 2<sup>nd</sup>, 2018) to finance the build out of the TKO Products LLC (“**TKO**”) manufacturing facility, and does not expect to exercise its option to acquire an interest in the TKO business.

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

Nutritional High is focused on developing, manufacturing and distributing products under recognized brands in the cannabis products industry, with a specific focus on edibles and oil extracts for medical and adult recreational use. The Company works exclusively through licensed facilities in jurisdictions where such activity is permitted and regulated by state law.

The Company follows a vertically integrated model with a fully developed strategy for acquisitions in extraction, production, sales, and distribution sectors of the cannabis industry. Nutritional High has brought its flagship FLI™ edibles and extracts product line from production to market in California through its wholly owned distributor Calyx Brands Inc., and Colorado where its products are

manufactured by a licensed producer. The Company also owns a 50% interest in The Clinic Effingham (an Illinois dispensary), and is entering the Nevada, Washington State, Oregon and Canadian markets in the near future.

For updates on the Company'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).

**For further information, please contact:**

**David Posner**

**Chairman of the Board**

Nutritional High International Inc.

647-985-6727

Email: [dposner@nutritionalhigh.com](mailto:dposner@nutritionalhigh.com)

*NEITHER THE CANADIAN SECURITIES EXCHANGE NOR OTC MARKETS GROUP INC., NOR THEIR REGULATIONS SERVICES PROVIDERS HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.*

*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 terms and conditions for future payments to the Vendor and to FMI; management's plan to integrate the Pasa Verde team into its operations across its various segments, management's belief that Pasa Verde will help the Company to secure its supply chain and further develop its suite of value added product offerings in the California marketplace, and management's expectation the transaction will improve the Company's cost structure and further enhance its ability to create value for its shareholders. 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. For a discussion of these risk factors, please see the Company's interim management's discussion and analysis for the nine months ended April 30, 2018 and the Company's annual management's discussion and analysis for the year ended July 31, 2017 available at [www.sedar.com](http://www.sedar.com) under the Company's profile. 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.*