

High Fusion Enters into Agreement to Sell Dispensary and Closes Financing

Toronto, Ontario--(Newsfile Corp. - June 17, 2022) - High Fusion Inc. (CSE: FUZN) ("**High Fusion**" or the "**Company**") is pleased to announce that it has signed an agreement to sell its San Diego Natural dispensary in Escondido, California ("SDN"). In addition, the Company has agreed to enter into a one-year, secured loan facility in the principal amount of US\$400,000 ("Second Loan Facility").

As part of the acquisition of the business of OutCo Labs in 2021, the Company acquired SDN, a medical dispensary, which subsequently obtained its recreational licence from the county in November 2021. The sale of SDN, if completed, will provide funding and allow the Company to focus on its branded manufacturing and retail dispensary in El Cajon California.

The agreement for the sale of SDN was signed on May 31, 2022 and provides for a US\$1.6 million, all cash, purchase price and is expected to close next month.

As a means of funding the Company to completion of the SDN sale, the Company has secured two bridge loans, the first of which was announced on March 14, 2022, in the amount of US\$472,500. The Second Loan Facility which closed on June 13, 2022 is comprised of three tranches, representing a total principal amount of US\$400,000. Of the principal amount, US\$326,115.78 has been advanced to the Company and the remaining US\$73,884.22 represents settlement of other obligations. Such other obligations include US\$50,000 portion of a debenture and US\$23,884.22 in expense reimbursement to an insider (see below). The Second Loan Facility will accrue interest at 26% per annum and matures at the earlier of one year and completion of the sale of SDN.

As part of the Second Loan Facility, the lenders will be granted 2,000,000 subordinate voting share purchase warrants (each a "Warrant") subject to CSE approval. Each Warrant will entitle the holder to purchase one subordinate voting share of the Company at a price of \$.05 and for a period of two years.

US\$50,000 of the Secured Loan Facility represents a related party transaction to Adam Szweras, the Chairman of the Company (the "**Insider**"). Such Insider has been issued a promissory note for US\$50,000 representing a cash contribution of US\$26,115.78 and US\$23,884.22 representing settlement of debt obligations of High Fusion to such Insider. In addition, the Company has agreed to issue 250,000 Warrants to such Insider once the Company's blackout period has ended. Pursuant to *Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), the above transactions with the Insider constituted a "related party transaction" as the Insider is considered to be a related party to High Fusion. The Company relied on exemptions from the formal valuation and minority approval requirements of MI 61-101 (pursuant to subsections 5.5(a) and 5.7(a)) as the fair market value of the securities issued to, and the consideration received from, the Insider did not exceed 25% of the Company's market capitalization. The transaction with the Insider has been approved by all of the independent directors of the Company. The Company did not file a material change report 21 days before the completion of the transaction as the Company needed to complete the transaction on an expedited basis.

About High Fusion Inc.

High Fusion Inc. (formerly Nutritional High International Inc.) is focused on developing and manufacturing branded products in the cannabis industry with a specific focus on flower, pro-rolls, vapes, edibles and oil extracts for medical and adult recreational use. The Company operates and controls licenses in California, Colorado and Oregon.

High Fusion has manufacturing, retail and grow operations in California through its acquisition of the business of OutCo and owns and operates oil extraction and edible manufacturing facilities in Colorado

and Oregon. The Company's brand portfolio includes its award winning FLI™ edibles and vape product, OutCo, Thrive, Red Octopus and Dubbi Brothers. The Company's OutCo and Thrive brands in California are distributed through Punch Edibles.

For updates on the Company's activities and highlights of the Company's press releases and other media coverage, please visit www.high-fusion.com.

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Caution Regarding Forward-Looking Information:

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 include statements regarding: the proposed asset sale and statements regarding the development of the Company's business . 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 as the ability of the Company to finalize the definitive agreements for the asset sale and the satisfaction of the various conditions to closing of such sale. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable. These assumptions include, but are not limited to: the ability of the Company to successfully execute its business plans; legal changes relating to the cannabis and psychedelic industries proceeding as anticipated; and the Company's continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date.

*The 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. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the actual results of the Company's future operations; competition; changes in legislation affecting the Company; obtaining and maintaining regulatory approvals including acquiring and renewing U.S. state, local or other licenses, the uncertainty of existing protection from U.S. federal or other prosecution, regulatory or political change such as changes in applicable laws and regulations, including U.S. state-law legalization, market and general economic conditions of the cannabis sector or otherwise; the timing and availability of external financing on acceptable terms; lack of qualified, skilled labour or loss of key individuals; risks related to the COVID-19 pandemic including various

recommendations, orders and measures of governmental authorities to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, service disruptions, quarantines, self-isolations, shelters-in-place and social distancing, disruptions to markets, economic activity, financing, supply chains and sales channels, and a deterioration of general economic conditions including a possible national or global recession; and a deterioration of financial markets that could limit the Company's ability to obtain external financing.

A description of additional risk factors that may cause actual results to differ materially from forward-looking information can be found in the Company's disclosure documents on the SEDAR website at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking information contained in this press release is expressly qualified by this cautionary statement. The forward-looking information contained in this press release represents the expectations of the Company as of the date of this press release and, accordingly, are subject to change after such date. However, the Company expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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