Lifestyle Delivery Systems Inc.
CSE : LDS
OTCQB : LDSYF
Frankfurt: LD6, WKN: A14XHT

Lifestyle Delivery Systems Inc. Provides Corporate Update and Announces Binding Definitive Agreements for Medicinal Marijuana Cultivation and Manufacturing Operations in California and a License Agreement for Technologies for Improved Cannabis Infused Oral Delivery Strips

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Vancouver, British Columbia, Canada, May 4, 2017, Lifestyle Delivery Systems Inc. (CSE: LDS), (OTCQB: LDSYF) and (Frankfurt: LD6, WKN: A14XHT) ("LDS" or the "Company") is pleased to announce that it has entered into binding definitive agreements with NHMC, Inc. ("NHMC") and CSPA Group, Inc. ("CSPA"), pursuant to which LDS will manage medicinal marijuana cultivation, extraction and manufacturing operations in Adelanto, California. In addition, LDS has entered into a license agreement with its Chief Science Officer, Dr. John M. Sanderson, M.D., and Nanostrips, Inc., a company controlled by Dr. Sanderson, pursuant to which Dr. Sanderson has granted LDS exclusive worldwide rights to a technology developed by Dr. Sanderson for an improved method of infusing cannabis extracts into thin-film oral delivery strips.

Medical Marijuana Cultivation, Extraction and Manufacturing Operations

Effective May 1, 2017, LDS has entered into formal binding agreements with NHMC and CSPA whereby LDS, through its majority owned subsidiaries, LDS Agrotech Inc. ("LDS Agrotech") and LDS Scientific Inc. ("LDS Scientific"), will manage medicinal marijuana cultivation, extraction and manufacturing operations on behalf of NHMC and CSPA in the City of Adelanto, California. NHMC is the holder of permits granted by the City of Adelanto for the operation of an indoor medicinal marijuana cultivation facility, while CSPA is the holder of permits granted by the City of Adelanto for the operation of an indoor medicinal marijuana extraction and manufacturing facility. Pursuant to the provisions of a requirements contract between NHMC and CSPA, CSPA has the right to purchase all of the cannabis products cultivated and harvested by NHMC. Any products in excess of CSPA's needs may be sold by NHMC to licensed distributors. NHMC and CSPA are related nonprofit mutual benefit corporations having the same sole members.

LDS Agrotech has entered into a management services agreement with NHMC, whereby LDS Agrotech will act as the sole operator of NHMC's medicinal marijuana cultivation operations. Concurrently, LDS Scientific has entered into a management services agreement with CSPA, whereby LDS Scientific will act as the sole operator of CSPA's medicinal marijuana extraction and manufacturing operations. The terms of the management services agreements with NHMC and CSPA are substantially identical to each other. Under the terms of the management services agreements, LDS Agrotech and LDS Scientific will perform all functions related to the cultivation, extraction and manufacturing operations of NHMC and CSPA, respectively. LDS Agrotech and LDS Scientific will be primarily responsible for advancing the operating costs of those operations, and will be reimbursed for such operating costs out of NHMC's and CSPA's respective revenues. In addition, LDS Agrotech and LDS Scientific will receive management fees equal to 75% of revenues over operating expenses, as defined in the respective management services agreements, with NHMC and CSPA receiving the remaining 25% balance. Neither NHMC nor CSPA may disburse funds held by them without the consent of LDS Agrotech or LDS Scientific, respectively. Both NHMC/LDS Agrotech's cultivation operations and CSPA/LDS Scientific's extraction and manufacturing operations will be operated out of the same indoor facility in Adelanto, California (the "Adelanto Facility"). Construction of the Adelanto Facility is currently underway. LDS expects that construction of the extraction and manufacturing wing of the joint use Adelanto Facility will be completed in May 2017, with construction of the nursery and marijuana cultivation wing of the Adelanto Facility expected to be completed in July 2017.

Membership Purchase Agreements with NHMC and CSPA

Concurrent with the execution of the management services agreements, LDS entered into separate agreements to purchase the sole outstanding membership interests of each of NHMC and CSPA. LDS has agreed to purchase the sole membership interest of each of NHMC and CSPA in exchange for 3,000,000 common shares of LDS and US$1,400,000 in cash, each (6,000,000 LDS common shares and US$2,800,000 in cash total). One-third (1/3) of the share consideration and cash purchase price for NHMC will be paid upon the grant of a Certificate of Occupancy for the cultivation wing of the Adelanto Facility, and one-third (1/3) of the share consideration and cash purchase price for CSPA will be paid upon the grant of a Certificate of Occupancy for the extraction and manufacturing wing of the Adelanto Facility. The balance of the purchase price for NHMC and CSPA will be paid in equal annual installments during the two years after the granting of the respective Certificates of Occupancy. LDS has the right to accelerate payment of the purchase price for NHMC and CSPA earlier than scheduled. If the Certificates of Occupancy are not granted on or prior to August 31, 2017, the members of NHMC and CSPA will forfeit their rights to the share consideration, and the purchase price for each will consist solely of the cash consideration. If, at any time prior to the payment of the full purchase price, NHMC or CSPA breach their respective management services agreements or the provisions of their governing documents, or their respective cultivation and extraction and manufacturing permits are revoked, then LDS will have the right to acquire NHMC or CSPA without the payment of any additional consideration.

LDS Agrotech and LDS Scientific

NHMC's cultivation operations and CSPA's extraction and manufacturing operations will be managed by LDS' majority owned subsidiaries, LDS Agrotech and LDS Scientific, respectively. LDS owns a 75% interest in each of LDS Agrotech and LDS Scientific. The remaining 25% of LDS Agrotech is owned by its CEO, Matt Fergusson, and the remaining 25% of LDS Scientific is owned by its CEO, Crystal Elrod. Mr. Fergusson and Ms. Elrod are employed by LDS Agrotech and LDS Scientific, respectively, at a salary of US$132,000 per year.

LDS has entered into separate option and first right of refusal agreements with each of Mr. Fergusson and Ms. Elrod, pursuant to which LDS was granted options to purchase the remaining 25% of each of LDS Agrotech and LDS Scientific from Mr. Fergusson and Ms. Elrod, respectively (the "LDS Agrotech Option" and the "LDS Scientific Option", respectively).

To exercise the LDS Agrotech Option, LDS will be required to:

(a) issue to Mr. Fergusson a total of 2,500,000 LDS common shares; and
(b) pay to Mr. Fergusson a total of:
    (i) US$500,000 in cash, if the option is exercised on or before July 31, 2017, or
    (ii) US$1,000,000 in cash, if the option is exercised after July 31, 2017, but on or before July 31, 2018

(the "Option Price").

The LDS Agrotech Option may be exercised in whole or in part, with the Option Price being allocated pro rata to the number of shares being purchased. Upon exercise of the LDS Agrotech Option, in whole or in part, LDS will have the immediate right to vote and receive distributions on the LDS Agrotech shares acquired, with the Option Price being payable in 5 annual installments from the date of exercise. The LDS Agrotech Option expires on July 31, 2018, after which LDS will have a right of first refusal over any proposed sale of the 25% interest in LDS Agrotech held by Mr. Fergusson, expiring July 31, 2021.

The LDS Scientific Option is exercisable on the same terms as the LDS Agrotech Option, with LDS also having a right of first refusal extending to July 31, 2021 over any proposed sale of the 25% interest in LDS Scientific held by Ms. Elrod if the LDS Scientific Option is not exercised on or prior to July 31, 2018.

License Agreement with Dr. John Sanderson

Also effective May 1, 2017, LDS entered into an exclusive worldwide license agreement with its Chief Science Officer, Dr. John D. Sanderson, and Nanostrips, Inc., a company controlled by Dr. Sanderson (the "Sanderson License Agreement"). Under the terms of the Sanderson License Agreement, LDS has been granted a worldwide exclusive license to the technology described in the provisional patent application relating to the transmucosal delivery of biologically active substances filed by Dr. Sanderson on November 6, 2016, and any technologies deriving therefrom, in the field of cannabis and cannabis extract related products. The technology developed by Dr. Sanderson relates to infusing cannabis extracts in thin film oral delivery strips. In consideration for this license, LDS has agreed to issue to Dr. Sanderson 1,000,000 LDS common shares, with an additional 1,000,000 LDS common shares issuable upon the granting of a United States patent containing claims directed to the new and innovative subject matter described in the provisional patent application filed on November 6, 2016. The Sanderson License Agreement extends for a term expiring on the expiration of the last patent issued in relation to the technology licensed by Dr. Sanderson to LDS.

Cannastrips Canadian Trademark Applications

On April 25, 2017, LDS filed trademark applications with the Canadian Intellectual Property Office to register the trademarks CANNASTRIPS and CANNASTRIPS SMOKEFREE PAIN RELIEF & Design. The applications were filed on the basis of proposed use of the trademarks in Canada in association with various goods related to the transmucosal delivery of biologically active substances.

Cancellation of Prior License and Joint Venture Agreements

LDS' current business focus is on its projects in Adelanto, California with NHMC and CSPA. As such, LDS has terminated its previously disclosed non-exclusive license and supply agreement with Wisdom Homes of America, Inc. ("WOFA"). WOFA had failed to make its annual license payments and had failed to meet its minimum gross sales targets as required under its license agreement. LDS' other previously disclosed non-exclusive license agreement with Healthy Asylum Inc. expired in June 2016 in accordance with its terms. LDS' previously disclosed joint venture with Cultivation Technologies, Inc. was terminated shortly after LDS entered into the original Memorandum of Understanding with NHMC and CSPA. Finally, LDS' previously disclosed memorandum of understanding with Azonic Health Sciences, LLC ("Azonic") has expired in accordance with its terms, although discussions with Azonic are still active and ongoing.

Update on Private Placement Financing

LDS anticipates that its previously announced brokered private placement of up to 24,000,000 units (the "Units") at a price of Cdn$0.50 per Unit for total gross proceeds of up to Cdn$12,000,000 (the "Offering"), led by Canaccord Genuity Corp. (the "Agent") is expected to close on or about May 23, 2017. As previously announced, the Agent will have an over-allotment option for up to 15% of the Offering. Completion of the Offering remains conditional upon the Agent completing its due diligence investigations to its satisfaction and the satisfaction of certain other conditions. Since the announcement of the Offering, LDS has been working diligently with the Agent to satisfy their due diligence investigations. LDS is appreciative of the patience exhibited by interested investors. The legal environment for marijuana operations in California is highly complex, and LDS appreciates the efforts that the Agent, and its team of advisors, have committed to seeing this process to its conclusion. LDS believes that the due diligence process with the Agent has ultimately strengthened LDS' business.

As previously disclosed, each Unit will consist of one common share of the Company (a "Common Share") and one Common Share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one additional Common Share (a "Warrant Share") for a period of one year from the date of issuance at an exercise price of Cdn$0.75 per Warrant Share. The Company may accelerate the expiry of the Warrants if the Company's daily volume weighted average share price on the Canadian Stock Exchange (or such other stock exchange the Company may be trading on) is equal to or greater than Cdn$1.50 for 10 consecutive trading days. Net proceeds from the Offering will be used towards the Company's planned equipment purchases and installation, purchases of raw materials and packaging and marketing, and for general working capital purposes.

This news release does not constitute an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of any of the securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

About Lifestyle Delivery Systems Inc.
The Company's technology produces infused strips (similar to breath strips) that are not only a safer, healthier option to smoking, but also a new way to accurately meter the dosage and assure the purity of the product. In addition, with the entering into of its management services agreements with NHMC, Inc. and CSPA Group, Inc., the Company has begun its foray into being directly involved in the growing of medicinal ingredients for, and the manufacturing of, its products. From seed to sale, the Company's products and ingredients will be tested for quality and composition throughout the formulation and production processes, resulting in a delivery system that is safe, consistent and effective.

On behalf of the board of directors of Lifestyle Delivery Systems Inc.

Brad Eckenweiler, CEO & Director

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Cautionary Disclaimer Statement:

The Canadian Securities Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of the content of this news release.

Information set forth in this news release contains forward-looking statements that are based on assumptions as of the date of this news release including, but not limited to, the timing and completion of the Offering, the timing and ultimate grant of a United States patent for the Sanderson technology, the timing and completion of the build out of the Adelanto Facility, and the complexity and evolving nature of the legal and regulatory landscape for medical and recreational marijuana in the State of California. These statements reflect management's current estimates, beliefs, intentions and expectations. They are not guarantees of future performance. The Company cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond the Company's control. Such factors include, among other things: risks and uncertainties relating to the Company's limited operating history and the need to comply with environmental and governmental regulations. In particular, completion of the Offering remains subject to the satisfaction of certain conditions. Completion of the Adelanto Facility may be subject to uncertainties including the availability of trades people and obtaining the necessary occupancy permits, which may be outside of the Company's control. In addition, there is significant regulatory uncertainty with respect to the production and sale of medicinal and recreational marijuana in the United States of America. In particular, marijuana remains a Schedule I drug under the United States Controlled Substances Act of 1970. Although Congress has prohibited the US Justice Department from spending federal funds to interfere with the implementation of state medical marijuana laws, this prohibition must be renewed each year to remain in effect. In addition, although the State of California has adopted laws permitting the commercial cultivation, extraction and manufacturing of medicinal marijuana, final regulations with respect to the implementation of these laws have yet to be adopted. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward- looking information.