

FORM 10

NOTICE OF PROPOSED SIGNIFICANT TRANSACTION (not involving an issuance or potential issuance of a listed security)¹

Name of Listed Issuer: **Lifestyle Delivery Systems Inc.** (the "Issuer").

Trading Symbol: **LDS**

Issued and Outstanding Securities of the Issuer Prior to Transaction: **107,579,894**

Date of News Release Fully Disclosing the Transaction: **February 21, 2017**

1. Transaction

1. Provide details of the transaction including the date, description and location of assets, if applicable, parties to and type of agreement (eg: sale, option, license, contract for Investor Relations Activities etc.) and relationship to the Issuer. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material:

On February 21, 2018, the Issuer entered into a membership purchase and sale agreement (the "Agreement") with Jerry R. Davis and Debora B. Davis, husband and wife (collectively, the "Sellers"), NHMC, Inc., a California nonprofit mutual benefit corporation ("NHMC"), CSPA Group, Inc., a California nonprofit mutual benefit corporation ("CSPA"), LDS Agrotech Inc., a Nevada corporation and a majority owned subsidiary of the Issuer ("Agrotech"), LDS Scientific Inc., a Nevada corporation and a majority owned subsidiary of the Issuer ("Scientific") and Buckner, Robinson & Mirkovich ("Escrow Agent") for the purpose of settling the parties obligations to each other relating to (1) the Membership Purchase Agreement dated May 1, 2017 (the "NHMC Agreement") among the Issuer, the Sellers and NHMC regarding the sale by the Sellers to the Issuer of the sole membership interests in NHMC (the "NHMC Membership") and the Escrow Agreement among the Company, the Sellers and the Escrow Agent relating thereto, (2) the Membership Purchase Agreement dated May 1, 2017 (the "CSPA Agreement") among the Issuer, the Sellers and CSPA regarding the sale by the Sellers to the Issuer of the sole membership interests in CSPA (the "CSPA

¹ If the transaction involved the issuance of securities, other than debt securities that are not convertible into listed securities, use Form 9.

Membership” and, collectively with the NHMC Membership, the “Membership Interests”) and the Escrow Agreement among the Issuer, the Sellers and the Escrow Agent relating thereto, and (3) certain amounts owed by NHMC and CSPA to the Sellers for accrued and unpaid salaries (the “Unpaid Salaries”).

Pursuant to the Agreement, in consideration for the Membership Interests, the Issuer agreed to pay to the Sellers US\$1,250,000 in cash and to release 3,000,000 common shares of the Issuer previously issued and placed into escrow with the Escrow Agent in connection with the the CSPA Agreement. An additional 3,000,000 common shares that were also previously issued and placed into escrow with the Escrow Agent in connection with the NHMC Agreement will be surrendered to the Issuer for cancellation. In addition, the Issuer agreed to pay a total of US\$120,000 less standard payroll deductions and withholding allowances to the Sellers on account of accrued but unpaid salaries payable to the Sellers by NHMC and CSPA. The Issuer had previously paid US\$150,000 towards acquisition of the CSPA Membership under the terms of the CSPA Agreement.

To facilitate the immediate closing of the transactions contemplated in the Agreement, the Issuer assigned its rights to the Membership Interests to Kelly Christopherson in exchange for five (5) year options granted to the Issuer to purchase Membership Interests for US\$100 each. For the Issuer to acquire the Membership Interests directly, background checks would need to be completed by the City of Adelanto on the directors and senior officers of the Issuer. The Issuer was advised that it would take a significant amount of time for these background checks to be completed. Ms. Christopherson is currently a member of a non-profit medical cannabis nursery and medical cannabis retailer in the City of Adelanto and has previously cleared the necessary background checks. Ms. Christopherson is a non-arms length party to Brad Eckenweiler, the Issuer’s Chief Executive Officer.

2. Provide the following information in relation to the total consideration for the transaction (including details of all cash, non-convertible debt securities or other consideration) and any required work commitments:
 - (a) Total aggregate consideration in Canadian dollars: The cash consideration to acquire the CSPA and NHMC memberships was agreed to be one million two hundred and fifty thousand U.S. dollars (US\$1,250,000), plus an additional US\$120,000 paid on behalf of NHMC and CSPA to the Sellers on account of

accrued and unpaid salaries. The Company had also previously paid US\$150,000 to the Sellers towards the acquisition of the CSPA Membership.

(b) Cash: **US\$1,520,000** .

(c) Other: **3,000,000 shares of the Issuer, previously issued in connection with the CSPA Agreement and held in escrow under the terms of that agreement.**

(d) Work commitments: **n/a**

3. State how the purchase or sale price and the terms of any agreement were determined (e.g. arm's-length negotiation, independent committee of the Board, third party valuation etc). **The terms and compensation were agreed upon in an arm's-length negotiation between the Issuer and the Sellers. With respect to the terms of the assignment of the Membership Interests to Ms. Christopherson, no consideration was paid to Ms. Christopherson and the exercise price for the Membership Interests under the options granted by her in favour of the Issuer is nominal. Mr. Eckenweiler recused himself from approving the transactions as a director of the Issuer.**

4. Provide details of any appraisal or valuation of the subject of the transaction known to management of the Issuer: **n/a** .

5. If the transaction is an acquisition, details of the steps taken by the Issuer to ensure that the vendor has good title to the assets being acquired: **The Issuer has conducted sufficient due-diligence with regulatory bodies to ensure NHMC and CSPA memberships are in good standing and validly issued.** .

6. Provide the following information for any agent's fee, commission, bonus or finder's fee, or other compensation paid or to be paid in connection with the transaction (including warrants, options, etc.):

(a) Details of any dealer, agent, broker or other person receiving compensation in connection with the transaction (name, address. If a corporation, identify persons owning or exercising voting control over 20% or more of the voting shares if known to the Issuer): **n/a** .

(b) Cash **n/a** .

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(c) Other n/a

7. State whether the vendor, sales agent, broker or other person receiving compensation in connection with the transaction is a Related Person or has any other relationship with the Issuer and provide details of the relationship. **The Sellers are not related to the Issuer. Ms. Christopherson is a close personal friend to Mr. Eckenweiler, the Issuer's Chief Executive Officer and a director of the Issuer.**
8. If applicable, indicate whether the transaction is the acquisition of an interest in property contiguous to or otherwise related to any other asset acquired in the last 12 months. n/a

2. Development

Provide details of the development. The disclosure should be sufficiently complete to enable a reader to appreciate the significance of the transaction without reference to any other material: n/a

3. Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. To the knowledge of the Issuer, at the time an agreement in principle was reached, no party to the transaction had knowledge of any undisclosed material information relating to the Issuer, other than in relation to the transaction.
3. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
4. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such

term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

5. All of the information in this Form 10 Notice of Proposed Significant Transaction is true.

Dated: February 23, 2018

Yanika Silina
Name of Director or Senior
Officer

/s/ Yanika Silina
Signature

Chief Financial Officer
Official Capacity