

Form 51-102F4

BUSINESS ACQUISITION REPORT

Item 1 Identity of Company

1.1 Name and Address of Company

LIFESTYLE DELIVERY SYSTEMS INC.

789 Pender Street, West
Unit 810
Vancouver, BC
V6C 1H2

1.2 Executive Officer

Yana Silina
Chief Financial Officer
(604) 648-0522

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Lifestyle Delivery Systems Inc. (the "Company") acquired all of the issued and outstanding shares of Canna Delivery Systems Inc. ("Canna"). Canna is the owner of a proprietary filmstrip technology that produces an oral delivery system that can be used for energy elixirs, herbal remedies and a smokeless alternative option to medical and recreational users of cannabis. Canna's technology produces infused strips (similar to breath strips) called "CannaStrips" 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. The Company will license the technology to licensees, who will in turn manufacture CannaStrips where the legal use of marijuana is allowed.

2.2 Acquisition Date

May 1, 2015.

2.3 Consideration

In consideration for the acquisition of all of the outstanding shares of Canna's common stock, the Company issued a total of 7,800,000 common shares (the "Performance Shares") at a deemed price of \$0.15 per share. The Performance Shares are subject to escrow and will be released upon the Company achieving the following financial milestones:

<u>Performance Milestone to be Achieved</u>	<u>Total No. of Shares to be Released from Escrow</u>
Cumulative gross revenues of USD 50,000	1,500,000
Cumulative gross revenues of USD 200,000	2,100,000
Cumulative gross revenues of USD 600,000	2,100,000

Cumulative gross revenues of USD 1,000,000	2,100,000
Aggregate No. of Performance Shares	7,800,000

If any of the milestones is not achieved within 24 months after the acquisition was completed, the remaining Performance Shares still subject to escrow will be returned for cancellation.

2.4 Effect on Financial Position

Upon completing the Canna acquisition, the Company is focused on market development for its CannaStrips technology. The Company intends to license the CannaStrips technology to established cannabis producers and retailers in areas in the United States of America where state law allows for the use and sale of cannabis products. The Company is no longer engaged in the acquisition or exploration of mineral properties.

Upon completion of the Canna acquisition, Brad Eckenweiler was appointed as a director of the Company.

2.5 Prior Valuations

Canna was not required by applicable securities legislation or the rules of the Canadian Securities Exchange to obtain a valuation opinion.

2.6 Parties to Transaction

The transaction was not with any person who was an informed person, associate or affiliate of the Company at the time transaction was completed.

2.7 Date of Report

March 02, 2016

Item 3 Financial Statements and Other Information

Canna's audited financial statements for the year ended December 31, 2014 were included in Schedule A to the Company's CSE Form 2A Listing Statement, filed on SEDAR on April 24, 2015, and are incorporated by reference.

Canna's unaudited financial statements for the interim period ended March 31, 2015 were filed on SEDAR on May 28, 2015, and are incorporated by reference.

The above financial statements may be viewed at www.sedar.com.