

FORM 7

**MONTHLY PROGRESS REPORT**

Name of Listed Issuer: **Chemesis International Inc.** (the "Issuer")

Trading Symbol: **CSI.U**

Number of Outstanding Listed Securities: **50,382,280** (as at January 31, 2021)

Date: **February 4, 2021**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*The Issuer is a U.S. focused multi-state cannabis company, that is focused on providing an artificially intelligent (AI) based retail solution. The Issuer currently holds exclusive rights to an AI based kiosk which can be deployed in high traffic areas such as, shopping malls, stadiums, transit hubs, workplaces, and large corporate headquarters.*

*The Issuer has strong brand partners that provide high-quality products and services across the United States. The Issuer's Partners allow the Issuer to effectively build strong brand loyalty and reoccurring sales.*

*The Issuer and its team are committed to building a strong unattended and attended retail model for the cannabis market across the United States. The Issuer will continue to provide consumers with industry-leading technology, the most sought-after products and education.*

**During the month of January 2021, the Issuer actively continued general and corporate operations.**

2. Provide a general overview and discussion of the activities of management.

**During the month of January 2021, management continued to support and control the Issuer's business activities, develop the Issuer's business, and search for strategic business relationships.**

**On January 15, 2021, the Issuer announced by way of news release all matters submitted to the shareholders of the Issuer at the Annual General and Special Meeting of the Issuer's shareholders held on December 31, 2020 were approved.**

**In addition, the Issuer granted, pursuant to its Equity Incentive Plan, options to purchase 1,500,000 shares of the Issuer exercisable for a period of 5 years at USD\$0.70 per share to the directors, officers and consultants of the Issuer. The Issuer has also granted, pursuant to its Equity Incentive Plan, restricted share rights to acquire 1,500,000 shares of the Issuer to the directors, officers and consultants of the Issuer. One-half of such restricted share rights shall vest in three months from the grant date and the remaining one-half shall vest in six months from the grant date.**

**On January 19, 2021, the Issuer announced by way of news release it has closed a non-brokered private placement (the "Private Placement") of 3,687,419 units ("Units") at a price of USD \$0.255 (CAD \$0.325) per Unit for gross proceeds of CAD \$1,200,000. Each Unit is comprised of one common share and one common share purchase warrant (the "Warrants"). Each Warrant is exercisable for one common share at a price of USD \$0.34 for a period of 24 months. The proceeds of the Private Placement will be used by the Company for general ongoing working capital and to have cash on hand to fund potential future acquisition opportunities.**

**The Company also announces that it has entered into debt settlement agreements with certain convertible debenture holders and other creditors, pursuant to which it has discharged an aggregate total indebtedness of CDN \$1,289,848, (the "Debt Settlements") on the following bases:**

- **CDN \$619,723 in convertible debt for services rendered through the issuance of an aggregate total of 1,912,106 common shares of the Company at a deemed price of USD \$0.255 (CAD \$0.325) per common share to certain creditors of the Company.**
- **USD \$21,949.91 in debt for services rendered through the issuance of 33,257 common shares of the Company at a deemed price of USD \$0.66 per common share owed to a creditor of the Company.**
- **USD \$648,175.44 in debt for services rendered through the issuance of 939,385 common shares of the Company at a deemed price of USD \$0.69 per common share owed to a creditor of the Company.**

**The securities issued pursuant to the Private Placement and Debt Settlements are subject to a four month hold period from the date of issuance.**

**The above noted news releases can be viewed under the Issuer's profile on SEDAR ([www.sedar.com](http://www.sedar.com)). In addition, the above noted news release can be viewed on the Issuer's Disclosure Page on the Canadian Securities Exchange's website.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**None to report during the month of January 2021.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None to report during the month of January 2021.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements, etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**None to report during the month of January 2021.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**None to report during the month of January 2021.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**None to report during the month of January 2021.**

8. Describe the acquisition of new customers or loss of customers.

**None to report during the month of January 2021.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

**None to report during the month of January 2021.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**None to report during the month of January 2021.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**None to report during the month of January 2021.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None to report during the month of January 2021.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**During the month of January 2021, the Issuer entered into debt settlement agreements to settled debt with certain convertible debenture holders and other creditors, pursuant to which the Issuer issued common shares to extinguish CDN \$1,289,484 worth of debt.**

**See Item #2 for further details.**

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Common Shares	2,357,108	Common Shares issued pursuant to the exercise of warrants	\$954,628.74; general working capital and to fund potential future acquisition opportunities
Restricted Share Rights	1,500,000	Restricted Share Rights granted pursuant to Equity Incentive Plan of the Issuer	N/A; Grant of RSR's
Incentive Stock Options	1,500,000	Incentive Stock Options granted pursuant to Equity Incentive Plan of the Issuer	N/A; Grant of Incentive Stock Options
Common Shares	200,000	Common Shares issued pursuant to the exercise of warrants	\$200,000; general working capital and to fund potential future acquisition opportunities
Common Shares	246,914	Common Shares issued pursuant to the exercise of warrants	\$100,000.17; general working capital and to fund potential future acquisition opportunities
Units <sup>(2)</sup>	3,687,419	Common shares issued pursuant to a non-brokered private placement	\$1,200,000; general working capital and to fund potential future acquisition opportunities
Common Shares	1,912,106	Common Shares issued pursuant to debt settlement agreements to extinguish bona fide debt.	N/A; Debt Settlement
Common Shares	33,257	Common Shares issued pursuant to debt settlement agreements to extinguish bona fide debt.	N/A; Debt Settlement
Common Shares	939,385	Common Shares issued pursuant to debt settlement agreements to extinguish bona fide debt.	N/A; Debt Settlement
Common Shares	100,000	Common Shares issued pursuant to the exercise of warrants	\$40,500; general working capital and to fund potential future acquisition opportunities

(1) Aggregate proceeds and intended allocation of proceeds

(2) Units issued at USD \$0.255 (CDN \$0.325) per Unit. Each Unit consists of one common share and one common share purchase warrant. Each Warrant exercisable into one common share at a price of USD \$0.34 for a period of 24 months from closing.

15. Provide details of any loans to or by Related Persons.

**None to report during the month of January 2021.**

16. Provide details of any changes in directors, officers or committee members.

**None to report during the month of January 2021.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**The trends and risks which are likely to impact the Issuer are detailed in the Issuer's Form 2A - Listing Statement dated July 16, 2018 (the "Listing Statement"), under the heading "Item 17. Risk Factors" and the Issuer's Management Discussion and Analysis dated December 1, 2020 (the "MD&A"), under the heading "Risk Factors". The Listing Statement was posted on the CSE website on July 17, 2018, and the MD&A can be viewed under the Issuer's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Issuer's Disclosure Page in its Form 5, Quarterly Listing Statement, dated December 1, 2020, on the Canadian Securities Exchange's website.**

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## 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. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. 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).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated February 4, 2021

Eli Dusenbury  
Name of Director or Senior Officer

/s/ Eli Dusenbury  
Signature

Chief Financial Officer  
Official Capacity

<i>Issuer Details</i> Name of Issuer Chemesis International Inc.	For Month End January 2021	Date of Report YYYY/MM/DD 2021 / 02 / 04
Issuer Address Suite 2200, 885 West Georgia Street Vancouver, British Columbia, V6C 3E8	Issuer Fax No. N/A	Issuer Telephone No. 604-398-3378
Contact Name Eli Dusenbury	Contact Position Chief Financial Officer	Contact Telephone No. 604-398-3378
Contact Email Address ir@chemesis.com	Web Site Address www.chemesis.com	