



Chemesis International Inc. Completes Acquisition of Controlling Interest in GSRX Industries Inc., a Leader in Retail Cannabis Dispensaries, Distribution & Brand Development

GSRX Industries is a vertically integrated cannabis company with multi-state operations and the largest medicinal cannabis dispensary network in Puerto Rico. The company has developed a retail focused approach and is currently expanding across the United States.

August 29, 2019

Vancouver, BC – Chemesis International Inc. (CSE: CSI) (OTC: CADMF) (FRA: CWAA) (the “Company” or “Chemesis”), is pleased to announce that it has completed its previously [announced](#) transaction to acquire a controlling interest in GSRX Industries Inc. (“**GSRX**”) ([OTCQB: GSRX](#)) (the “**Acquisition**”), pursuant to which the Company has acquired from certain former GSRX shareholders (the “**Selling Shareholders**”) an aggregate of **[42,634,124]** common shares and **[1,000]** preferred shares of GSRX, in exchange for an aggregate of **[14,875,343]** Chemesis common shares (“**Chemesis Consideration Shares**”). Together with the GSRX common shares already held by the Company prior to the Acquisition, the Company now holds an aggregate of **[54,301,122]** common shares and **[1,000]** preferred voting shares of GSRX. The preferred voting shares carry, in aggregate, 51% of all outstanding share voting rights of GSRX. Accordingly, the Company now holds an aggregate **[66.29]**% of all outstanding common shares of GSRX, and 100% of its outstanding preferred voting shares. The Chemesis Consideration Shares are subject to a 36-month leak out schedule.

In addition, Chemesis announces that it has completed a non-brokered private placement of units (“**Units**”) for gross proceeds of \$1,400,000 CAD. Each Unit was sold at a price of \$1.00 USD and consists of one common share and one-third of one common share purchase warrant (“**Warrants**”), with each whole Warrant entitling the holder thereof to purchase one additional common share at a price of \$2.00 USD for a period of 24 months.

The Company is also pleased to announce that GSRX’s Board of Directors (“**GSRX Board**”) has been re-constituted in connection with the Acquisition. Messrs. Harlan Ribnik and Steven Farkas have ceased to be GSRX Board members, and are thanked for their service to GSRX. Messrs. Edgar Montero, Aman Parmar and Mike Aujla have joined the GSRX Board. The full GSRX Board is now comprised of Messrs. Montero, Parmar, Aujla, Christian Briggs and Leslie Ball.

INFOR Financial Inc. acted as financial advisor to Chemesis with respect to the Acquisition.

As a result of the Acquisition, GSRX is a subsidiary of Chemesis and, under IFRS rules, GSRX’s financial position and assets, including its ownership of 7,291,874 [previously-acquired](#) Chemesis shares will be consolidated with Chemesis on a go-forward basis. As a further result, Chemesis has become a fully vertically-integrated, multi-state operator with assets in six states, including California, Tennessee, Arizona, Michigan, Texas, and Puerto Rico.

The Company has extensive manufacturing, extraction, distribution, and processing capabilities, which complement and build upon GSRX’s proven ability to professionally operate cannabis dispensaries.





Chemesis intends to leverage its facilities and processing capabilities to manufacture finished goods for GSRX's operating dispensaries, with the aim of further increasing margins and operational efficiencies.

GSRX's asset portfolio includes:

- Five operational dispensaries in Puerto Rico, which operate under [Green Spirit Rx brand](#) with locations in Dorado, Carolina, Hato Rey, Fajardo and San Juan.
- An additional five pre-qualified dispensaries in Puerto Rico with locations in large tourist centres and dense populations. Each dispensary is in various stages of development and construction.
- A fully licensed cannabis distribution centre in Point Arena, California. The distribution centre is expected to service over 400 dispensaries in Northern & Central California.
- The Green Room, a boutique dispensary located in Point Arena California that has been owned and operated since April 2018.
- The Green Room, a 4,500 ft² large scale dispensary located in Palm Springs, California. The dispensary is currently undergoing renovations and expects to open by calendar Q1 2020. With over 10 million annual visitors, Palm Springs has become one of the most popular destination cities in California for tourists all over the world.
- Retail CBD stores in Texas and Tennessee, with products such as creams, balms, tinctures, pet products, face masks, vape pens, and soft gels.

In addition, GSRX has recently submitted a comprehensive business plan to the City of Riverbank, California, which constitutes phase one of its application for a retail location there and GSRX has also entered into a long-term lease with a landlord for 2,600 ft² of building space there. Approximately one million residents in the surrounding communities are expected to help secure a strong customer base for both medical and adult use cannabis products.

“Chemesis now has extensive multi-state operations and investments,” stated Chief Executive Officer, Edgar Montero. “With the completion of this Acquisition, Chemesis adds to its asset investment portfolio, and also gains further access to decades of management experience in retail, operations and manufacturing. This combination of asset investments and talent will allow Chemesis to realize efficiencies throughout its processes, and is expected to increase operating margins throughout the Company's supply chain.”

This news release does not constitute an offer to sell or the solicitation of an offer to purchase any securities. The securities referenced herein may not be offered sold in the United States absent registration under the U.S. Securities Act of 1933, as amended, or an exemption therefore.

On Behalf of The Board of Directors

Edgar Montero
CEO and Director

About Chemesis International Inc.





Chemesis International Inc. is a vertically integrated U.S. Multi-State operator with International operations in Puerto Rico and Colombia.

The Company focuses on prudent capital allocation to ensure it maintains a first mover advantage as it enters new markets and is committed to differentiate itself by deploying resources in markets with major opportunities. The Company operates a portfolio of brands which cater to a wide community of cannabis consumers, with focus on quality and consistency.

Chemesis has facilities in both Puerto Rico and California and is in the process of constructing a GMP certified facility in Colombia. Chemesis' Puerto Rico operations are licensed to operate 100,000 ft² of cultivation, and 35,000 ft² of manufacturing floor space. The Company is positioned to win additional licenses in highly competitive merit-based US states and will expand its footprint to ensure it maintains a first mover advantage.

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Forward-Looking Information: *This news release contains "forward-looking information" within the meaning of applicable securities laws, including in relation to: the ability of the Company to integrate its operations with GSRX, the Acquisition resulting in business synergies or efficiencies, and GSRX's future business plans, including with respect to retail expansion. Although the Company believes that the expectations reflected in the forward-looking information are reasonable in the circumstances, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking information. Forward-looking statements are subject to risks and uncertainties that may cause actual results, performance and developments to differ materially from those contemplated by these statements depending on, among other things, the risks that the Acquisition will not result in the expected synergies or efficiencies, that the Company's or GSRX's products or plans, including GSRX's retail expansion plans, will vary from those stated in this news release and that the Company or GSRX may not be able to carry out its business plans as expected. Except as required by law, the Company expressly disclaims any obligation and does not intend to update any forward-looking statements or forward-looking information in this news release. Although the Company believes that the expectations reflected in the forward-looking information are reasonable in the circumstances, there can be no assurance that such expectations will prove to be correct. The statements in this news release are made as of the date of this release.*

The CSE has not reviewed, approved or disapproved the content of this press release

