

FORM 7

MONTHLY PROGRESS REPORT

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

Trading Symbol: **CSI**

Number of Outstanding Listed Securities: **93,421,022**

Date: **August 6, 2019**

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 vertically integrated U.S. multi-state operator with International operations in the cannabis industry, currently operating within California, Puerto Rico, and Colombia. With facilities in these three jurisdictions allowing for cost-effective production and distribution of its products, the Issuer is developing a strong foothold in key markets from cultivation to manufacturing, distribution, and retail. In addition, the Issuer leverages exclusive brands and partnerships and uses the highest quality extraction methods to provide consumers with quality cannabis products.

During the month of July 2019, the Issuer actively continued general and corporate operations. Management continued to develop the Issuer's business and search for strategic business relationships.

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

On July 1, 2019, the Issuer announced by news release that its subsidiary, Natural Ventures, has signed an exclusive manufacturing agreement with PR ONE, a Puerto Rico based medical cannabis company. PR ONE's flagship store is located in the San Juan Metro area and has over 6,000 ft² of retail floor space and it is also currently working towards opening additional locations to meet growing demand from cannabis consumers.

The agreement has a 3-year term with automatic renewals and the initial orders will be for a minimum of \$300,000 USD a month in cannabis infused products and a minimum of \$200,000 USD in flower. Natural Ventures will be PR ONE's main manufacturer and will maintain a first right of refusal for future products and additional dispensaries. As per the agreement, the initial order will be delivered in calendar Q4 of 2019 and as PR ONE's demand increases, Natural Ventures will ensure it is able to meet PR ONE's requirements.

In addition, PR ONE will extend a line of credit of \$500,000 USD at a 5% interest rate per annum. This line of credit will be extended to guarantee PR ONE's supply and will be used directly to ensure Natural Ventures meets purchase orders as they continue to grow.

On July 15, 2019, the Issuer announced by way of news release a partnership with U.S. based Happy Tea, a brand of CBD infused sachets and shots. This partnership allows Happy Tea to expand its product offering and realize cost savings by leveraging the Issuer's extraction, finished goods manufacturing and retail distribution.

Happy Tea currently offers three products including powdered drink mixes and flavoured oil shots that are comprised of a blend of all-natural ingredients, antioxidants and infused with 10mg of CBD. Consumers can purchase these products individually or subscribe to monthly deliveries, which are shipped via the company's e-commerce sales channels across the United States. Happy Tea will leverage the Issuer's multi-state operations to increase production capabilities and create retail brick and mortar exposure.

The Issuer will assist Happy Tea in expanding its current three SKU's to an expanded product line of nine SKU's. The Issuer will manufacture Happy Tea products in its U.S. based facilities and will increase production as demand rises. As per the terms and conditions of the partnership, the Issuer received a \$4,000,000 USD minimum purchase order to manufacture products, and as demand rises and Happy Tea expands its product catalogue, additional contracts will be added to ensure sufficient supply.

On July 16, 2019, the Issuer announced by way of news release the addition of Chief Science Officer, Dr. Joshua Hartsel, a leader in the Research and Development of cannabis and hemp extraction technologies across the industry.

Dr. Hartsel's experience in the cannabis industry has a special focus on extraction and finished goods manufacturing. His experience working with both THC & CBD on a commercial scale and building several startups offers significant value to the team. The Issuer is primarily focused on ensuring product consistency and quality and with his guidance, the Issuer will exceed those objectives.

Dr. Hartsel earned his Ph.D. from Virginia Polytechnic Institute and State University in Medicinal Organic Chemistry, and received his Bachelor of Science in Chemistry from Radford University. Continuing his graduate studies on malaria insecticides with the Bill and Melinda Gates

Foundation, Dr. Hartsel also spent several years at the University of California, Irvine as a postdoctoral fellow in the Public Health Department.

Dr. Hartsel previous working experience in the cannabis industry includes:

- Chief Executive Officer of Delta-9 Technologies, where he leads the company's successful development of industrial-scale automated hydrocarbon extractors;
- Chief Executive Officer of Blue Sky Technologies, where he develops industrial scale extraction of cannabidiol (CBD) and rare non-psychoactive cannabinoid and supplements; and
- Chief Science Officer at Ananda Hemp, where he designed and managed the build of a commercial scale extraction laboratory.

In addition, Dr. Hartsel has worked as the Director of R&D for Privateer Holdings and CV Sciences, where he assisted in the development and strategic investments into cannabis products.

On July 26, 2019, the Issuer provided an operational and corporate update for its operating entities in the United States, Puerto Rico and Colombia by way of news release.

Partnerships

- The Issuer's 19.9% stake in GSRX Industries continues to be advantageous, as it brings access to GSRX's dispensary and retail cannabis network. GSRX has steadily increased revenues and continues to grow its dispensary network throughout Puerto Rico, California, Tennessee. This investment is a part of the Issuer's retail expansion strategy and will continue to explore additional opportunities to expand its retail footprint.
- Rapid Dose continues to work with the Issuer in its efforts to commercialize its Quickstrip™ Oral Thin Strips in Puerto Rico, California and Michigan.
- The Association for the Promotion of Cannabis Cultivation (the "Association"), which was formed by La Finca Interactiva Med ("La Finca"), is working in Colombia with farming communities and large networks to bring education, and opportunity through cannabis cultivation. The Association is on track and expects to extended its sowing prospects to an additional 10,000 acres in the next three years.

United States

- The operations team in California has currently processed over 3,000 lbs of trim in the month of July and continues to ramp up production at its extraction facilities.
- The Issuer will continue its efforts to increase its THC infused product portfolio with a focus on beverages, edibles and topicals in Calendar 2019.
- The Issuer is on track to fulfill its recently announced a partnership with Happy Tea to manufacture and distribute three SKU's which will be expanding to nine SKU's as the brand develops new offerings. The Issuer received a \$4,000,000 USD minimum purchase order to manufacture and distribute these products.
- The Issuer is continuing efforts to plant its first 13 acres of hemp in Michigan under the previously announced Cultivation license.
- The Issuer's distribution asset, Desert Zen, continues to operate and provide services for third-party and in-house brands. The team is expanding its reach to additional dispensaries in central and southern California.

- The Issuer's Arizona CBD manufacturing facility is operational and is continuing to provide third-party manufacturing services and continues to work towards GMP certification.

Puerto Rico

- The Issuer continues to work closely with PR ONE to meet the previously announced \$6,000,000 USD annual minimum purchase order.
- Natural Ventures has increased its previously announced cultivation area to yield in excess of 9,000 lbs per year. This expansion allows Natural Ventures to fulfill the previously announced agreements with third-party brands.
- Natural Ventures has completed the previously announced LED lighting upgrade in partnership with VividGro. This allows the Issuer to conduct cultivation operations with greater efficiency and reduced energy costs.
- Natural Ventures operations have not been affected by recent unrest and protest in the area and is working with authorities to ensure the Issuer is in compliance and does not experience any delays in production.

Colombia

- La Finca is on track to increase its land package by 10,000 acres within the next three years. To accomplish this, the Issuer continues to increase its seed stock to ensure it is able to significantly increase the planted acreage.
- La Finca has commenced Agronomic Evaluations in three of the twelve subregions defined by the ICA (Ministry of Agriculture). This is a necessary step as a prerequisite for obtaining commercial cultivar certification per seed type on each of the 12 subregions. Within six months La Finca expects to have completed all requirements in order to start its propagation plan. The PEAS are being conducted jointly with Universidad Nacional and closely supervised by ICA.
- La Finca's plan remains on track for both the extraction and cosmetics manufacturing lab. The facilities are being constructed under GMP and EU GMP standards in preparation for future exports to International markets. La Finca's facilities are strategically located next to Bogotá's international airport, considered a major hub for international flights connecting the Americas and Europe as well as the Caribbean.
- La Finca is working closely with regulators and is on track to obtain THC cultivation and manufacturing of THC derivatives licenses. This allows the Issuer to partake in one of the fastest growing medical Cannabis markets in the world as a potential supplier of CBD and THC raw materials and finished products.

The Issuer remains in a stable financial position with access to \$32,625,000 in drawdown equity facilities.

The above news releases can be viewed under the Issuer's profile on SEDAR (www.sedar.com) and 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 July 2019.

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 July 2019.

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.

Please see Item 2 regarding the Issuer's manufacturing agreement with PR ONE and partnership with Happy Tea.

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 July 2019.

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 July 2019.

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

None to report during the month of July 2019.

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 July 2019.

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 July 2019.

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

None to report during the month of July 2019.

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 July 2019.

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

None to report during the month of July 2019.

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

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	1,000,000	Issuance date: July 3, 2019	General working capital (operations)
Common Shares	100,000	Issuance date: July 4, 2019	General working capital (operations)
Common Shares	157,495	Issuance date: July 12, 2019	General working capital (operations)

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

None to report during the month of July 2019.

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

During the month of July 2019, Dr. Joshua Hartsel joined the Issuer in the capacity of Chief Science Officer.

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 May 30, 2019 (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) and on the Issuer's Disclosure Page 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 August 6, 2019

Eli Dusenbury
Name of Director or Senior Officer

/s/ Eli Dusenbury
Signature

Chief Financial Officer
Official Capacity

<i>Issuer Details</i>	For Month End	Date of Report
Name of Issuer Chemesis International Inc.	July 2019	YY/MM/DD 19/08/06
Issuer Address Suite 2710, 200 Granville Street Vancouver, British Columbia, V6C 1S4	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
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