



Chemesis International Inc. to Acquire 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 5, 2019

Vancouver, BC – Chemesis International Inc. (CSE: [CSI](#)) (OTC: [CADMF](#)) (FRA: [CWAA](#)) (the “Company” or “Chemesis”), announces that it has entered into binding share exchange agreements (the “Share Exchange Agreements”) with certain shareholders (“Selling Shareholders”) of [GSRX Industries Inc.](#) (“GSRX”) (OTCQB: [GSRX](#)) (the “Acquisition”), pursuant to which the Company will acquire an aggregate of 42,634,124 common shares and 1,000 preferred shares of GSRX, in exchange for an aggregate of 18,915,738 Chemesis common shares to be issued to the Selling Shareholders (“Chemesis Consideration Shares”). Together with the GSRX common shares already held by the Company, completion of the Acquisition will result in the Company holding an aggregate of 54,301,122 common shares and 1,000 preferred shares of GSRX. The preferred shares carry, in aggregate, 51% of all outstanding share voting rights of GSRX. Accordingly, upon completion of the Acquisition, the Company will hold an aggregate 66.29% of all outstanding share voting rights. The Chemesis Consideration Shares shall be subject to a 36-month lock out schedule.

The Company has retained INFOR Financial Inc. as a financial advisor with respect to the Acquisition. Completion of the Acquisition is expected to occur prior to August 31, 2019.

Upon acquiring a controlling interest in GSRX pursuant to the Acquisition, Chemesis will effectively be a fully vertically-integrated, multi-state operator with assets in six states which includes California, Tennessee, Arizona, Michigan, Texas, and Puerto Rico, with significantly-enhanced consolidated gross revenue projections, estimated to be approximately \$75,000,000 USD for the 2020 calendar year (on a fully consolidated basis) (“Estimated Revenue Projection”).

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, including Nashville, 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 2600 square feet of building space there. Approximately 1 million residents in the surrounding communities are expected to help secure a strong customer base for both medical and adult use cannabis products.

“GSRX has built an incredibly strong portfolio of retail and manufacturing assets and the company is realizing growth in all aspects of its operations,” stated Chief Executive Officer of Chemesis, Edgar Montero. The Company is incredibly excited about this acquisition and believes it will be highly accretive in terms of the potential to realize efficiencies and complement the strengths of each company’s respective business lines.”

The Company notes that the Estimated Revenue Projection is provided in order to furnish readers with information as to the potential revenue generation potential of the Company and GSRX on a consolidated basis, as the same was an important consideration for the Company in pursuing the Acquisition and in arriving at a value for the GSRX shares being acquired. While the Company believes that the assumptions on which the Estimated Revenue Projection are based are reasonable in the circumstances, readers are reminded that the information is forward-looking in nature, and, therefore, inherently subject to uncertainty, and that such information may not be appropriate for other purposes.

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 Acquisition completing by August 31, 2019, the ability of the Company to integrate its operations with GSRX, the Estimated Revenue Projection, 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, and, in regard to the Estimated Revenue Projection, that such information may not be appropriate for any purpose other than outlined above. 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 complete as anticipated by August 31, 2019, or at all, that the Company will not be able to integrate its operations with those of GSRX upon completion of the Acquisition, that the Estimated Revenue Projection will not be achieved, 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

