



CSE: PRIM
FSE: 1WZ:GR
OTC: PEMTF

PRIMARY ENERGY METALS TO ACQUIRE COLOMBIAN LICENSED PRODUCER

VANCOUVER, BC, CANADA (July 11, 2019) – **Primary Energy Metals Inc. (CSE-PRIM FSE: 1WZ:GR OTC: PEMTF)** (the “**Company**”) is pleased to announce that it has completed its initial due diligence review of NNZ Consulting Corp. (“**NNZ**”). Following the review, the board of directors has resolved to move forward with the acquisition of NNZ (the “**Transaction**”), and has entered into a comprehensive letter of intent with NNZ, dated effective July 8, 2019, in furtherance of the Transaction. NNZ is a privately-held company which, through its subsidiary, Ihuana SAS (“**Ihuana**”), is licensed to cultivate, produce and distribute cannabidiol (“**CBD**”) based medical grade cannabis in Colombia. Ihuana SAS is seeking to become a large scale producer of naturally grown premium quality non-psychoactive cannabis, with its primary operations centralized in the Bogota savannah in central Colombia.

Colombia has recently adopted progressive laws on the cultivation and sale of medical cannabis, and is expected to pass new legislation on the taxation of CBD, opening the door for international exportation. At the same time, Colombia has the ideal climate for cultivation, demonstrated by a robust agricultural industry. Low labour and construction costs coupled with an established infrastructure for agricultural exports allows for Colombia to produce cannabis efficiently and inexpensively.

In consideration for the acquisition of NNZ, the Company proposes to issue 40,000,000 common shares (the “**Consideration Shares**”) to the existing shareholders of NNZ. A portion of the Consideration Shares may be subject to an escrow arrangement in accordance with the policies of the Canadian Securities Exchange (the “**Exchange**”). The Company also proposes to issue 4,000,000 common shares (the “**Finders’ Fee Shares**”) to certain arms’-length third-parties who assisted in introducing the Transaction to the Company, as well as 800,000 common shares (the “**Advisory Fee Shares**”) to a contractor, as consideration for certain corporate finance advisory services provided to the Company. The Finders’ Fee Shares, and the Advisory Fee Shares, will be subject to a four-month-and-one-day statutory hold period in accordance with applicable securities laws. The Company is not expected to assume any long-term liabilities in connection with the Transaction, but will assume responsibility for all ongoing obligations of NNZ.

In connection with completion of the Transaction, the Company intends to undertake a non-brokered private placement (the “**Financing**”) through the offering of up to 11,666,667 subscription receipts (each, a “**Receipt**”) at a price of \$0.30 per Receipt for gross proceeds of \$3,500,000. The proceeds from the Financing will be held in escrow pending completion of the Transaction. Upon completion of the Transaction, each Receipt will automatically be converted into one unit (each, a “**Receipt Unit**”) of the Company. Each Receipt Unit will consist of one common share of the Company, and one common share purchase warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.60 for a period of twenty-four months from completion of the Transaction. The Company may pay finders’ fees to eligible parties who have assisted the Company in introducing subscribers to the Financing. All securities issued in connection with the Financing will be subject to a four-month-and-one-day statutory hold period in accordance with applicable securities laws.



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Prior to completion of the Transaction, the Company intends to offer a credit facility (the “**Facility**”) to NNZ to finance the operating capital requirements of NNZ prior to completion of the Transaction. It is expected that total advances under the Facility will be limited to \$250,000, and that the Facility will accrue interest at a rate of ten percent per annum. The Facility will be secured against a general charge over all of the assets of NNZ, and will be repayable within ninety days in the event the Transaction does not proceed.

Upon completion of the Transaction, the Company will focus its efforts on the existing business of NNZ, and will change its name to reflect its activities in the South American cannabis sector. No changes to the board of directors or management of the Company are anticipated in connection with the Transaction.

The Transaction constitutes a “Fundamental Change” for the Company under the policies of the Exchange. Pending completion of filings with the Exchange in connection with the Transaction, trading in the Company’s common shares has been halted at the request of the Company. It is anticipated that trading will remain halted until the Transaction has been completed.

Completion of the Transaction is subject to a number of conditions, including the completion of the Financing, the approval of the shareholders of the Company, and the approval of the Exchange. The Transaction cannot be completed until these conditions are satisfied, and there can be no assurance that the Transaction will be completed in a timely fashion, or at all. Further information concerning the Transaction, including financial information for NNZ and Ihuana, will be available in the listing statement being prepared by the Company for filing with the Exchange. Once complete, a copy of the listing statement will be available for review under the Company’s profile on SEDAR (www.sedar.com).

ON BEHALF OF THE BOARD OF DIRECTORS

PRIMARY ENERGY METALS INC.

Joel Shacker
Chief Executive Officer

For further information, readers are encouraged to contact Patrick Morris, Director, at 604.761.8597 or by email at info@primaryenergymetals.com

Completion of the Transaction is subject to a number of conditions, including acceptance of the Canadian Securities Exchange. The Transaction cannot close until the required approvals are obtained, and the outstanding conditions are satisfied. There can be no assurance that the Transaction will be completed as proposed or at all. Investors are cautioned that any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Company should be considered highly speculative. The Canadian Securities Exchange has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this press release.



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This news release may contain certain “Forward-Looking Statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities laws. When or if used in this news release, the words “anticipate”, “believe”, “estimate”, “expect”, “target”, “plan”, “forecast”, “may”, “schedule” and similar words or expressions identify forward-looking statements or information. These forward-looking statements or information may relate to the proposed Transaction, the anticipated business activities of NNZ and Ihuana, the terms of any financing of the Company to be completed in connection with the Transaction, the reliability of third party information and other factors or information. Such statements represent the Company’s current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social risks, contingencies and uncertainties. For the purposes of such statements, the Company has assumed the regulatory regime in place in Colombia will continue to permit Ihuana to cultivate and distribute CBD, and that the Company will be able to obtain the financing necessary to complete the Transaction on terms acceptable to the Company. Many factors, both known and unknown, could cause results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking statements. Such factors include changes to the regulatory regime in Colombian with respect to the cultivation and distribution of CBD, the ability of the Company to complete the Financing on terms acceptable to the Company, and the receipt of regulatory and shareholder approvals necessary for completion of the Transaction. The Company does not intend, and does not assume any obligation, to update these forward-looking statements or information to reflect changes in assumptions or changes in circumstances or any other events affecting such statements and information other than as required by applicable laws, rules and regulations.