



Suite 1220 – 789 West Pender Street  
Vancouver, BC, Canada V6C 1H2  
Telephone (604) 683-3995  
Facsimile (604) 683-3988  
Toll Free: 1 888 945-4770  
www.geonovusminerals.com

## **GEONOVUS SIGNS DEFINITIVE AGREEMENT WITH URUGUAY COMPANY & PURSUES THE DEVELOPMENT AND COMMERCIALIZATION OF CANNABINOIDS**

**September 18<sup>th</sup> 2014, VANCOUVER, B.C. – GEONOVUS CORP. (GNM – CSE) (“GeoNovus” or the “Company”)** is pleased to announce it has signed definitive agreements with a private Uruguay “SA” company and its principal Julian Strauss, both of whom are actively working in multiple areas of the cannabinoid sciences, industrial hemp and medical marijuana industries in that country, such that GeoNovus will continue their work. Pursuant to the agreements, GeoNovus will acquire all of the current assets of the private Uruguayan SA company and those of its principal that are used in their work in that field, and Strauss will provide his consulting services to GeoNovus.

Based on these agreements, GeoNovus will establish operations in Uruguay with a goal to produce intellectual property “IP” patents for licensing globally through the development of cannabinoid, industrial hemp and medical marijuana-based products. GeoNovus anticipates that these operations will include the evaluation of multiple business opportunities in that country, including:

- Third party cannabis research for international companies in the medical marijuana, biotech and health sectors
- Cannabinoid sciences and IP product development (CBD/THC)
- Industrial hemp plantations for export from Uruguay
- Medical marijuana testing and trials to prove efficacy of cannabis-based therapies
- Industrial hemp research and application development

While Canada has allowed limited use of medical marijuana and hemp in recent years and certain states in the US have moved toward legalization, Uruguay recently became the first nation in the world to fully legalize the sale, cultivation, distribution, research and consumption of cannabis.

### *Agreement Terms*

GeoNovus president Mike England states, “Signing this definitive agreement gives GeoNovus an ability to hand pick cannabinoid, marijuana and industrial hemp opportunities in Uruguay. We are conducting extensive due diligence to determine the highest priority target businesses with a view to bringing early stage revenue and making the best use of the opportunities available, including working with North American-based partners that currently find their research and product development restricted by existing US and Canadian legislation. We believe that Uruguay offers one of the best operating environments in the world for marijuana and hemp cultivation, distribution and research.”

Pursuant to the agreements, GeoNovus will pay to the vendors an aggregate total of \$70,000 over a 90 day period, and will issue common shares to Strauss based on the achievement of established milestones, such that, if all of the milestones are completed within a three year period, Strauss will receive 18% of the then issued and outstanding common shares. Strauss will also receive a 15% royalty on net profits received by GeoNovus from the sale of any products based on intellectual property developed by Strauss during his consulting tenure with GeoNovus. Strauss will also be entitled to nominate an individual for election to GeoNovus' board, will receive a consulting fee, and be granted a right of first offer to

manufacture, distribute and sell any products developed during his consulting tenure with GeoNovus relating to construction materials or systems in Argentina, Brazil, Paraguay, Uruguay and Venezuela.

In the event that GeoNovus should terminate its relationship with Strauss during the first year of its term, it will transfer all of the assets acquired back to Strauss, and Strauss will receive an accelerated payout of his consulting fee, and options to acquire that number of common shares that is equal to 2.5% of the then issued and outstanding common shares, with an exercise price equal to the greater of \$0.15 per share or the minimum exercise price allowable under CSE policies, for a period of 2 years, excepting that such options will automatically terminate if the trading price of GeoNovus' common shares reach \$2.00 per share or greater.

### *Uruguayan Operations*

GeoNovus will focus on four main objectives during initial operations in Uruguay:

#### Establish hemp farm for export market and research

- 30 acre plantation of varying Hemp genetics for R&D
- Retain doctors, engineers, workers

#### Produce and patent hemp and marijuana IP research and products

- Hemp and marijuana oil production & testing
- Hemp fiber and hurd production
- Chemical, mechanical and spectroscopic characterization

#### Develop IP and commercial feasibility for CBD prototypes

- Establish proprietary systems for plant genetics, fiber decortication, seed cake, hurd production, micro-encapsulation, delivery method, separation of nano-fibers, cellulose extraction.

#### Cultivate Private-Public Partnerships

- Creation of Cannabis interdisciplinary group composed of international professionals in cooperation with the Universidad de la Republica
- Establish scientific body in Uruguay to consult and contract Mercosur countries willing to develop cannabis products and derivatives.
- Assist in crafting the regulatory future framework of the industry through legal and political lobby.

### *About Uruguay*

#### **Cannabis Regulation Comparison Chart**

<b>Regulatory Framework</b>	<b>USA</b>	<b>Canada</b>	<b>Uruguay</b>
Full Spectrum Cannabinoid R&D	No	No	Yes
Industrial Hemp Commercialization	Limited	Limited	Yes
Legalized Marijuana Use	Limited	Limited	Yes
Government Partnerships	No	No	Yes
Established Growers Clubs	Limited	Limited	Yes
Local Expertise	Limited	Limited	Yes

On December 10 2013 Uruguay became the first country in the world to legalize the sale, cultivation, distribution and consumption of cannabis (marijuana). Uruguay's legalization of cannabis reflects a growing worldwide urge to find new and less violent solutions to drug trafficking. In May 2014, government spokesperson Diego Cánepa said, "it's about creating rules that will refocus government

efforts on prevention and taking the market from the hands of ruthless drug traffickers that only care about money”.

Under the new law, people are allowed to buy up to 40 grams (1.4 oz) of cannabis from the Uruguayan government each month. Users have to be 18 or older and be registered in a national database to track their consumption. With the help of state-of-the-art technology, authorities track every gram of marijuana sold, according to Cánepa. Bags will be bar-coded. The genetic information of plants that are legally produced will be kept on file. This will allow police to determine whether illegal marijuana is being commercialized.

Cánepa goes on to report that despite the development of the domestic Uruguay market as a priority, several representatives from countries like Israel, Canada and Chile have contacted them to enquire about importing prospects. “It was not the law’s intention to regulate international trade of marihuana, but Uruguay is open and enthusiastic at the possibility,” said Cánepa to Uruguayan newspaper La Red 21.

For international labs experimenting with the potential use of marijuana, Uruguay could be a potential answer for raw material – particularly now that the Netherlands, a traditional provider of the plant, cannot meet the international demand, and with restrictions on research in North America.

Several companies have even expressed interest to open an investigation plant in Uruguay. “It would be a challenge, if labs were to open installations in Uruguay,” said Cánepa. “It goes beyond what the law previewed, but it would turn Uruguay into a biotechnology center. That is a huge step forward.”

Uruguay is not alone in the opening up of laws to the legit consumption of the substance. The United States has started striding towards an inclusive legislation, starting with Colorado,

In the United States marijuana is now legal in Colorado and Washington where as of January 1<sup>st</sup> started selling weed in authorized stores. The state of New York announced recently that it was "set to loosen marijuana laws," aiming at allowing small, controlled doses of the drug for medical reasons.

The ArcView Group, an investing and market research firm for high-net-worth investors based in San Francisco, estimates the US national legal market (including recreational and medical marijuana) at \$1.53-billion in 2013 and expects it to grow to \$2.57-billion by the end of 2014, with marijuana sales in Washington and Colorado pulling in \$316-million and \$802-million, respectively. ArcView says the national market could reach \$10.2-billion in five years.

Recent changes in Canadian medical marijuana licensing could allow for licensed producers (LP’s) to grow on a larger, commercial scale with the introduction of the new MMPR licenses. The industrial hemp industry is also currently undergoing significant reform with more and more agricultural land zoned for growing industrial hemp year over year. This emerging global multibillion-dollar industry is in the process of significant regulatory and legal reform that offers participants an explosive growth opportunity.

For further information please contact: 604-683-3995 or [info@geonovusminerals.com](mailto:info@geonovusminerals.com)

*ON BEHALF OF THE BOARD*

*Michael England*

President

**CONTACT INFORMATION**

Suite 1220 – 789 West Pender Street  
Vancouver, British Columbia, V6C 1H2  
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**Forward-Looking Statement**

*Some of the statements in this news release contain forward-looking information, including with respect to the Company's anticipated operations in Uruguay, the Uruguayan cannabis, industrial hemp and medical marijuana industries, the Canadian medical marijuana industry and the US marijuana industry that involves inherent risk and uncertainty affecting the business of the Company, including risks regarding operations in a foreign country. Actual results may differ materially from those currently anticipated in such statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur, or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations and assumptions which may prove to be incorrect. The forward-looking information is provided as at the date of this news release.*

**Information References**

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