

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1 Name and Address of Company

Chemesis International Inc. (“**Chemesis**” or the “**Company**”)
Suite 2710, 200 Granville Street
Vancouver, British Columbia, V6C 1S4

Item 2 Date of Material Change

September 11, 2019

Item 3 News Release

The news release attached hereto as Schedule “A” announcing the material change described herein was disseminated through the news dissemination services of GlobeNewswire on September 11, 2019.

Item 4 Summary of Material Change

The Company announced its subsidiary, Natural Ventures PR LLC, has entered into an agreement to purchase three cannabis dispensary operations (the “**Dispensaries**”) in Puerto Rico from Caribbean Green LLC (“**Caribbean Green**”) in exchange for \$1.3 million USD in cash over 24 months. The Dispensaries are currently operating under the Caribbean Green brand and will generate approximately \$3,600,000 USD in revenues for calendar 2019.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Please see the news release attached as Schedule “A” for a full description of the material change.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on Subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

Eli Dusenbury, Chief Financial Officer
Telephone: 604-398-3378

Item 9 Date of Report

September 19, 2019

SCHEDULE "A"



Chemesis International Inc. Enters into an Agreement to Purchase Three Dispensary Operations in Puerto Rico

Chemesis now operates eleven dispensaries in Puerto Rico & the United States, with an additional seven dispensaries in various stages of development

September 11, 2019

Vancouver, BC – Chemesis International Inc. (CSE: [CSI](#)) (OTC: [CADMF](#)) (FRA: [CWAA](#)) (the "Company" or "Chemesis"), announces that its subsidiary, Natural Ventures PR LLC ("Natural Ventures"), has entered into an agreement to purchase (the "**Acquisition**") three cannabis dispensary operations (the "**Dispensaries**") in Puerto Rico from Caribbean Green LLC ("**Caribbean Green**") in exchange for \$1.3 million USD in cash over 24 months. The Dispensaries are currently operating under the Caribbean Green brand and will generate approximately \$3,600,000 USD in revenues for calendar 2019.

The Dispensaries are located near the major city of San Juan, in the areas of Carolina, Guaynabo and Condado. The Dispensaries are in high foot-traffic areas, populated throughout the year by numerous tourists visiting through the island's largest port and airport. The island sees over 4 million tourists each year and has steadily seen an increase in visitors over the past decade¹.

The Company will now own eight dispensaries in Puerto Rico, with an additional five pre-qualified dispensaries that are in various stages of development. In the United States, the Company owns three retail stores and has two additional dispensaries located in Palm Springs and Riverbank, California, which are expected to be online by calendar Q1 2020. With this acquisition, the Company will be operating eleven dispensary retail stores in Puerto Rico and the United States, and expects to have an additional seven stores opened by the end of calendar Q1 2020.

"Chemesis's subsidiary Natural Ventures continues to solidify itself as the largest vertically integrated cannabis operator in Puerto Rico," said Chief Executive Officer, Edgar Montero. "With the acquisition of three additional dispensaries the Company will further increase its exposure to the retail cannabis business. Acquiring additional dispensaries fits within Chemesis's strategic plan to ensure our manufactured products and brands receive priority retail exposure."

On Behalf of The Board of Directors

Edgar Montero
CEO and Director

¹ [International Tourism Highlights](#)



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 that 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.

Investor Relations:

ir@chemesis.com

1 (604) 398-3378

Social Media:

[Chemesis.facebook](#)

[Chemesis.twitter](#)

[Chemesis.instagram](#)

[DesertZen.instagram](#)

[GreenSpiritRX](#)

Forward-Looking Information: *This news release contains "forward-looking information" within the meaning of applicable securities laws relating to statements regarding the Acquisition, the Company's business, products and future of the Company's business, its product offerings and plans for sales and marketing. Although the Company believes that the expectations reflected in the forward-looking information are reasonable, 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. Such 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 may not be completed as contemplated, or at all, the Company's products and plan will vary from those stated in this news release and the Company 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, there can be no assurance that such expectations will prove to be correct and makes no reference to profitability based on sales reported. 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