



## Chemesis International Inc. Announces Proposed Spin-out of La Finca

April 27, 2020

**Vancouver, BC – Chemesis International Inc.** ([CSE: CSI](#)) ([OTC: CADMF](#)) ([FRA: CWAA](#)) (the “Company” or “Chemesis”), is pleased to announce its intention to spin out La Finca Interactiva-Arachna MED SAS (“**La Finca**”), its integrated Colombian cannabis company, into a wholly-owned subsidiary, 1247262 B.C. Ltd. (“**SpinCo**”) through a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**Arrangement**”). Upon completion of the Arrangement, La Finca will become a wholly-owned subsidiary of SpinCo.

The Arrangement is designed to deliver greater value to the shareholders of Chemesis (the “**Chemesis Shareholders**”) by unlocking the value in the Company’s assets in Colombia, currently held by La Finca, by transferring such assets into a separate entity and managing accordingly. SpinCo will also look to compete in the Latin American cannabis industry as regulations continue to develop in the area.

Upon completion of the Arrangement, SpinCo will hold a 100% interest in the Colombian assets held by La Finca, and Chemesis will concentrate its efforts on the advancement of its cannabis operations in the US and Puerto Rico.

### The Arrangement

The Arrangement will include a transfer by Chemesis of 100% of the issued and outstanding common shares of La Finca to SpinCo. Pursuant to the Arrangement, Chemesis intends to distribute 100% of the common shares of SpinCo (each, a “**SpinCo Common Share**”) it receives to Chemesis Shareholders on a pro rata basis. Chemesis Shareholders will be entitled to receive one SpinCo Common Share for every one common shares of Chemesis (each, a “**Chemesis Common Share**”) held as of the effective date of the Arrangement. There will be no change in shareholders’ holdings in Chemesis as a result of the Arrangement.

Each outstanding stock option of Chemesis (a “**Chemesis Option**”) will be deemed to be exchanged for one fully-vested replacement stock option of Chemesis (a “**Chemesis Replacement Option**”) and one fully-vested stock option of SpinCo (a “**SpinCo Option**”), with the same terms as the Chemesis Option. Each SpinCo Option will be exercisable to purchase one SpinCo Common Share. Restricted share right of Chemesis (a “**RS**”) will be deemed to be exchanged for such number of Chemesis Common Shares and SpinCo Common Shares (rounded down to the nearest whole number of SpinCo Common Shares, as applicable) as the holders of such RSs would have been entitled to receive had the RSs been redeemed immediately prior to the effective date of the Arrangement, subject to any necessary withholdings/deductions.

Each outstanding common share purchase warrant of Chemesis (a “**Chemesis Warrant**”) will be deemed to be exchanged for one fully-vested common share purchase warrant of Chemesis (a “**Chemesis Replacement**”).





**Warrant**") and one fully-vested common share purchase warrant of SpinCo (a "**SpinCo Warrant**"), with the same terms as the Chemesis Warrants. Each SpinCo Warrant will be exercisable to purchase one SpinCo Common Share.

No fractional Spinco Common Shares will be distributed in connection with the Arrangement, as a result, any fractional amounts arising under the Arrangement will be rounded down to the nearest whole number of SpinCo Common Shares without any compensation therefor.

The Arrangement is subject to final court approval, as well as approval by not less than two-thirds of the votes cast at the annual general and special meeting (the "**Meeting**") of Chemesis Shareholders, which the Company anticipates scheduling for the second half of 2020. Full details of the Arrangement will be included in the management information circular to be sent to Chemesis Shareholders in connection with the Meeting.

Mr. Eli Dusenbury currently serves as the sole director, President and CEO of the SpinCo.

Following completion of the Arrangement, the Company intends to apply for a listing of SpinCo Common Shares on the Canadian Securities Exchange ("**CSE**"). Any such listing will be subject to SpinCo fulfilling all of the requirements of the CSE.

#### **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 that cater to a wide community of cannabis consumers, with focus on quality and consistency.

Chemesis has facilities in both Puerto Rico and California. 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:**

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***Forward-Looking Information:** This news release contains "forward-looking information" within the meaning of applicable securities laws. Generally, forward-looking information can frequently, but not always, be identified by use of forward-looking*





terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results "will", "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotations thereof. All statements other than statements of historical fact may be forward-looking statements. Forward looking-information in this news release includes, but is not limited to, statements with respect to completion of the Arrangement; benefits of the Arrangement; obtaining Chemesis Shareholder and final court approval of the Arrangement; the listing of SpinCo Common Shares on the CSE; the Company's ability to advance its cannabis operations in the US and Puerto Rico; SpinCo's ability to obtain licenses and expand operations to compete in additional jurisdictions in Latin America; the composition of SpinCo's management and board of directors; anticipated Meeting date; the timing for mailing of an information circular; and holding the Meeting and completing the Arrangement. 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 information is subject to risks and uncertainties that may cause actual results, performance and developments to differ materially from those contemplated by the forward-looking information, such as the risk of the Company not obtaining court or Chemesis Shareholder approvals to proceed with the Arrangement; the risk that the Arrangement will not be completed; the risk of unexpected tax consequences to the Arrangement; risks of the market valuing the Company and SpinCo in a manner not anticipated by the Company; risks relating to the benefits of the Arrangement not being realized or as anticipated; risks relating to the expansion of SpinCo's operations in Latin America not being realized or as anticipated; and risks relating to the Company's advancement of its cannabis operations in the US and Puerto Rico not being realized or as anticipated. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. Except as required by law, the Company expressly disclaims any obligation and does not intend, to update any 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*