

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

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

Item 2 Date of Material Change

May 8, 2020

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 Stockwatch and Market News Publishing on May 8, 2020.

Item 4 Summary of Material Change

The Company announced its subsidiary, Natural Ventures PR, LLC (“**NVPR**”), has entered into an option agreement (the “**Option Agreement**”) with GSRX Industries Inc. (“**GSRX**”), pursuant to which GSRX granted an option (the “**Option**”) to NVPR to acquire 100% of the issued and outstanding membership interest of GSRX’s wholly-owned subsidiary, Project 1493, LLC (the “**1493 Membership Interest**”). Project 1493, LLC holds all of GSRX’s Puerto Rican dispensaries. In connection with the Option Agreement, the Company has paid USD\$25,000 to GSRX (the “**Initial Cash Payment**”) and has waived the 36-month leak-out in respect of the 729,187 common shares of Chemesis currently held by GSRX (please see news release dated April 1, 2019).

The right of NVPR to exercise the Option is conditional upon NVPR performing, or causing to be performed by the Company, the following milestones (the “**Milestones**”) within the applicable timelines: (a) issuing to GSRX 5,190,000 common shares in the capital of the Company (the “**Chemesis Shares**”) within 10 months, such Chemesis Shares will be subject to a 36-month leak-out schedule; and (b) paying US\$2,475,000 to GSRX within 15 months.

Upon Exercise of the Option, NVPR and GSRX shall enter into a royalty agreement, pursuant to which NVPR shall grant to GSRX a revenues interest royalty and the right to receive payments in respect thereof equal to five percent (5%) of the revenues realized by NVPR from the operations of 1493 in Puerto Rico for a period of five years.

The Company also announced it has entered into an amended and restated loan agreement with Andalucia 511, LLC pursuant to which the Company has agreed to pay to Andalucia 511, LLC \$277,839.43, by November 6, 2020.

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

May 11, 2020

SCHEDULE "A"



Chemesis International Inc. Announces Natural Ventures PR, LLC has entered into an Option Agreement to Acquire Project 1493, LLC

May 8, 2020

Vancouver, BC – Chemesis International Inc. (CSE: CSI) (OTC: CADMF) (FRA: CWAA) (the “**Company**” or “**Chemesis**”) is pleased to announce that its subsidiary, Natural Ventures PR, LLC (“**NVPR**”), has entered into an option agreement (the “**Option Agreement**”) with GSRX Industries Inc. (“**GSRX**”), pursuant to which GSRX granted an option (the “**Option**”) to NVPR to acquire 100% of the issued and outstanding membership interest of GSRX’s wholly-owned subsidiary, Project 1493, LLC (the “**1493 Membership Interest**”). Project 1493, LLC holds all of GSRX’s Puerto Rican dispensaries. In connection with the Option Agreement, the Company has paid USD\$25,000 to GSRX (the “**Initial Cash Payment**”) and has waived the 36-month leak-out in respect of the 729,187 common shares of Chemesis currently held by GSRX (please see news release dated April 1, 2019).

The right of NVPR to exercise the Option is conditional upon NVPR performing, or causing to be performed by Chemesis, the following milestones (the “**Milestones**”) within the applicable timelines: (a) issuing to GSRX 5,190,000 common shares in the capital of Chemesis (the “**Chemesis Shares**”) within 10 months, such Chemesis Shares will be subject to a 36-month leak-out schedule; and (b) paying US\$2,475,000 to GSRX within 15 months.

Immediately upon NVPR completing, or causing Chemesis to complete, as the case may be, each of the aforementioned Milestones within the respective timelines set out above, NVPR will be deemed to have acquired all of the 1493 Membership Interest (“**Exercise of the Option**”).

Upon Exercise of the Option, NVPR and GSRX shall enter into a royalty agreement (the “**Royalty Agreement**”), pursuant to which NVPR shall grant to GSRX a revenues interest royalty and the right to receive payments in respect thereof equal to five percent (5%) of the revenues realized by NVPR from the operations of 1493 in Puerto Rico for a period of five years.

Prior to the Exercise of the Option, either NVPR or GSRX may terminate the Option Agreement upon delivering notice to the other of its intention to terminate. If GSRX elects to terminate, then NVPR will not acquire any interest in 1493 and GSRX must, as a condition precedent to such election: (i) return all cash payments it received under the terms of the Option Agreement; (ii) return the Chemesis Shares (if any) it received under the terms of the Option Agreement; and (iii) pay to Chemesis a break fee of US\$100,000. If NVPR elects to terminate, then NVPR will not acquire any interest in 1493 and GSRX will be entitled to keep the Initial Cash Payment. Subject to termination of the Option Agreement as described above, the term of the Option is 15 months after the Effective Date.

The Option shall be secured by way of the grant of a security interest in the membership interests of Project 1493, LLC in favour of NVPR.

The Company is also pleased to announce that it has entered into an amended and restated loan agreement with Andalucia 511, LLC pursuant to which the Company has agreed to pay to Andalucia 511, LLC \$277,839.43, by November 6, 2020 (the “**Loan**”).

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 operates a portfolio of brands that cater to a wide community of cannabis consumers, with a focus on quality and consistency. Chemesis has facilities in both Puerto Rico and California.

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, including with respect to the potential exercise of the Option and completion of Milestones related thereto and the repayment of the Loan. 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 Milestones within the mandated timelines, the Exercise of the Option, the acquisition of the 1493 Membership Interest by NVPR, the entering into the Royalty Agreement and the repayment of the Loan. 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 that NVPR or Chemesis, as applicable, will not be able to complete the Milestones within the mandated timelines and the risk that Chemesis will not be able to repay the Loan within the mandated timelines or at all. 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.