

DEBT SETTLEMENT AGREEMENT

THIS DEBT SETTLEMENT AGREEMENT made effective as of April 12, 2019

B E T W E E N: Note: personal / private / sensitive information



- and -

Note: private / personal sensitive information

CHEMESIS INTERNATIONAL INC., a corporation with an office at Suite 2710, 200 Granville Street, Vancouver, B.C. V6C 1S4 (hereinafter referred to as the “**Corporation**”)

WHEREAS the Creditor holds a promissory note from the Corporation (“**Promissory Note**”) which evidences indebtedness of the Corporation to the Creditor in the aggregate amount (including, for the avoidance of doubt the full principal amount and any and all interest owing thereon as at the date hereof) of **Six Hundred Eighty-Seven Thousand, Five Hundred Dollars (\$687,500.00)** (the “**Indebtedness**”);

AND WHEREAS the Corporation has requested that the Creditor accept **513,059.7** Common Shares (as defined herein) in full and final satisfaction of all of the Indebtedness, on the terms set out herein;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the premises and agreements herein contained, it is mutually declared, covenanted and agreed by and between the Parties as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Applicable Law**” means all applicable provisions of laws, statutes, rules, regulations, ordinances, official directives, treaties and orders of all governmental bodies (including those of constitutional, federal, provincial, state, local, municipal, foreign, international, and multinational origins) and judgments, orders and decrees of all courts, arbitrators, commissions, administrative tribunals, or bodies exercising similar functions (including the principles of common law resulting therefrom);
- (b) “**Business Day**” means any day except Saturdays, Sundays or statutory holidays in British Columbia or any other day on which the principal chartered banks in the City of Vancouver, British Columbia are closed for business;
- (c) “**Common Shares**” means common shares in the capital of the Corporation;
- (d) “**Exchange**” means the Canadian Securities Exchange;
- (e) “**Governmental Authorities**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations,

courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
- (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
- (f) **“Party”** means a party to this Agreement and **“Parties”** means both of them;
- (g) **“Person”** means any individual, body corporate, partnership, trust, trustee, executor, administrator, legal representative, unincorporated organization, union, or governmental body; and,
- (h) **“this Agreement”, “herein”, “hereto”, “hereof”, “Agreement”** and similar expressions mean and refer to this Debt Settlement Agreement.

1.2 Headings

The expressions “Article”, “Section”, “Subsection”, “Clause”, “Subclause” and “Paragraph” followed by a number or letter or combination thereof mean and refer to the specified article, section, subsection, clause, subclause and paragraph of or to this Agreement.

1.3 Interpretation Not Affected By Headings

The division of this Agreement into Articles, Sections, Subsections, Clauses, Subclauses and Paragraphs and the provision of headings for all or any thereof are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Party Drafting Agreement

The Parties acknowledge that they have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

ARTICLE 2
AGREEMENTS AND DELIVERIES

2.1 Creditor Agreements and Deliveries

In consideration of the Corporation agreeing to issue **513,059.7** Common Shares to the Creditor at a deemed price of \$1.34 per Common Share, the Creditor hereby subscribes for and agrees to accept the aforementioned Common Shares in full and final satisfaction of the Indebtedness.

2.2 Corporation Agreements and Deliveries

In consideration of the Creditor’s agreement to accept **513,059.7** Common Shares at a price of \$1.34 per Common Share in full satisfaction of the Indebtedness, the Corporation hereby agrees to issue Common Shares to the Creditor in full and final satisfaction of the Indebtedness.

2.3 Cancellation of Promissory Note and Indebtedness

For the avoidance of doubt, the Creditor acknowledges and agrees that the Promissory Note is cancelled and of no further force or effect, and that the Indebtedness is extinguished and no longer owing.

ARTICLE 3

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CREDITOR

3.1 Representations, Warranties and Covenants of the Creditor

The Creditor represents, warrants and covenants to and with the Corporation that:

- (a) if the Creditor is an individual, the Creditor has attained the age of majority in the jurisdiction in which the Creditor is resident and has the legal capacity and competence to enter into and be bound by this Agreement and to perform the covenants and obligations set out in this Agreement;
- (b) if the Creditor is not an individual, the Creditor is duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation, has the necessary corporate capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations under this Agreement and has taken all necessary corporate action in respect thereof;
- (c) the entering into of this Agreement and the transaction contemplated hereby will not result in the violation of any Applicable Law or of any agreement, written or oral, to which the Creditor may be a party or by which it is or may be bound;
- (d) this Agreement has been duly authorized, executed and delivered by the Creditor and constitutes a legal, valid and binding obligation of the Creditor enforceable against the Creditor in accordance with its terms;
- (e) the Creditor will execute, deliver, file and otherwise assist the Corporation in filing such reports, undertakings and other documents as may be required by applicable securities laws, or by any securities commission, stock exchange (including, the Exchange) or other regulatory authority; and
- (f) the Creditor agrees that the Corporation may be required by law or otherwise to disclose to regulatory authorities or the Exchange the identity of the Creditor and consents to such disclosure.

3.2 Representations, Warranties and Covenants of the Corporation

The Corporation represents, warrants and covenants to and with the Creditor that:

- (a) The Corporation is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has all necessary corporate power, authority and capacity to own its respective assets and to carry on its respective businesses as presently conducted.
- (b) The Common Shares to be issued to the Creditor will, when issued in accordance with the

terms of this Agreement, be duly authorized and validly issued as fully paid and non-assessable shares in the capital of the Corporation.

- (c) The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 89,250,511 Common Shares are currently issued and outstanding. All of the outstanding shares in the capital of the Corporation have been duly and validly issued and are outstanding as fully paid and non-assessable shares. The Common Shares in the capital of the Corporation are listed for trading on the Exchange.
- (d) The Corporation has all necessary corporate power, authority and capacity to enter into this Agreement and the other agreements contemplated herein and to carry out its obligations hereunder and thereunder, inclusive of issuing the Common Shares. The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action of the Corporation. This Agreement constitutes a legal, valid and binding obligations of the Corporation enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.
- (e) The Corporation is a "reporting issuer" or the equivalent and not on the list of reporting issuers in default under applicable securities laws in each of the Provinces of British Columbia, Alberta and Ontario. The Corporation is in compliance, in all material respects, with all applicable securities laws and there are no current, pending or, to the knowledge of the Corporation, threatened proceedings before any Governmental Authority relating to any alleged non-compliance with any securities laws. The Common Shares are listed on, and the Corporation is in compliance in all material respects, with, the rules and policies of, the CSE. No delisting, suspension of trading in or cease trading order with respect to any securities of the Corporation and to the knowledge of the Corporation no inquiry or investigation (formal or informal) of any Governmental Authority or the CSE is in effect or ongoing or, to the knowledge of the Corporation, expected to be implemented or undertaken. The Corporation has received all required consents and approvals from the CSE and any Canadian Governmental Authorities for the issuance of the Common Shares.
- (f) There is no bankruptcy, liquidation, winding-up or similar proceeding pending or in progress or, to the knowledge of the Corporation, threatened against the Corporation before any Governmental Authority.

3.3 The representations and warranties contained in this Article 3 shall survive for a period of two years from the date of this Agreement.

ARTICLE 4
ISSUANCE OF
COMMON SHARES

4.1 Issuance of Common Shares

The Parties agree that the issuance of the Units in accordance with this Agreement shall occur at a time and place that is mutually satisfactory to the Parties and that it is expected that such issuance will occur on the third Business Day after the date first written above.

ARTICLE 5
GENERAL

5.1 Further Assurances

Each Party will, from time to time, without further consideration, do such further acts and deliver all such further assurances, deeds and documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

5.2 Entire Agreement

This Agreement supersedes all other agreements, documents, writings and verbal understandings among the Parties relating to the subject matter hereof and expresses the entire agreement of the Parties with respect to the subject matter hereof.

5.3 Governing Law

This Agreement shall, in all respects, be subject to, interpreted, construed and enforced in accordance with and under the laws of the Province of British Columbia and the federal laws of Canada applicable therein and shall be treated as a contract made in the Province of British Columbia. The Parties irrevocably attorn and submit to the jurisdiction of the courts of the Province of British Columbia in respect of all matters arising out of this Agreement.

5.4 Enurement

This Agreement shall be binding upon and shall enure to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

5.5 Assignment

Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party.

5.6 Independent Legal Advice

The Creditor acknowledges, confirms and agrees, in favour of the Corporation, that the Creditor had the opportunity to seek, and was not prevented nor discouraged by the Corporation from seeking, independent legal advice prior to the execution and delivery of this Agreement and that, in the event that

the Creditor did not avail himself with that opportunity prior to signing this Agreement, he did so voluntarily without any undue pressure and agrees that his failure to obtain independent legal advice shall not be used by him as a defence to the enforcement of his obligations under this Agreement.

5.7 Time Of Essence

Time shall be of the essence in this Agreement.

5.8 Counterpart Execution

This Agreement may be executed in counterpart, no one copy of which need be executed by all Parties. A valid and binding contract shall arise if and when counterpart execution pages are executed and delivered (including by facsimile, electronic mail or other means of electronic transmission) by each of the Parties.

[EXECUTION PAGE FOLLOWS]

Note: personal / private / sensitive information

IN WITNESS WHEREOF the Parties have executed and delivered this Agreement as of the date first above written.



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CHEMESIS INTERNATIONAL INC.

