

**FORM 51-102F3**

**Material Change Report**

**1. Name and Address of Company:**

Chemistree Technology Inc.  
P.O. Box 10322, Pacific Centre  
Suite 810 – 609 Granville Street  
Vancouver, BC V7Y 1G5

(the "Company")

**2. Date of Material Change:**

February 19, 2018

**3. News Release:**

A news release was disseminated on February 19, 2019 and was subsequently filed on SEDAR.

**4. Summary of Material Change:**

Chemistree Technology Inc. (Canadian Securities Exchange: CHM) (US OTCQB: CHMJF) (the "Company" or "Chemistree") is pleased to report that its wholly-owned subsidiary, CHM Desert, LLC, has been granted a Conditional Use Permit ("CUP") by the City of Desert Hot Springs for its 9.55 acre property in located in the City's cannabis cultivation-friendly zone ("Green Zone").

**5. Full Description of Material Change:**

Chemistree Technology Inc. (Canadian Securities Exchange: CHM) (US OTCQB: CHMJF) (the "Company" or "Chemistree") is pleased to report that its wholly-owned subsidiary, CHM Desert, LLC, has been granted a Conditional Use Permit ("CUP") by the City of Desert Hot Springs for its 9.55 acre property in located in the City's cannabis cultivation-friendly zone ("Green Zone").

The CUP encompasses cultivation in two greenhouse buildings totaling approximately 128,000 square feet, and an additional building of up to an additional 40,000 square feet for processing, manufacturing and distribution of cannabis goods. Fully constructed, the Company expects that a facility of this size has the potential to produce approximately 50,000 pounds of dried-cannabis flower per year and, once fully licensed and constructed, will have the capacity to process, manufacture and distribute a range of cannabis-related products.

Chemistree's President, Karl Kottmeier commented "I am really proud of our California team for getting this CUP from concept to award in less than seven months. The City of Desert Hot Springs has proven to be a terrific partner, and we look forward to commencing site works as soon as the permitting process allows. Our team has a track record of

successfully building cultivation facilities in Desert Hot Springs and we are planning to move our project forward as aggressively as possible.”

### **About Chemistree Technology Inc.**

Chemistree Technology Inc. is an investment company dedicated to the U.S. cannabis sector, endeavoring to provide turn-key solutions for the regulated cannabis industry. The Company's corporate strategy is to acquire and develop vertically integrated cannabis assets, leveraging management's decades of expertise in the cannabis industry and corporate finance to own and operate licensed cultivation, processing, distribution and retail facilities. The Company currently owns assets in Washington State used to operate the Sugarleaf brand, prospective cannabis cultivation lands in California, a 50% interest in a Humboldt County, California cannabis processing company, has completed its first investment in the Canadian cannabis sector through its investment in Pasha Brands and has a pipeline of assets to grow its base of business. For more information, visit [www.chemistree.ca](http://www.chemistree.ca).

### **Advisory**

The Company wishes to inform shareholders that there are significant legal restrictions and regulations that govern the cannabis industry in both Canada and the United States.

### **Cannabis-related Practices or Activities are Illegal Under U.S. Federal Laws**

The concepts of "medical cannabis" and "recreational cannabis" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defence to any federal proceeding which may be brought against the Company. Enforcement of U.S. federal laws will be a significant risk to the business of the Company and any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Further information regarding the legal status of cannabis related activities and associated risk factors, including, but not limited to, risk of enforcement actions, risks that third-party service providers, such as banking or financial institutions cease providing services to the Company, and the risk that Company may not be able to distribute profits, if any, from U.S. operations up to the Company, are included in the preliminary short form prospectus of the Company filed in respect of the Offering, the Company's annual information form and other documents incorporated by reference therein and in the Company's Form 2A listing statement filed with the CSE and available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

6. **Reliance on Subsection 7.1(2) of the National Instrument 51-102 *Continuous Disclosure Obligations*:**

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Executive Officer Knowledgeable of Material Change:**

Douglas Ford, CFO  
Telephone: (604) 678-8941

9. **Date of Report:**

February 19, 2019

**CHEMISTREE TECHNOLOGY INC.**

By: “Douglas Ford”  
Chief Financial Officer  
(Official Capacity)  
Douglas Ford  
(Please print here name of individual whose  
signature appears above.)