

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:

May 31, 2018

3. News Release:

A news release was disseminated on June 1, 2018, 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") further to its announcement on May 11, 2018, is pleased to confirm that it has now entered into a definitive asset purchase agreement through a wholly-owned subsidiary, to acquire a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding. The acquisition is subject to all required shareholder and regulatory approvals, including approval of the Canadian Securities Exchange (the "CSE").

5. Full Description of Material Change:

Vancouver, British Columbia, June 1, 2018 – Chemistree Technology Inc. (Canadian Securities Exchange: CHM) (US OTCQB: CHMJF) (the "Company" or "Chemistree") further to its announcement on May 11, 2018, is pleased to confirm that it has now entered into a definitive asset purchase agreement through a wholly-owned subsidiary, to acquire a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding. The acquisition is subject to all required shareholder and regulatory approvals, including approval of the Canadian Securities Exchange (the "CSE").

On May 11, 2018, the Company announced that it had entered into a letter of intent with arm's-length parties to acquire, through its wholly-owned subsidiary, Chemistree Washington Ltd. ("**Chemistree Washington**"), a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding (the "**Washington Acquisition**"). Chemistree then proceeded to conduct further due diligence and negotiate a definitive asset purchase agreement for the Washington Acquisition.

On May 31, 2018, Chemistree Washington entered into a definitive asset purchase agreement (the “**Washington Acquisition Agreement**”) with Elite Holdings Inc. (the “**Washington Vendor**”) with respect to the Washington Acquisition. Pursuant to the Washington Acquisition Agreement, Chemistree Washington will acquire certain assets, including, but not limited to, all inventory, leases, software, furniture, systems, equipment, and lighting (collectively, the “**Washington Assets**”) from the Washington Vendor. The acquisition does not include any receivables, payables, warranties, employee or tax liabilities of the Washington Vendor.

Consideration for the Washington Assets will be US\$1,000,000 payable in cash. US\$800,000 will be payable upon closing of the Washington Acquisition, and four instalments of US\$50,000 each will be payable at the end of each of the four calendar months following closing, commencing on the last day of the first full month after closing. Notwithstanding the foregoing, at least US\$540,000 of the consideration payable upon closing will be placed into escrow and used to satisfy certain liabilities of the Washington Vendor relating to its accounts payable.

Following closing of the Washington Acquisition and receipt of approval from the Washington State Liquor and Cannabis Board (“**WSLCB**”), Chemistree Washington expects to enter into agreements with a Strategic Partner, which is an arm’s length party to and unaffiliated with Chemistree, whereby the Strategic Partner subleases and licenses the Washington Assets from Chemistree Washington, in order for the Strategic Partner to operate the “Sugarleaf” brand of retail cannabis products in Washington state. It is expected that the Strategic Partner will operate under the Washington State “Tier 3” Production and Processing License No. 423406 (the “**Sugarleaf Licence**”) acquired from Sugarleaf Farm LLC (“**Sugarleaf**”), along with any and all related brands, trademarks, websites, URLs, packaging, goods in process, and social media accounts. The Sugarleaf brand is an established cannabis brand within Washington state, and is currently sold in approximately 125 retail locations. In addition to the license and sub-lease arrangements, the relationship with the new license holder may also provide opportunities for Chemistree’s social media marketing business.

Management anticipates that, in the coming months, the Strategic Partner may expand operations to include a cannabis laboratory and testing facility, as well as potentially a processing facility to provide for a larger suite of products to be produced. Chemistree does not have agreements in place with the Strategic Partner at this time, and there can be no assurance that any expansion of its operations will occur. The Washington Assets that Chemistree is purchasing may require normal course upgrades and management, given its extensive experience in the supply and sale of cannabis and hydroponic, greenhouse and outdoor cultivation and processing equipment, is current on the changes in the industry vis a vis the technological and process advancements.

The closing of the Washington Acquisition Agreement is conditional upon satisfaction or waiver of customary closing conditions, including approval of the CSE and of shareholders.

Background

In November 2012, the voters of Washington State approved Initiative 502 (“I-502”), which authorized the WSLCB to regulate and tax recreational marijuana products for persons over 21 years of age and thereby created a new industry for the growing, processing and selling of recreational marijuana products regulated by the State of Washington. In the State of Washington, a Tier 3 Producer-Processor License is allowed to produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 3 allows for between ten thousand square feet and thirty thousand square feet of dedicated plant canopy. Recent WSLCB data reports that for calendar 2017, cannabis sales surpassed \$1.37-billion, and generated Excise Tax to Washington State of more than \$314-million. Reports by the Rand organization suggested that there are currently up to 700,000 recreational marijuana users in the State of Washington.

The Company, through Chemistree Washington Ltd., also expects that it will invest in and develop real estate in the State of Washington for the purpose of serving licensed I-502 production and processing businesses.

In addition to providing specialized facilities to I-502 producers and processors, the Company intends to develop its growing techniques, standard operating procedures and innovative manufacturing practices to further assist license holders with their production and processing operations. The Company believes these services will create synergies and advantages that will provide for significant and long-term revenue for the license holder and, in turn, to the Company.

Change of Business Filing

The Company expects that the asset acquisition will be treated as a Fundamental Change under Policy 8 of the CSE. The Company will be filing the appropriate documentation with the CSE to seek approval of the acquisition and the change in classification of the Company from a technology issuer to an investment issuer. In addition, pursuant to Policy 8 of the CSE the Company will be required to obtain shareholder approval.

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

defense 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 following the completion of the acquisitions, 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, will be included in the Form 2A listing statement to be filed with the CSE.

For more information, please contact Paul Searle at (778) 240-7724 or by email at paul@chemistree.ca.

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:**

Karl Kottmeier, President
Telephone: (604) 689-7422

9. **Date of Report:**

June 1, 2018

CHEMISTREE TECHNOLOGY INC.

By: "Douglas Ford"
CFO
(Official Capacity)
Douglas Ford
(Please print here name of individual whose
signature appears above.)