

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:

July 10, 2018

3. News Release:

A news release was disseminated on July 10, 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") announced that in conjunction with the final closing of the private placement announced May 11 and June 22, 2018, it has again increased the size of its non-brokered private placement. Chemistree now plans to increase the size of the placement via the issuance of up to an aggregate of thirteen million units at a price of \$0.35 per unit, for gross proceeds of up to \$4,550,000. Each unit will be comprised of one common share and one common share purchase warrant (a "Warrant"); each Warrant will entitle the holder to acquire one additional common share for \$0.50 for a period of 24-months after closing of the private placement. The Warrants are subject to an acceleration provision whereby if the closing market price of the Common Shares of the Company on the Canadian Securities Exchange (the "Exchange") is greater than \$0.60 per Common Share for a period of ten (10) consecutive trading days (a "Trigger Event"), then the Company may deliver a notice (the "Acceleration Notice") to the holders of Warrants notifying the holders that the Warrants must be exercised within thirty (30) calendar days from the date of the Acceleration Notice, otherwise the Warrants will expire at 4:00 p.m. (Vancouver time) on the thirtieth (30th) calendar day after the date of the Acceleration Notice.

The Company plans to close the second and final tranche of the placement tomorrow.

5. Full Description of Material Change:

Chemistree Technology Inc. (Canadian Securities Exchange: CHM) (US OTCQB: CHMJF) (the "Company" or "Chemistree") announced that in conjunction with the final closing of the private placement announced May 11 and June 22, 2018, it has again increased the size of its non-brokered private placement. Chemistree now plans to increase the size of the placement via the issuance of up to an aggregate of thirteen million units at a price of \$0.35 per unit, for gross proceeds of up to

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The Company plans to close the second and final tranche of the placement tomorrow.

The net proceeds of the private placement will be added to general working capital. Closing of the private placement is subject to receipt of all necessary approvals and definitive subscriptions. All units, common shares and Warrants issued under the private placement will be subject to a four-month hold period from the closing date, in accordance with applicable Canadian securities laws.

The units, common shares and Warrants have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the units, common shares or Warrants, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Washington Acquisition

Further to the definitive asset purchase agreement announced on June 1, 2018, the Company has completed, through its wholly owned subsidiary, Chemistree Washington Ltd. (“Chemistree Washington”), the purchase of a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding.

Chemistree Washington entered into a definitive asset purchase agreement with Elite Holdings Inc. with respect to the Washington acquisition. Pursuant to the Washington acquisition agreement, Chemistree Washington acquired certain assets, including, but not limited to, all inventory, leases, software, furniture, systems, equipment and lighting from the Washington vendor. The acquisition does not include any receivables, payables, warranties, employee or tax liabilities of the Washington vendor.

Investor Relations Arrangements

Chemistree is also pleased to announce that it has entered into consulting agreements with Contact Financial Corp. and Adelaide Capital Markets Inc. (“IR Firms”) to provide investor relations and communication services. The Company has selected the IR Firms as experienced arm’s length firms that specialize in small-cap growth companies and will generate value by sharing Chemistree’s compelling story to wealth managers, brokers, institutions, analysts, portfolio

managers, retail and high net worth clients globally. Contact Financial, headed by Kirk Gamley, is based in Vancouver, British Columbia, and Adelaide Capital, Markets headed by Deborah Honig and Jackie Kelly, is based in Toronto, Ontario.

In addition to the contracted compensation, and subject to Exchange approval, Chemistree has agreed to grant Contact Financial and Adelaide Capital Markets options to acquire 150,000 and 100,000 common shares, respectively, in the capital of the Company at a price of \$0.41 per share that vest quarterly over twelve months and have a five-year term.

Other than 1,400,000 common shares and 200,000 warrants held directly and indirectly by Contact Financial, none of Contact Financial, Adelaide Capital Markets or their respective owners has any interest, directly or indirectly, in the Company or its securities, or any right or intent to acquire such an interest, other than the above stock option grants.

Option Grant

Pursuant to the Company's stock option plan, the Company has granted options to purchase 250,000 common shares at \$0.41 per share to certain eligible officers and consultants. The options expire in five years.

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.

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:**

July 10, 2018

CHEMISTREE TECHNOLOGY INC.

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