

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Chemistree Technology Inc. (the "Issuer").

Trading Symbol: CHM

Number of Outstanding Listed Securities: 37,632,430 common shares and 21,639,500 warrants

Date: as of July 31, 2019

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

*Further to the Company's announcements in April and June 2019 – management was successful in completing the negotiations and funding of its investment into Applied Cannabis Sciences of New Jersey ("ACS"), a New Jersey-based medical vertically integrated applicant. ACS will be submitting its application in the*

upcoming New Jersey round of Request for Applications (RFA), which was released Monday, July 15, 2019 by the New Jersey Department of Health. The State will issue 24 new permits, comprising of 15 dispensary permits, 5 cultivation permits, and 4 vertically integrated permits. All applications are to be submitted by August 22, 2019. ACS placed in the top 20 applicants in the last permitting round, narrowly missing out on receiving a license at that time.

Chemistree partnered with ACS in April, 2019, to assist ACS with its qualification process as a potential applicant and to provide Chemistree with a foothold into the cannabis industry on the eastern seaboard of the United States.. As such, Chemistree acquired 10% interest in ACS, with an option for a larger stake upon licensure.

Chemistree continues the development process for its 9.55-acre Desert Hot Springs land package. The design team is currently in the process of reviewing finalized engineered building plans for two 64,000-square-foot greenhouses and 40,000-square-foot manufacturing and distribution facility for submission to the City of Desert Hot Springs for necessary building permits. The Company expects City review to be completed by the third quarter of this year. The project continues to track on schedule, with completion targeted for the first quarter of 2020.

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 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, are included in the Prospectus, 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)

The Company is comfortable with its near-term cash position and it is confident that the broad acceptance of cannabis-focused companies as exciting investment opportunities in Canada will expand to include companies like Chemistree focused on the far larger market available in those individual American states where cannabis is medically and/or recreationally legal. The Company's investigation into these opportunities continues, and, should any one of these opportunities mature, Chemistree may be required to make certain filings and changes to the company's listing disclosure under the requirements of Canadian Securities Exchange policies.

2. Provide a general overview and discussion of the activities of management.  
See 1 above
  
3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.  
See 1 above
  
4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.  
None to report
  
5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.  
See 1 above
  
6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.  
None to report within the period.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

See 1 above

8. Describe the acquisition of new customers or loss of customers.

See 1 above

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

See 1 above

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None to report

11. Report on any labour disputes and resolutions of those disputes if applicable.

None to report

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None to report

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None to report.

14. Provide details of any securities issued and options or warrants granted.

Security	Number	Details of Issuance	Use of Proceeds <sup>(1)</sup>
Common shares	248,000	Conversion of convertible debentures issued March 29, 2019 at a conversion price of \$0.50 per share.	\$124,000 reduction in long term debt payable by the Company

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

None in the period.

16. Provide details of any changes in directors, officers or committee members.

On June 12, 2019, Justin Chorbajian resigned as a director and as the Non-executive Chairman of the Company.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer’s market(s) or political/regulatory trends.

As announced, the Company sees the cannabis industry as a source of focus. The reason for this is simply that marketing of cannabis companies, their products as well as information about the industry itself is in its infancy. Initially, the Pacific Northwest will be the Company’s main target geography, but this is expected to expand from British Columbia and Washington state into California, Arizona and New Jersey.

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. Chemistree will at all times abide by and respect these laws and regulations in all its future potential business engagements.

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 Prospectus, 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)

### **Certificate of Compliance**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated 8 August 2019.

Douglas E. Ford  
Name of Director or Senior  
Officer

"signed"  
Signature  
CFO  
Official Capacity

<b>Issuer Details</b> Name of Issuer <i>Chemistree Technology Inc.</i>	<b>For Month End</b> <i>July 2019</i>	<b>Date of Report</b> YY/MM/DD <i>19/08/08</i>
<b>Issuer Address</b> <i>Suite 810 – 609 Granville Street</i>		
<b>City/Province/Postal Code</b> <i>Vancouver, BC V7Y 1G5</i>	<b>Issuer Fax No.</b> <i>(604) 689-7442</i>	<b>Issuer Telephone No.</b> <i>(604) 678-8941</i>
<b>Contact Name</b> <i>Douglas Ford</i>	<b>Contact Position</b> <i>CFO</i>	<b>Contact Telephone No.</b> <i>604-973-2200</i>
<b>Contact Email Address</b> <i>doug@chemistree.ca</i>	<b>Web Site Address</b> <a href="http://www.chemistree.ca">www.chemistree.ca</a>	