

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 11, 2018

3. News Release:

A news release was disseminated on May 11, 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") is pleased to announce that the Company has entered into a letter of intent with arm's-length parties to acquire, through a wholly-owned subsidiary, a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding. The acquisition is subject to the execution of definitive agreements, completion of the required financing and all shareholder and regulatory approvals, including approval of the Canadian Securities Exchange (the "CSE").

Chemistree is also pleased to announce a private placement financing to raise up to \$2.1-million.

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.

5. Full Description of Material Change:

Vancouver, British Columbia, May 11, 2018 – Chemistree Technology Inc. (Canadian Securities Exchange: CHM) (US OTCQB: CHMJF) (the "Company" or "Chemistree") is pleased to announce that the Company has entered into a letter of intent with arm's-length parties to acquire, through a wholly-owned subsidiary, a suite of Washington-based assets

used in cannabis cultivation, production, distribution and branding. The acquisition is subject to the execution of definitive agreements, completion of the required financing and all shareholder and regulatory approvals, including approval of the Canadian Securities Exchange (the “CSE”).

The asset acquisition includes certain of the assets used in the business of operating the “Sugarleaf” brand, including, but not limited to, all brands, trademarks, websites, URLs, packaging, goods in process, social media accounts, inventory, vehicles, leases, software, furniture, systems, equipment, lighting, assignments, client lists and marketing materials. The acquisition does not include any receivables, payables, warranties, employee or tax liabilities.

In a parallel process and subject to the asset acquisition, a Washington-based strategic partner of Chemistree (the “Partner”) will acquire the Washington State I-502 Tier 3 Producer/Processor License No. 423406 (the “License”) from Sugarleaf Farm, LLC (“Sugarleaf”). The license acquisition is subject to Washington State Liquor and Cannabis Board (“WSLCB”) approval. Chemistree also anticipates securing rights to the property used in connection with License. Chemistree believes that the licensed premises can be secured on commercially acceptable terms

Restrictions under I-502 prohibit the Company and/or its subsidiaries from having any direct interest in proceeds of production, processing or retail marijuana activities in Washington. The Company and/or its subsidiaries can, however, lease property and license its brands, production and consulting services to approved Washington State marijuana license holders. This will allow Chemistree to ensure that all products produced under the Chemistree program and/or associated under the brand meet or exceed the Chemistree brand quality standards. Chemistree and Partner anticipate entering into certain of the foregoing leasing and operating arrangements on mutually agreeable terms.

Consideration for the asset acquisition will be US\$1,000,000 payable in cash.

Following completion of the asset acquisition and related agreements, Chemistree expects to generate revenue through leasing turn-key premises, licensing its brands, and providing production and consulting services to Partner as well as other approved State of Washington license holders, but will not be directly involved in production, processing or retail cannabis activities.

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.

Chemistree president Karl Kottmeier: “These agreements represent a major turning point for Chemistree as we evolve our business plan to immediately become a fully integrated cannabis-service company. When we focused our branding and marketing efforts on the cannabis industry in summer of 2017, we found several under-serviced sectors. With the geographic disconnects caused by a lack of federal legislation in the US, our networking in Washington state lead us to several producer/processors that were ill-equipped to handle the fast-moving trends in the space. In turn, this burgeoning sector of the economy was suffering from tremendous over-supply, and in many corners – a lack of marketing and operations sophistication to keep-up. The suite of assets we have identified and the Sugarleaf brand are available to us at distressed pricing because of these factors. We expect to optimize the production facilities, and secure additional brands and product to increase our footprint in Washington and other legalized states in short order.”

Non-Brokered Private Placement Financing

Chemistree is also pleased to announce a private placement financing to raise up to \$2.1-million. The offering will be non-brokered and consist of up to six million units at a price of \$0.35 per unit. 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 CSE 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 net proceeds of the private placement will be added to general working capital, some of which are expected to be deployed to close the Washington asset acquisition. However, the

closing of the private placement is not conditional upon the completion of the Washington asset acquisition, and the Company will have discretion to use the proceeds differently if it believes it is in its best interests to do so.

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.

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:**

May 11, 2018

CHEMISTREE TECHNOLOGY INC.

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