

THE ATTACHED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THIS MANAGEMENT DISCUSSION AND ANALYSIS AND ARE HEREBY INCLUDED BY REFERENCE

Management Discussion and Analysis as of February 28, 2019

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to permitting time lines, currency fluctuations, requirements for additional capital, government regulation, environmental risks, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning general expectations are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors. Forward-looking statements in this MD&A include, but are not limited to, statements relating to: its corporate strategy; the acquisition and development of vertically integrated assets; the receipt by the Strategic Partner (as defined below) of WSLCB approval (as defined below); the entry into of lease and/or license agreements with the Washington state license holder; the optimization of the Washington Assets; the potential and development of the DHS property (as defined below); the identification and completion of additional investments; investment and expansion opportunities; the development of the social media business and expansion of its client base; the industry, regions and goals of the Company's investment policy; opportunities arising from the relationship with the Strategic Partner; the Company's ability to raise additional equity capital; and the sufficiency of the Company's capital resources.

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements for the period ended December 31, 2018, and with the audited financial statements for the year ended June 30, 2018 and 2017 together with the corresponding notes of Chemistree Technology Inc. (the "Company" or "Chemistree"). This MD&A covers the period ended December 31, 2018 and the subsequent period up to the date of filing.

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The unaudited condensed interim consolidated financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all the information required for full annual financial statements. Accordingly, they should be read in conjunction with our IFRS financial statements for the fiscal year ended June 30, 2018. The accounting policies applied in the unaudited condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of February 28, 2019, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements and they are consistent with those disclosed in the annual financial statements.

All amounts are expressed in Canadian dollars unless otherwise noted. Readers are encouraged to read the Company’s public information filings on SEDAR at www.sedar.com

Having completed the Washington Acquisition (as defined herein), the Company expects to indirectly derive, through investments in ancillary operations, revenue from the adult-use cannabis industry in the United States in jurisdictions where local law permits such activities, and may in the future indirectly derive revenue from the medical cannabis industry in the United States and the medical and/or adult-use cannabis industries in Canada.

Although a number of states of the United States have legalized medical and/or recreational use of cannabis, it remains illegal under United States federal laws. Accordingly, there are a number of risks associated with the Company’s plans and current, proposed and potential future investments, even where the Company is not directly involved in the cultivation or sale of either adult-use or medical cannabis. There is a risk that United States federal authorities may enforce federal law prohibiting the cultivation and sale of cannabis or laws relating to the proceeds thereof.

Almost half of the states of the United States have enacted legislation to regulate the sale and use of medical cannabis without limits on tetrahydrocannabinol (“THC”), while other states have regulated the sale and use of medical cannabis with strict limits on the levels of THC. Notwithstanding the permissive regulatory environment of medical cannabis at the state level, cannabis continues to be categorized as a controlled substance under the U.S. *Controlled Substances Act* (the “CSA”) in the United States and as such, is in violation of U.S. federal law.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The Supremacy Clause of the *United States Constitution* establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, the federal law must be applied. Notwithstanding the paramountcy of United States federal law, enforcement of such laws may be limited by other means or circumstances, which are further described in this Prospectus and the documents incorporated by reference herein. Unless and until the United States Congress amends the CSA with respect to cannabis (and as to the likelihood, timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current U.S. federal law, which may adversely affect any current or future investments of the Company in the United States. As such, there are a number of risks associated with any of the Company’s current or future investments in the United States, and such investments may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company’s ability to invest in the United States or any other jurisdiction.

On October 17, 2018, the *Cannabis Act, 2018* (the “Cannabis Act”) came into force with the effect of legalizing adult recreational use of cannabis across Canada. The Cannabis Act provides for the federal government to regulate commercial production of cannabis products and grants the provincial, territorial and municipal governments the authority to prescribe regulations regarding retail and distribution, as well as the ability to alter some of the existing baseline requirements of the Cannabis Act. The provinces of Canada have passed legislation which sets out the scheme

for private cannabis sales in each Province. The new framework opens the door for private operators to capitalize on cannabis retail opportunities in Canada.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding (the “TMX MOU”) with Aequis NEO Exchange Inc., the Canadian Securities Exchange, the TSX and the TSX Venture Exchange. The TMX MOU outlines the parties’ understanding of Canada’s regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented after the Company begins operating in cannabis-related activities in the United States, it would have a material adverse effect on the ability of holders of Common Shares, Debentures and Warrants to make and settle trades. In particular, the Common Shares, Debentures and Warrants would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Common Shares, Debentures and Warrants through the facilities of a stock exchange.

Accordingly, the Company, and its investments in the cannabis sector, may be subjected to heightened scrutiny by applicable regulatory authorities, the CSE, clearing agencies or other governmental bodies. See the sections entitled “Corporate Overview” and “Risk associated with the Company”, below, for further details.

Outlook

Chemistree Technology Inc. is an “investment company” focused on making investments or acquisitions in areas relating to the U.S. cannabis sector, focusing on providing turn-key solutions for the U.S. regulated cannabis industry, and branding, licensing and marketing strategies to existing participants. The Company’s corporate strategy is to acquire and develop vertically integrated U.S. cannabis assets, leveraging management’s decades of expertise in the cannabis and corporate finance industries to own and to, in the future, potentially operate licensed cultivation, processing, distribution and retail facilities throughout the United States. The Company currently owns assets in Washington State used to operate the Sugarleaf brand, prospective cannabis cultivation lands in California, and is investigating assets to grow its base of business across those jurisdictions in the U.S. where local laws permit medical and/or recreational cannabis.

Business objectives 12 months forward

The Company has determined that its business objectives in the forthcoming 12-month period are to: (i) continue pursuing acquisitions of vertically integrating assets within the cannabis industry throughout U.S. Pacific Northwest, California or other jurisdictions where favourable opportunities arise, the timing and costs of which will depend on the availability and types of acquisition opportunities available to the Company from time to time; (ii) optimize the Washington Assets through an expansion of the facilities, presently estimated to cost approximately US\$500,000 and targeted for completion in or about August 2019, and the entry into a license agreement and sub-lease with a Strategic Partner who will operate the assets, which is currently expected to occur in or about May 2019; (iii) expand the asset base of the Company through direct investment and or mergers and acquisitions, the timing and costs of which will depend upon the asset investment and merger and acquisition targets presented to the Company from time to time and the attractiveness of those opportunities, relative to other opportunities available to the Company in the determination of management; (iv) continue the licensing, development, and ultimately the build-out, of the DHS lands for cultivation and processing, with Phase 1 expected to be completed in or about March 2019 at an estimated cost of US\$150,000 and the first greenhouse for Phase 2 expected to be completed in or about the first quarter of calendar year 2020 with an estimated capital expenditures of approximately US\$6 million per greenhouse; and (v) continue to develop the social media investment’s client base in the U.S. Pacific Northwest, by: (a) continuing to focus on social media work for its clients initiating, supporting and expanding opt-in communities of consumers and interested parties through the normal social media channels such as the various client company web sites, Twitter, Facebook and Instagram feeds as well, and (b) developing brands for production and sale for its client companies, including identifying various new product lines, providing creative input via art work and graphic design for those various products, consulting on packing and retail marketing campaigns as well as general industry consulting and market intelligence.

The Company's investment objectives are to seek investment opportunities in the cannabis sector, initially the western United States and potentially other jurisdictions where cannabis-related activities are permitted and to achieve an acceptable rate of return by focusing on opportunities with attractive risk to reward profiles. Investments by the Company will be made in accordance with and are otherwise subject to its investment policy (the "Investment Policy"), which may be amended from time to time at the sole discretion of the Company without shareholder approval unless required by applicable laws or Exchange policies. The key elements of the Investment Policy are summarized and included below.

The proposed investments will generally be companies in the cannabis sector, but may include a range including but not limited to service providers to the cannabis industry, to licensees, to bare land packages for development. Preference will be given initially to the western United States, but other jurisdictions, including potentially outside of North America, may be permissible depending on the risk-reward relationship associated with the particular jurisdiction, including legal and tax considerations.

In terms of composition, the nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company. Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time, and may include equity investments, cannabis streaming arrangements, secured or unsecured loans, asset acquisitions, bare land acquisitions, majority ownership, joint ventures and licensing arrangements, among others. All investments shall be made in compliance with applicable laws in relevant jurisdictions and shall be made in accordance with and governed by the rules and policies of applicable regulatory authorities.

From a procedure and implementation perspective, the senior officers and other management of the Company and the Company's Board and the respective members thereof will identify potential investment opportunities. These individuals have a broad range of business experience and their own networks of business partners, financiers, and venture capitalists through whom potential investments may be identified. In addition, Chemistree may identify potential investments through contacts and customers of its social media business.

Prospective investments will be channeled through management. Management will make an assessment of whether the proposal fits with the investment and corporate strategy of the Company in accordance with the Company's Investment Policy, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional advisors or consultants.

Due diligence will include an analysis of the relevant industry, as well as the specific investment opportunity, its management team (where applicable), quality of assets and risks associated, including legal or regulatory risks, as applicable. All investments shall be submitted to the Board for final approval. The Board will be provided with a summary of the reasons for the investment decision and may include, among other things, the estimated return on investment, anticipated timeline of investment, milestones against which future progress can be measured, and risks associated with the investment.

Management has considerable experience in the cannabis sector and has already evaluated a number of opportunities and developed a network of contacts. Management may make concentrated investments initially, but over time expects to diversify Chemistree's assets.

Recent developments

On July 11, 2018, the Company closed the final tranche of the Private Placement for gross proceeds of \$1,949,365 and aggregate gross proceeds from the Private Placement of \$4,509,184. The final tranche of the Private Placement was comprised of 5,569,613 units issued at \$0.35 per unit, with each unit consisting of one Common Share and one Common Share purchase warrant. Each warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.50 per Common Share until July 11, 2020, subject to adjustment in certain events. Approximately \$500,000 of the gross proceeds from the Private Placement were used to complete the acquisition of the Washington Assets.

On July 24, 2018, the Company completed its change of business and now operates as an Investment Issuer under the policies of the CSE.

Pursuant to a purchase agreement between CHM Desert and an arm's length vendor (the "DHS Agreement") dated July 25, 2018, Chemistree purchased (the "DHS Acquisition") 9.55 acres of fee simple vacant land in the City of Desert Hot Springs, California (the "DHS Property"). Consideration for the DHS Acquisition was US\$1,233,800, payable in cash.

On August 9, 2018, the Company closed the DHS Acquisition.

On October 4, 2018, the Company announced a strategic investment in Pasha Brands Ltd. ("Pasha"). Pasha is a vertically integrated British Columbian craft cannabis brand company with several internationally recognized brands and a proven history in cannabis retailing. Pasha is also a late stage applicant to become a Licensed Producer ("LP") and expects to own and operate a Health Canada approved licensed processing facility on Vancouver Island. The investment in Pasha amounts to less than 10% of both Chemistree's working capital and the proceeds raised by Pasha pursuant to the private placement in which the Company participated as a strategic investor.

On October 16, 2018, the Company announced the results of its 2018 annual general meeting of shareholders held on October 15, 2018. At the meeting, Chemistree's shareholders elected or re-elected Justin Chorbajian, Karl Kottmeier, Douglas Ford and Sheldon Aberman as the directors of the Company.

On November 27, 2018, the Company announced that it has entered into a strategic collaboration ("Arcata") with a Humboldt County-based cannabis processing company ("Processor") located in Arcata, California. Pursuant to the collaboration, the Company will loan the Processor US\$450,000 (completed), and the parties also intend to negotiate an additional line of credit for working capital purposes. In addition, in consideration for benefits received by the Company under the collaboration, it has agreed to issue 100,000 common shares to the principal of the Processor. In December, 2018, the Company entered into the Collaboration Agreement with the Processor in respect of the Arcata Investment. Pursuant to the Collaboration Agreement, the Company has agreed to loan the Processor US\$450,000 (the "Arcata Loan") by way of a secured Note, for the purposes of the expanding the Processor's business, including to, among other things, purchase additional equipment and complete tenant improvements to the Processor's facility. The Note accrues interest at an annual rate of 6% and matures on March 14, 2020. The Note is secured by 50% of the equity of the Processor. The Company and the Processor also intend to negotiate and enter into an additional line of credit for purposes of the Processor's working capital, however no definitive documentation with regards thereto has been entered into and the Company cannot provide any assurance as to the completion, timing or terms thereof. In consideration for benefits received by the Company under the Collaboration Agreement, the Company has agreed to issue 100,000 common shares to the Processor's principal, subject to receipt of certain licensing and approvals by the Processor.

On November 29, 2018, the Company announced that it has submitted an application to the City of Desert Hot Springs, California, requesting the receipt of the Conditional Use Permit in respect of the DHS Property.

On December 4, 2018, the Company announced that the Sugarleaf brand had grown 18 different strains of cannabis in rotation, including nine major strains in high production and nine minor strains in smaller batch production. The Company further announced that Sugarleaf Farm LLC is expected to soon launch its own line of cannabis oil-based products in a special edition Sugarleaf branded Vapor Slide V2. Lastly, the Company announced that the Washington Assets had undergone significant infrastructure upgrades and design improvements.

On December 6, 2018, the Company announced that it has entered into an agreement with Sugarleaf Farm LLC to acquire the global brand and marketing rights to the Sugarleaf brand (outside of Washington State) (the "Sugarleaf Rights"). Chemistree is currently utilizing the Sugarleaf Rights to establish the Sugarleaf brand in California in connection with the Arcata Investment. See "*Summary Description of the Business – California – Arcata Investment*".

On December 11, 2018, the Company provided an update on its Conditional Use Permit application in respect of the DHS Property. The Company announced that, due to a rework of its plans, the Company has identified savings of approximately \$500,00 to the original project budget.

On February 19, 2019, the Company announces that it has, through its wholly-owned subsidiary CHM Desert, obtained a Conditional Use Permit for the DHS Property. The Conditional Use Permit allows for the construction of two greenhouse

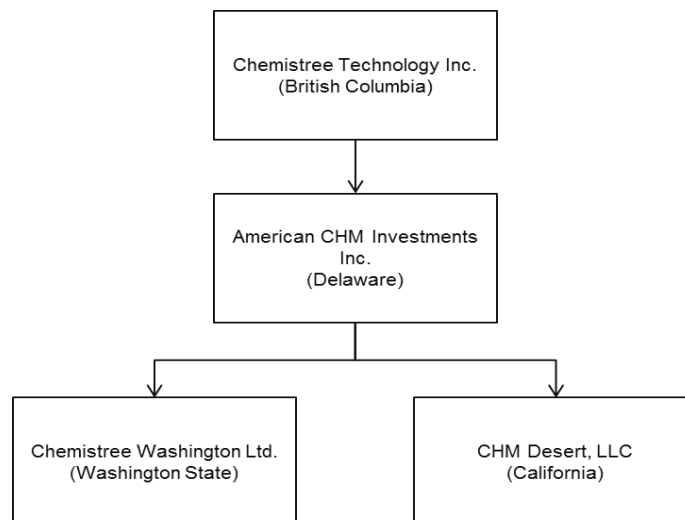
buildings totaling approximately 128,000 square feet, and an additional building of up to an additional 40,000 square feet for processing, manufacturing and distribution of cannabis goods.

Corporate Overview

Chemistree was incorporated in the Province of British Columbia on March 14, 2008 under the *Business Corporations Act* (British Columbia) (“**BCBCA**”). The name change to Chemistree Technology Inc. became effective August 3, 2017. The Company’s registered office is located at Suite 2600, Three Bentall Centre, 595 Burrard Street, P.O. Box 49314, Vancouver, British Columbia, V7X 1L3, Canada and its head office is located at Suite 810, 609 Granville Street, Vancouver, British Columbia, V7Y 1G5, Canada.

On July 20, 2018, the Company requalified for a listing following a change of business to an “investment company” on the Exchange.

The Company has three wholly-owned subsidiaries. Effective October 17, 2017, the Company incorporated a wholly-owned subsidiary, Chemistree Washington Ltd. (“**Chemistree Washington**”), incorporated under the laws of Washington State. Effective July 17, 2018, the Company incorporated American CHM Investments Inc., under the laws of the State of Delaware. Effective July 18, 2018, the Company incorporated CHM Desert LLC (“**CHM Desert**”) under the laws of the State of California. The following diagram presents the organizational chart of the Company:



As a result of working with clients in the cannabis industry, specifically within Washington State, the Company became familiar with a number of producers and brands which it believed were in need of the Company’s suite of services. When the Company focused its branding and marketing efforts on the cannabis industry in the summer of 2017, it found several under-served sectors. With the geographic disconnects caused by a lack of federal legislation in the US, our networking in Washington state lead the Company to several producer/processors that were ill-equipped to handle the fast-moving trends in the space.

Based on the networks developed through its activities in the social media marketing space, the Company began to investigate and undertake preliminary due diligence on potential investments in the cannabis space that would build upon Chemistree’s existing relationships and experience and provide a platform for further investments in the cannabis space. After reviewing a number of potential opportunities, the Company focused its efforts and conducted further due diligence on an opportunity in Washington State to invest in certain assets that Chemistree believes will enable it to provide a “turn-key” facility from which it expects to derive licensing revenue.

On June 29, 2018, Chemistree Washington completed the acquisition of a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding (the “Washington Acquisition”) pursuant to 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 acquired 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 did not include any receivables, payables, warranties, employee or tax liabilities of the Washington Vendor.

Consideration for the Washington Assets was US\$1,000,000 payable in cash, comprised of US\$800,000 payable upon closing of the Washington Acquisition, and four instalments of US\$50,000 each payable at the end of each of the four calendar months following closing.

Following 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.

Chemistree’s change of focus, and the pursuit of the Washington Acquisition, was determined to be a “change of business” for the Company and was treated as a Fundamental Change under Policy 8 of the CSE. The Company filed 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 company. On July 20, 2018, the Fundamental Change was approved by the CSE.

On July 17, 2018, the Company formed a new wholly-owned subsidiary, American CHM Investments Inc. (“American CHM”), in the State of Delaware. It is intended that American CHM will become the Company’s master subsidiary in the United States and that all U.S. holdings will fall under American CHM’s ownership.

In turn, on July 18, 2018, American CHM formed a wholly-owned subsidiary CHM Desert LLC (“CHM Desert”) to hold the Company’s initial assets in the State of California. Effective August 7, 2018, CHM Desert closed on its acquisition of 9.55 acres of bare land located within the City of Desert Hot Springs, Riverside County, California “Light Industrial Lands Designated for Marijuana Cultivation” area (the “DHS property”). Consideration for the purchase is \$1,233,800 USD. The DHS property is expected to be able to support development plans and a Conditional Use Permit application for a total of three (3) 68,000 sq. ft cultivation and processing buildings on the site totalling approximately 205,000 sq. ft., together with the required ancillary space for parking, firefighting equipment and site security, based on the regulations of the City of Desert Hot Springs.

On July 12, 2018, the Company issued 5,569,613 units, issued at \$0.35 per unit for gross proceeds \$1,949,364. Each unit consists of one common share and one common share purchase warrant; each warrant will entitle the holder to acquire one additional common share for \$0.50 cents 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 is greater than \$0.60 per common share for a period of 10 consecutive trading days, then the Company may deliver a notice to the holders of warrants notifying the holders that the warrants must be exercised within 30 calendar days from the date of the acceleration notice, otherwise the warrants will expire at 4:00 p.m. PT on the 30th calendar day after the date of the acceleration notice. The Company also issued 257,748 Finder’s Warrants in connection with the final tranche, and the warrants will have the same terms as the common share purchase warrants included in the placement units.

During the period ended June 30, 2018, the Company closed non-brokered private placement financings as follows:

- issued 6,190,800 common shares at \$0.25 per share, for gross proceeds of \$1,547,700; and
- issued 7,313,771 units, issued at \$0.35 per unit for gross proceeds of \$2,559,820. Each unit consists of one common share and one common share purchase warrant; each warrant will entitle the holder to acquire one additional common share for 50 cents 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 is greater than 60 cents per common share for a period of 10 consecutive trading days, then the company may deliver a notice to the holders of warrants notifying the holders that the warrants must be exercised within 30 calendar days from the date of the acceleration notice, otherwise the warrants will expire at 4:00 p.m. PT on the 30th calendar day after the date of the acceleration notice. The Company also issued 438,464 Finder's Warrants in connection with the placement and the warrants will have the same terms as the common share purchase warrants included in the placement units

Overall Performance

The ability of the Company to continue to operate as a going concern is dependent on its ability to ultimately operate its business at a profit. To date, the Company has generated limited revenues from operations and will require additional funds to meet its obligations and the costs of its operations. As a result, further losses are anticipated prior to the generation of any profits. As at December 31, 2018, the Company had working capital of \$636,094 [June 30, 2018 year-end: \$2,378,554]. and had accumulated a deficit of \$12,951,778 [June 30, 2018 year-end: \$11,581,093] since inception.

The Company's anticipated operating losses and increasing working capital requirements will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the sale of additional shares. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected. The financial statements do not reflect adjustments to the carrying values of assets, liabilities or reported results should the Company be unable to continue as a going concern.

Selected Financial Data [Annual]

The following tables show selected summary financial information which have been derived from the annual financial statements of the Company.

		Year ended		
		June 30, 2018	June 30, 2017	June 30, 2016
Operating Revenue	\$	0	0	0
Net income (loss)	\$	(738,475)	(524,418)	(626,545)
Income (Loss) per share	\$	(0.04)	(0.06)	(0.05)
Share capital	\$	13,896,322	10,107,349	9,613,138
Common shares issued		28,652,976	15,148,405	5,148,405
Weighted average shares outstanding		19,515,142	9,038,816	4,447,952
Total Assets	\$	4,042,251	142,714	63,191
Net Assets (liabilities)	\$	3,279,840	24,149	(11,697)
Cash Dividends Declared per Common Shares	\$	0	0	0

Operations Overview

Prior to July 1, 2017, the Company was not generating revenue. Until such time as WSLCB approves the transfer of the License to the Strategic Partner, the Company derives revenue from the operation of the Washington Assets through a pre-existing sub-lease arrangement, consulting fees and the finance of improvements to the facilities.

Results of Operations*Six months ended December 31, 2018*

During the period, the Company assumed conduct of the Washington Assets; commenced the work necessary to entitle the DHS property; researched, negotiated and concluded the Pasha transaction, and researched and negotiated the Arcata transaction. On a comparative basis, the corporate activity level in the 2018 period far eclipsed that of 2017 – and accordingly expenses were 290% higher in the 2018 period. Total expenditures were \$1,449,548 in the 2018 period compared to \$371,607 in 2017; in almost every category, expenses were increased in the 2018 period. In the period, the Company incurred operating losses of \$1,449,548 [2017: \$371,607]. All of the Company's expenditures related to delivery of its services, ongoing business development and general corporate operations. With the shift to operations as opposed to development, business development expense decreased 95% to \$4,291 from \$83,871 in 2017; and consulting services expense was \$88,868 in 2018 versus \$6,289 in 2017. General and administrative expense of \$637,980 was a dramatic increase over the \$39,794 incurred in 2017, reflecting the Company's transition from R&D to active operations and the pursuit of US transactions; professional fees increased over 603% due to the required preparation for a US launch in the investment space, formation of US subsidiaries, increased audit burden, the negotiation and completion of the Company's investment transactions. Management fees were consistent at \$120,000. Non-cash expense amounts of \$132,324 [2017: \$nil] for depreciation and \$97,500 [2017: \$nil] for share-based payments in the 2018 period reflect the addition of Property and Equipment, and the issuance of share purchase options; respectively, during the period.

Fiscal year ended June 30, 2018

During the year, the Company successfully launched its social media and marketing initiatives; and at the very end of the fiscal period successfully transitioned into an investment company dedicated to the U.S. cannabis sector, providing turn key solutions for the U.S. regulated industry. These activities and transitions led to an increase in expense levels generally. In the period the Company incurred operating losses of \$759,048 [2017: \$524,848]. All of the Company's expenditures related to delivery of its services, ongoing business development and to general corporate operations. With the refocusing of the Company business development expense increased 11% to \$156,327 from \$140,885 in 2017; and consulting services expense of \$nil in 2018, was a significant reduction to the \$48,000 incurred in the comparative period. General and administrative expense of \$100,886 was increased 168% from the \$37,562 incurred in 2017, reflecting the Company's transition from R&D to active operations and the pursuit of US transactions; professional fees increased over 485% due to the required preparation for a US launch in the investment space, formation of US subsidiaries, increased audit burden, the negotiation and completion of the Washington Acquisition and the due diligence and preparation for the California land purchase. Management fees were increased to \$240,000 from the 2017 level of \$166,667 reflecting the availability of increased working capital and the ability to pay fees more in keeping with existing management services agreement. The Company recorded interest expense of \$14,707 in 2018 period [2017: \$nil] due to the creation of the long-term notes payable. Travel expense increased over 457% to \$23,520 in 2018 compared with \$4,222 in 2017, reflecting the costs associated with expansion initiatives in the United States.

Selected Financial Data [Quarterly - unaudited]

(Expressed in Canadian Dollars)

	Quarter Ended							
	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
Comprehensive (loss) gain Earnings (loss) per share	\$ (816,830)	(553,854)	(268,653)	(146,671)	(150,496)	(172,655)	(133,815)	(87,826)
Share capital Common shares issued	\$ 15,670,956	15,661,870	13,896,322	11,648,292	11,648,292	10,107,349	10,107,349	10,107,349
Weighted average shares outstanding	34,233,589	34,222,589	28,652,976	21,339,205	21,339,205	15,148,405	15,148,405	15,148,405
Total Assets	\$ 4,566,176	5,356,816	4,042,251	1,583,854	1,700,134	435,042	142,714	141,735
Net Assets (liabilities)	\$ 3,861,729	4,673,060	3,279,840	1,097,076	1,243,747	(21,701)	24,149	91,911
Dividends Declared per Share	\$ 0	0	0	0	0	0	0	0

Fluctuations in Results

As stated above, operating results fluctuated due to the launching of the Company's service offerings and the pursuit of investment and expansion opportunities in the US cannabis industry.

Liquidity and Capital Resources

As at December 31, 2018, the Company had working capital of \$636,094 [June 30, 2018 year-end: \$2,378,554]. and had accumulated a deficit of \$12,951,778 [June 30, 2018 year-end: \$11,581,093] since inception. As at December 31, 2018, the Company had cash and equivalents on hand of \$241,629 [June 30, 2018 year-end: 2,662,002].

Given the various projects the Company is handling in the short and medium terms, management considers the current cash balance and forecast net cash flows from operating activities for the next 12 months to be adequate for its planned business development activities. The success of development projects depends greatly on the Company's ability to generate sufficient cash to meet its needs.

Additional Disclosure for Issuers Without Significant Revenue

The business of the Company entails significant risks, and following is a general description of all material risks, which can adversely affect the business and in turn the financial results, ultimately affecting the value of an investment the Company.

The Company has no significant revenues. The Company has limited funds. There is no assurance that the Company can access additional capital. The future requirements for additional capital will require issuance of common shares resulting in a dilution of the share capital issued previously.

General and administrative expense breakdown	Six months ended December 31,	
	2018	2017
	\$	\$
Communications	596,825	22,301
Computer related	2,803	427
Bank service charges	1,232	1,201
Dues and subscriptions	401	-
Postage and delivery	1,710	99
Miscellaneous	10,164	766
Rent	24,845	15,000
	637,980	39,794

Risk Factors

Investing in our securities involves a high degree of risk. You should carefully consider the following risks in addition to the other information included in this MD&A and our financial statements, including related notes, before you decide to purchase our common shares. If any of the following risks actually occur, our business, financial condition and results of operations could materially suffer. As a result, the trading price of our securities, including common shares, could decline and you could lose part or all of your investment. The risks set out below are not the only risks we face; risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition and results of operations. You should also refer to information set out in our consolidated financial statements for the year ended June 30, 2018.

Risks Related to Uncertain Regulatory Environments Where We Operate

The activities of the Company will be subject to evolving regulation by governmental authorities. The legality of the production, extraction, distribution, marketing, advertising and use of cannabis differs among North American jurisdictions.

United States

Inconsistent treatment in certain states and federally

In the U.S., cannabis is a Schedule I controlled substance under the U.S. Controlled Substances Act of 1970 (the “CSA”). This means marijuana-related activities, including without limitation, the cultivation, manufacture, importation, possession, use, or distribution of cannabis, are illegal under U.S. federal law. In addition, under U.S. federal law it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from marijuana sales or any other Schedule I controlled substance. 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. As such the enforcement of U.S. federal law against the Company remains a significant risk.

At the state-level, Washington, Oregon, Nevada, Massachusetts, Maine, Colorado, California and Alaska, and the District of Columbia, have legalized recreational use of cannabis; and over half of the U.S. states have enacted legislation to legalize and regulate the sale and use of medical cannabis without limits on THC, while other states have legalized and regulate the sale and use of medical cannabis with strict limits on the levels of THC. However, the U.S. federal government has not enacted similar legislation and the cultivation, sale and use of cannabis remains illegal under federal law pursuant to the CSA. While the DOJ under the previous U.S. presidential administration stated its intention not to enforce federal laws relating to cannabis where the conduct at issue is legal under applicable state law, there can be no assurance that the current administration will not enforce such laws in the future. This risk is further compounded by the political and policy variability of the Donald Trump presidential administration, and the conservative, anti-cannabis stance of former Attorney General Jeff Sessions, culminating in the rescission of the Cole Memorandum in January 2018. Mr. Trump’s positions regarding marijuana are difficult to discern; however, former Attorney General Sessions had been a consistent opponent of marijuana legalization efforts throughout his political career. It remains unclear what stance the new administration’s Department of Justice might take toward legalization efforts in U.S. states. In March of 2017, former Attorney General Sessions acknowledged the limited federal resources of the Department of Justice and acknowledged that much of the Cole Memorandum had merit. Despite this positive statement, he

disagreed with the memo's implementation and did not commit to utilizing the Cole Memorandum going forward. The federal government of the U.S. has specifically reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use marijuana even if state law sanctioned such sale and disbursement. In July of 2017 former Attorney General Sessions sent letters to the Governors of Colorado, Washington, Alaska, and Oregon responding to their April 2017 request to retain the Cole Memorandum and engage with the Governors before embarking on any changes to regulatory and enforcement systems. In January 2018, former Attorney General Sessions rescinded the Cole Memorandum. The impact of the rescission of the Cole Memorandum remains to be seen and, as a result, there is significant uncertainty as to the enforcement approach that will be taken by U.S. federal authorities with respect to marijuana-related activities that are otherwise compliant with applicable state laws.

In addition to his revocation of the Cole Memorandum, former Attorney General Sessions also issued the Sessions Memorandum, which confirmed the rescission of the Cole Memorandum and explained the rationale of the U.S. Department of Justice in so doing. According to the Sessions Memorandum, the Cole Memorandum, was "unnecessary" due to existing general enforcement guidance adopted in the 1980s, as set forth in the U.S. Attorney's Manual (the "USAM"). The USAM enforcement priorities, like those of the Cole Memorandum, are also based on the federal government's limited resources, and include "law enforcement priorities set by the Attorney General", the "seriousness" of the alleged crimes, the "deterrent effect of criminal prosecution", and "the cumulative impact of particular crimes on the community".

While the Sessions Memorandum does emphasize that marijuana is a Schedule I controlled substance, and states the statutory view that it is a "dangerous drug and that marijuana activity is a serious crime", it does not otherwise guide U.S. Attorneys that the prosecution of marijuana-related offenses is now a U.S. Department of Justice priority. Furthermore, the Sessions Memorandum explicitly describes itself as a guide to prosecutorial discretion. Such discretion is firmly in the hands of U.S. Attorneys in deciding whether or not to prosecute marijuana-related offenses. U.S. Attorneys could individually continue to exercise their discretion in a manner similar to that displayed under the Cole Memorandum's guidance. Dozens of U.S. Attorneys across the country have affirmed their commitment to proceeding in this manner, or otherwise affirming that their view of federal enforcement priorities has not changed, although a few have displayed greater ambivalence. In California, at least one U.S. Attorney has made comments indicating a desire to enforce the Controlled Substances Act: Adam Braverman, Interim U.S. Attorney for the Southern District of California, has been viewed as a potential enforcement hawk after stating that the rescission of the Cole Memorandum "returns trust and local control to federal prosecutors" to enforce the Controlled Substances Act. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity: his office published a statement that cannabis remains illegal under federal law, and that his office would "evaluate violations of those laws in accordance with our district's federal law enforcement priorities and resources".

Marijuana remains a Schedule I controlled substance at the U.S. federal level, and neither the Cole Memorandum nor its rescission has altered that status. The U.S. federal government reserves the ability to enforce federal law in regard to the production, sale, and disbursement of medical or recreational marijuana, even if state laws sanction the production, sale, and disbursement. It remains uncertain whether the risk of enforcement has actually been altered by the rescission of the Cole Memorandum.

U.S. anti-money laundering laws and regulations

Additionally, under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of marijuana or any other Schedule I controlled substance. Certain Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

Despite these laws, the U.S. Department of the Treasury's FinCEN issued a memorandum on February 14, 2014 (the "FinCEN Memorandum") outlining the pathways for financial institutions to bank state-sanctioned marijuana businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all marijuana-related banking activities by any client of such financial institution, in accordance with federal money laundering laws.

These marijuana-related SARs are divided into three categories – marijuana limited, marijuana priority, and marijuana terminated – based on the financial institution’s belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day as the FinCEN Memorandum was published, the DOJ issued a memorandum directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. However, this memorandum was rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

As a result of its investments in the cannabis space, Chemistree or its subsidiaries may face difficulty obtaining bank or certain other traditional forms of financing in the U.S., as well as banking services. Although there has been an increase in private sources of financing and growing acceptance of cannabis related businesses in recent years, there can be no assurance that additional financing will be available to the Company on acceptable terms or at all. The Company’s inability to raise additional financing to fund new investments or invest further capital in its existing investments could limit its growth and have a material and adverse effect on its ability to generate investment returns or profits.

Further, there can be no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. It is also important to note that local and city ordinances may strictly limit and/or restrict the distribution of cannabis in a manner that will make it extremely difficult or impossible to transact business in the cannabis industry. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company’s investments in such businesses would be materially and adversely affected notwithstanding the fact that the Company is not directly engaged in the sale or distribution of cannabis. Federal actions against any individual or entity engaged in the marijuana industry or a substantial repeal of marijuana related legislation could adversely affect the Company, its business and its investments.

Enforcement

The concepts of “medical cannabis” and “retail cannabis” do not exist under U.S. federal law. The CSA 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 U.S., 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’s investees of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company or its investments. Any such proceedings brought against the Company or its investments may adversely affect the Company’s operations and financial performance and its ability to realize gains or profits from its investments.

There can be no assurances the federal government of the U.S. or other jurisdictions will not seek to enforce the applicable laws against the Company or its investments. Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of cannabis related investments in the U.S., the listing of its securities on various stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

The Company’s proposed investment in the U.S., and any future investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company’s ability to invest in the U.S. or any other jurisdiction.

Washington State

Washington State has both medical and adult-use marijuana programs. Washington voters initially passed its original medical law in 1998, which allowed physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and created a patient/caregiver system without explicitly permitting businesses to cultivate and sell cannabis.

However, various cannabis businesses developed in Washington State. In 2012, Initiative 502 legalized cannabis at a state-level in Washington for adults 21 years of age and older. Initiative 502 regulated adult-use marijuana businesses but left the unregulated medical marijuana establishments in an uncertain situation.

In 2015, the Governor of Washington signed Senate Bill 5052 which forced the closure of existing unregulated medical dispensaries and allows existing adult-use retail marijuana stores to apply for a “medical marijuana endorsement” to sell medical marijuana tax free to registered qualifying patients and their designated caregivers.

The WSLCB regulates adult-use marijuana businesses and those with a medical endorsement. The WSLCB licenses cultivation facilities, product manufacturing facilities (“processors”), retail stores, transportation licensees, and testing facilities. All individuals and entities considered a “true party of interest” in a marijuana business license must have at least six months of Washington residency. Accordingly, Chemistree Washington will not have a WSLCB license and instead will be leasing or licensing certain assets to a WSLCB license holder. Although Chemistree Washington will not hold the WSLCB it will face many of the same risks as the license holder, as the loss of the WSLCB license would leave it unable to make the requisite payments to Chemistree Washington. Chemistree may in turn be materially and adversely affected if it is unable to enter into new lease and license arrangements with a WSLCB license holder on terms acceptable to Chemistree or at all.

Unlike many other states, Washington prohibits vertical integration between adult-use marijuana retailers and cultivators. Common ownership between cultivation and processors is permitted. A single entity, and/or principals within an entity, are limited to no more than three marijuana producer licenses, and/or three marijuana processor licenses, or five retail marijuana licenses.

Chemistree is not aware of any non-compliance by the WSLCB license holder with applicable WSLCB license requirements or any notices of violation. However, any future violations by the WSLCB license holder may have a material and adverse effect on Chemistree or the value of the Washington Assets.

California

The Company may become indirectly involved in the cultivation and distribution of cannabis as a result of the acquisition of the DHS property and, if so, expects to seek to take measures to ensure compliance with applicable California state laws, regulations and guidelines.

In 1996, California voters passed a medical marijuana law allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses that emerged as a result of the system. In September of 2015, the California legislature passed three bills, collectively known as the Medical Marijuana Regulation and Safety Act (“MCRSA”). In 2016, California voters passed The Adult Use of Marijuana Act (“AUMA”), which legalized adult-use cannabis for adults 21 years of age and older and created a licensing system for commercial cannabis businesses. On June 27, 2017, Governor Brown signed SB-94 into law. SB-94 combines California’s medicinal and adult-use cannabis frameworks into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act (“MAUCRSA”).

Pursuant to MAUCRSA: (1) the California Department of Food and Agriculture, via CalCannabis, issues licenses to cannabis cultivators; (2) the California Department of Public Health, via the Manufactured Cannabis Safety Branch (the “MCSB”), issues licenses to cannabis manufacturers and (3) the California Department of Consumer Affairs, via the Bureau of Cannabis Control (the “BCC”), issues licenses to cannabis distributors, testing laboratories, microbusinesses, and retailers. These agencies also oversee the various aspects of implementing and maintaining California’s cannabis landscape, including the statewide seed-to-sale track and trace system. All three agencies released their emergency rulemakings at the end of 2017 and have begun issuing temporary licenses.

To operate legally under state law, cannabis operators must obtain a state license and local approval. Local authorization is a prerequisite to obtaining state licensure, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The state license approval process is not competitive and there is no limit on the number of state licenses an entity may hold. Although vertical integration across multiple license types is allowed

under MAUCRSA, testing laboratory licensees may not hold any other licenses aside from a laboratory license and all transportation of cannabis goods between licensees must be performed by a licensed distributor. There are also no residency requirements for ownership of medical or adult-use marijuana licenses under MAUCRSA.

California has implemented a robust regulatory system designed to ensure, monitor, and enforce compliance with all aspects of a cannabis operator's licensed operations. Compliance with local law is a prerequisite to obtaining and maintaining state licensure, and all three state regulatory agencies require confirmation from the locality that the operator is operating in compliance with local requirements and was granted authorization to continue or commence commercial cannabis operations within the locality's jurisdiction.

Balance Sheet Exposure

The Washington Acquisition, DHS Acquisition and potentially a substantial portion of the Company's future investments may be in the U.S.. Accordingly, a significant portion of the Company's success, ability to generate returns on its investments, realize on its investments or otherwise generate income will be subject to risks associated with U.S. cannabis related activities.

Canada

On August 24, 2016, the Access to Cannabis for Medical Purposes Regulations ("ACMPR") came into force to allow for reasonable access to cannabis for medical purposes for Canadians who have been authorized to use cannabis by their health care practitioner. The ACMPR replaced the Marihuana for Medical Purposes Regulations ("MMPR"), introduced in June 2013, which replaced the Marihuana Medical Access Regulations ("MMAR") which was implemented in 2001. MMPR and MMAR were both legislative schemes that were important early steps in the Canadian government's legislative path towards legalizing and regulating medical marijuana.

The ACMPR regulates the production and distribution of medical cannabis, demonstrating Health Canada's commitment to improving the regulatory landscape surrounding medical marijuana use, in addition to ensuring that production occurs under secure and regulated commercial production facilities. Under the ACMPR, Canadians who have been authorized by their health care practitioner will continue to have the option of purchasing safe, quality-controlled cannabis from one of the producers licensed by Health Canada and now will also be able to produce a limited amount of cannabis for their own medical purposes or designate someone to produce it for them.

In 2015, the Government of Canada announced a platform advocating for the legalization of recreational cannabis in order to regulate the illegal market and restrict access by under-aged individuals. On April 20, 2016, the Government of Canada announced its intention to introduce, by the spring of 2017, legislation to legalize the recreational use of cannabis in Canada.

On April 13, 2017, the Government of Canada introduced the *Cannabis Act*, which was passed by the House of Commons on November 27, 2017. On June 20, 2018 the Senate approved Bill C-45 and the *Cannabis Act* received Royal Assent on June 21, 2018. The *Cannabis Act* came into effect on October 17, 2018. The impact of such regulatory changes on the Company's business is unknown.

Furthermore, on July 11, 2018, the Government of Canada released the Regulations setting out licenses, permits and authorizations; security clearances; cannabis tracking systems; cannabis products; packaging and labelling; cannabis for medical purposes; and health products and cosmetics containing cannabis.

While the impact of any new legislative framework for the regulation of the Canadian recreational cannabis market is uncertain, any of the foregoing could result in a material adverse effect on the Company's business, financial condition and operating results.

Under the passed legislation, the production, sale and possession of certain amounts of cannabis will be legal federally, though provinces will ultimately decide how cannabis will be distributed and sold within their boundaries, subject to federal requirements. The *Cannabis Act* created a highly regulated landscape for businesses looking to produce, distribute or deal in cannabis products. However, the *Cannabis Act* does not address in detail a number of key issues, including relating to labelling, marketing, transition, licensing requirements and taxes. These will need to be addressed by the Canadian Government in regulations and rules over the next year or more, and the Canadian Government will also need to work out issues with the provinces and municipalities. Health Canada has indicated that it does not intend to release draft regulations under the Cannabis Act until after its passage, and therefore there remains significant uncertainty as to the final regulatory regime for matters such as labelling and marketing, among others.

As the cannabis industry expands in Canada, cannabis-related businesses will increasingly seek banking and financial services from Canadian financial institutions. However, cannabis-related businesses may continue to be considered high-risk clients under the Canadian anti-money laundering regime. Accordingly, opening and maintaining accounts for cannabis-related businesses will require substantial resources and diligence on the part of financial institutions, especially in light of the obligation imposed on financial institutions under anti-money laundering legislation to engage in ongoing monitoring of clients and their activities. While certain Canadian financial institutions have grown more comfortable conducting business with clients in the legal cannabis space, others have continued to avoid clients in the space, particular those with a nexus to the U.S.

Despite the heightened risk of banking cannabis-related businesses, the current legal landscape for medicinal cannabis and the expected regulatory framework for legalized recreational cannabis provide financial institutions with various controls to monitor and legitimately bank cannabis-related clients. For instance, the current licensing regime for medicinal cannabis producers is comprehensive and requires that the Canadian Government complete extensive reviews and background checks on each licensed producer. A similarly comprehensive licensing regime is expected under the new legislation to legalize recreational cannabis. Financial institutions could rely on the government's stringent vetting process to confirm the legitimacy of a cannabis producer when onboarding a client. The decision to open, close or refuse any particular cannabis-related account will ultimately be made by each financial institution based on a number of factors specific to that institution. However, the regulatory regime for medicinal cannabis and the expected framework for legalized recreational cannabis in Canada can provide financial institutions with the means to legitimately bank cannabis-related clients in a lawful way, meeting the growing financial needs of the cannabis industry in Canada.

Provincial Regulatory Framework

While the *Cannabis Act* provides for the regulation of the commercial production of cannabis for recreational purposes and related matters by the federal government, the *Cannabis Act* proposes that the provinces and territories of Canada will have authority to regulate other aspects of recreational cannabis (similar to what is currently the case for liquor and tobacco products), such as sale and distribution, minimum age requirements, places where cannabis can be consumed, and a range of other matters. To date, the Governments of Ontario, Manitoba, Alberta, New Brunswick, Québec, Newfoundland and Labrador, the Yukon, the Northwest Territories, Saskatchewan and British Columbia have announced proposed regulatory regimes for the distribution and sale of cannabis for recreational purposes within those jurisdictions. Each of these Canadian jurisdictions has established a minimum age of 19 years old, except for Québec and Alberta, where the minimum age will be 18. The remaining Canadian jurisdictions (Prince Edward Island, Nova Scotia and Nunavut) have engaged in public consultation but have yet to announce a proposed approach to the sale and distribution model for recreational cannabis in their respective jurisdictions.

On September 8, 2017, the Ontario government announced its proposed retail and distribution model of legalized recreational cannabis to be modelled on the current Liquor Control Board of Ontario (“LCBO”) framework. On December 12, 2017, the Ontario government passed the *Cannabis Act, 2017* (Ontario), which will regulate the lawful use, sale and distribution of cannabis for adult use in connection with the federal government's proposed legalization. The *Cannabis Act, 2017* (Ontario) proposes to, among other things:

- create a new provincial retailer, overseen by the LCBO, to manage the distribution of recreational cannabis through stand-alone stores and an LCBO-controlled online order and distribution service, which together, will comprise the only channels through which consumers in Ontario will be able to legally purchase recreational cannabis;
- set a minimum age of 19 to use, buy, possess and cultivate cannabis in Ontario; and
- ban the use of cannabis in public places, workplaces and motor vehicles in Ontario, as is the case with alcohol.

Other details of Ontario's approach will be set out in regulations to the *Cannabis Act, 2017* (Ontario) developed over winter 2018 for public comment. Ontario has announced that approximately 150 standalone stores will only sell cannabis (no cannabis will be sold alongside alcohol) to be opened by 2020, including 80 by July 1, 2019, serving all regions of the province. Online distribution will also be available across the province.

The Government of Manitoba has announced a “hybrid model” for cannabis distribution when cannabis for recreational purposes is legalized. The supply of cannabis in the Province of Manitoba will be secured and tracked by the Manitoba Liquor and Lotteries Corp., however private retail stores will also be permitted to sell recreational cannabis. Manitoba is currently

accepting applications from retailers to open stores for the sale of cannabis for recreational purposes. This process was open until December 22, 2017, with retail stores scheduled to open as early as July 2, 2018.

The Government of Alberta has announced a draft cannabis framework providing for the purchase of cannabis products from retailers that will receive their products from a government-regulated distributor, similar to the distribution system currently in place for alcohol in the province. Only specialized retail outlets will be permitted to sell cannabis (online sales are being considered as a next phase). The Government of Alberta has not determined whether cannabis will be sold through government owned and operated stores or government-licensed and regulated private operators.

Similar to the approach taken by Ontario, the Province of New Brunswick announced that it will set up a network of tightly-controlled, stand-alone stores through the New Brunswick Liquor Corporation. On November 16, 2017, the Government of Québec announced that the legal age for cannabis consumption in that province would be 18 years of age, and that it would create an agency to regulate sales as a parallel organization to its existing government-controlled alcohol sales regulator and chain of outlets commonly known in the province as the “SAQ”. Initial reports from the Québec government indicate that 15 government-run stores will be opened initially, with up to 150 additional retail outlets to open within the following two years.

In November 2017, Newfoundland and Labrador announced that recreational cannabis will be sold through private stores, with its crown-owned liquor corporation overseeing the distribution to private sellers who may sell to consumers. The Government of Newfoundland and Labrador has stated that the Newfoundland and Labrador Liquor Corporation will control the possession, sale and delivery of cannabis, and set prices. It will also be the initial online retailer, although licences may later be issued to private interests. The Government of Newfoundland and Labrador has issued a request for proposals for private retailers.

Similarly, the Yukon has released a “starting point” policy which limits the distribution and sale of recreational cannabis to government outlets and government-run online stores, and allows for the later development of private retailer operations.

The Government of the Northwest Territories has also announced its proposed approach for the distribution and sale of recreational cannabis which relies on the N.W.T. Liquor Commission to control the importation and distribution of cannabis, whether through retail outlets or by mail order service run by the liquor commission. Communities in the Northwest Territories will be able to hold a plebiscite to prohibit cannabis, similar to the options currently available to restrict alcohol.

The Government of British Columbia announced in December 2017 that recreational cannabis will be sold in that province through both public and privately operated stores, with the provincial Liquor Distribution Branch handling wholesale distribution.

The Government of Saskatchewan announced that recreational cannabis will be sold by private companies. The Saskatchewan Liquor and Gaming Authority will issue approximately 60 retail permits to private stores located in roughly 40 municipalities and First Nations across the province, with municipalities having the option of opting out of having a cannabis store if they choose.

There is no guarantee that the provincial and territorial frameworks supporting the legalization of cannabis for recreational use in Canada will be implemented on the terms outlined above or at all.

Additional Risks Associated with our Business and Industry

Loss of business and/or opportunities due to perceived risk

Third parties with whom the Company and its investments do business, including banks and other financial intermediaries, may perceive that they are exposed to legal and reputational risk because of the Company’s cannabis business activities. Because cannabis remains illegal under U.S. federal law, a third-party service provider could reach the conclusion that their activities as a service provider are aiding and abetting the violation of the U.S. federal law. Any provision of services or sale of goods to a cannabis business could be construed as aiding and abetting violations of the U.S. Controlled Substances Act of 1970, in addition to other possible violations. Financial institutions may also be concerned that they would be at risk of prosecution for violation of U.S. money laundering laws and the Bank Secrecy Act, in addition to other potential violations. Any third-party service provider could suspend or withdraw its services to the Company or its investee companies if it perceives that the potential risks exceed the potential benefits to such services. If the Company’s investments operating in the U.S. are unable to utilize financial institutions or third-party services providers, or bank accounts are subject to special restrictions preventing the processing of wire transfers, they may be unable to meet payment obligations to the Company or pay dividends or other amounts to the Company.

Cash flows insufficient to meet capital expenditures

Lack of cash flow may affect the Company's ability to continue as a going concern. Presently, the Company's operating cash flows are not sufficient to meet operating and capital expenses. The Company's business plan calls for continued research and development of the Company's services and products and expansion of market share. The Company will require additional financing to fund working capital and pay for operating expenses and capital requirements until it can achieve a positive cash flow.

In particular, additional capital may be required in the event that: The occurrence of any of the aforementioned events could adversely affect the Company's ability to carry out proposed business plans. The Company depends on a mix of revenues and outside capital to pay for the continued development of its business offering and the marketing of its products. Such outside capital may include the sale of additional stock and/or commercial borrowing. There can be no assurance that capital will continue to be available if necessary to meet these continuing development costs or, if the capital is available, that it will be on terms acceptable to the Company. Disruptions in financial markets and challenging economic conditions have and may continue to affect the Company's ability to raise capital. The issuance of additional equity securities by the Company would result in a dilution, possibly a significant dilution, in the equity interests of current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments.

The Company's future revenue, operating results and gross margin may fluctuate significantly and unpredictably from quarter-to-quarter and from year-to-year, which could have a material adverse effect on its operating results.

However, there is no assurance that actual cash requirements will not exceed the Company's estimates. In particular, additional capital may be required in the event that:

- the Company incurs delays and additional expenses as a result of technology failure;
- the Company is unable to create a substantial market for its products and services; or
- the Company incurs any significant unanticipated expenses. The rate at which the Company's customers order its products, and the size of these orders, are highly variable and difficult to predict. Because any substantial adjustment to expenses to account for lower levels of revenue is difficult and takes time, if the Company's revenue declines, its operating expenses and general overhead would likely be high relative to revenue, which could have a material adverse effect on the Company's operating margin and operating results.

If the Company is not able to manage operating expenses, then the Company's financial condition may be adversely affected.

The Company's ability to reach and maintain profitability is conditional upon its ability to manage operating expenses. There is a risk that the Company will have to increase operating expenses in the future. Factors that could cause the Company's operating expenses to increase include the Company's determination to spend more on sales and marketing in order to increase product sales or the Company's determination that more research and development expenditures are required in order to keep current software products competitive or in order to develop new products for the market. To the extent that the Company's operating expenses increase without a corresponding increase in revenue, the Company's financial condition would be adversely impacted.

Cannabis is highly regulated

The Company's business and activities are heavily regulated in all jurisdictions where it carries on business. The Company's operations are subject to various laws, regulations and guidelines by governmental authorities (including, in Canada, Health Canada) relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services.

Achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities. The commercial cannabis industry is still a new industry and, in Canada, in particular the ACMPR, is a new regime that has no close precedent in Canadian law. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain,

applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the Company's business, financial condition and results of operations.

Competition

The Company faces larger and better-financed competitors, which may affect its ability to achieve or maintain profitability and complete investments. Competition exists for social media, branding and marketing companies in the jurisdictions in which the Company conducts operations and competition is significant in the cannabis investment sector, with a number of non-traditional sources of financing emerging and growing acceptance of cannabis related activities among more traditional sources of financing. As a result of this competition, much of which is with large, established companies with substantially greater financial and technical resources than the Company, the Company may be unable to acquire additional clientele or identify additional investments on terms it considers acceptable or at all. The Company also competes with other investment, cannabis, social media, technology, design and branding companies in the recruitment and retention of qualified employees.

Intellectual property litigation

The Company may in the future be subject to damaging and disruptive intellectual property litigation that could materially and adversely affect business, results of operations and financial condition, as well as the continued viability of the Company. The Company may be unaware of filed patent applications and issued patents that could relate to its products and services. Intellectual property litigation, if determined against the Company, could:

- result in substantial employee layoffs or risk the permanent loss of highly-valued employees;
- materially and adversely affect the Company's brand in the market place and cause a substantial loss of goodwill;
- affect the Company's ability to raise additional capital;
- cause the Company's stock price to decline significantly; and
- lead to the bankruptcy or liquidation of the Company.

Parties making claims of infringement may be able to obtain injunctive or other equitable relief that could effectively block the Company's ability to provide its products or services and could cause the Company to pay substantial royalties, licensing fees or damages. The defense of any lawsuit could result in time-consuming and expensive litigation, regardless of the merits of such claims.

The Company could lose its competitive advantages if it is not able to protect any proprietary technology and intellectual property rights against infringement, and any related litigation could be time-consuming and costly. The measures the Company takes to protect the proprietary technology software, and other intellectual property rights, which presently are based upon a combination of patents, patents pending, copyright, trade secret and trademark laws, may not be adequate to prevent their unauthorized use. Further, the laws of foreign countries may provide inadequate protection of such intellectual property rights. The Company may need to bring legal claims to enforce or protect such intellectual property rights. Any litigation, whether successful or unsuccessful, could result in substantial costs and divert resources from intended uses. In addition, notwithstanding any rights we have secured in the Company's intellectual property, other persons may bring claims against us that we have infringed on their intellectual property rights, including claims based upon the content we license from third parties or claims that the Company's intellectual property right interests are not valid. Any claims against the Company, with or without merit, could be time consuming and costly to defend or litigate, divert our attention and resources, result in the loss of goodwill associated with the Company's service marks or require the Company to make changes to its website or its other technologies.

Fast changing technology and consumer demands

The Company's industry is characterized by rapid changes in technology and customer demands. As a result, the Company's products may quickly become obsolete and unmarketable. The Company's future success will depend on its ability to adapt to technological advances, anticipate customer demands, develop new products and enhance current products on a timely and

cost-effective basis. Further, the Company's products must remain competitive with those of other companies with substantially greater resources. The Company's may experience technical or other difficulties that could delay or prevent the development, introduction or marketing of new products or enhanced versions of existing products. Also, the Company may not be able to adapt new or enhanced services to emerging industry standards, and the Company's new products may not be favorably received.

Uncertain market acceptance for the Company's products and services

The Company expects that a substantial portion of its future revenue will be derived from the sale of its services. The Company expects that these product offerings and their extensions and derivatives will account for a majority of the Company's revenue for the foreseeable future. Broad market acceptance of the Company's services is, therefore, critical to its future success and its ability to continue to generate revenues. Failure to achieve broad market acceptance of the Company's services as a result of competition, technological change, or otherwise, would significantly harm the Company's business. The Company's future financial performance will depend primarily on the continued market acceptance of the Company's current service offerings and on the development, introduction and market acceptance of any future enhancements. There can be no assurance that the Company will be successful in marketing its current product offerings or any new product offerings, applications or enhancements, and any failure to do so would significantly harm the Company's business.

Risks associated with developing and promoting products and brands

The Company expects that new products and/or brands it develops may expose the Company to risks that may be difficult to identify until such products and/or brands are commercially available. Any negative events or results that may arise as the Company develops new products or brands may adversely affect the business, financial condition and results of operations.

Dependence upon, and need for, key personnel

The Company is, and will be for the foreseeable future, dependent upon the performance of a limited number of key personnel. The loss of a key individual or a reduction in the time devoted by such persons to the Company's business could have a materially adverse effect on the Company's business. The Company's future success will depend on part on its ability to attract and retain highly qualified personnel. The Company faces competition for such personnel from other companies, governmental/academic institutions and other organizations, many of which have significantly greater resources than the Company. There is no assurance that the Company will be able to attract and retain the necessary personnel on acceptable terms, or at all.

Dependence on management

The Company will be dependent upon the personal efforts and commitment of its management, which is responsible for the development of future business. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Potential conflicts of interest

Certain of the Company's directors and officers may serve as directors and/or officers of other public and private companies and devote a portion of their time to manage other business interests. This may result in certain conflicts of interest, to the extent that such other companies may participate in ventures in which the Company is also participating. The laws of British Columbia require the directors and officers to act honestly, in good faith, and in the best interests of the Company. In addition, each director must declare his or her interest and abstain from voting on any contract or transaction in which the director may have a conflict of interest.

Risks relating to statutory and regulatory compliance

Failure to comply with applicable laws, regulations and permits may result in enforcement actions there under, including the forfeiture of claims, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions. The Company is not currently covered by any form of environmental liability insurance. See "Insurance Risk", below.

Existing and possible future laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or require abandonment or delays in exploration.

Insurance risk

No assurance can be given that insurance to cover the risks to which the Company's activities are subject will be available at all or at commercially reasonable premiums. The Company seeks to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. The Company carries liability insurance with respect to its corporate operations, but does not currently intend to carry any form of political risk insurance or any form of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. In addition, the Company may not be able to obtain insurance with respect to cannabis related operations or investments at any cost. The payment of any such liabilities would reduce the funds available to the Company. If the Company is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy.

Operating losses; dividends unlikely

The Company has a history of operating losses and may have operating losses and a negative cash flow in the future. The Company has not paid any dividends since the date of its incorporation, and it is not anticipated that dividends will be declared in the short or medium term.

Investments may be pre-revenue

The Company may make investments in entities that have no significant sources of operating cash flow and no revenue from operations. As such, the Company's investments are subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that the Company's investments will not be able to: (i) implement or execute their current business plan, or create a business plan that is sound; (ii) maintain their anticipated management team; and/or (iii) raise sufficient funds in the capital markets or otherwise to effectuate their business plan. If the Company's investments cannot execute any one of the foregoing, their businesses may fail, which could have a materially adverse impact on the business, financial condition and operating results of the Company.

Lack of control over operations of investments

The Company will depend upon its investments or strategic relations to execute on their business plans and produce medical and/or recreational cannabis products, and holds contractual rights and minority equity interest relating to the operation of the Company's investments. The operators of the Company's investments have significant influence over the results of operations of the Company's investments. Further, the interests of the Company and the operators of the Company's investments may not always be aligned. As a result, the cash flows of the Company are dependent upon the activities of third parties which creates the risk that at any time those third parties may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company, to regulators or under applicable laws, which may result in the loss of necessary governmental approvals or licenses; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend a third party's ability to perform its obligations. In addition, payments may flow through the Company's investments, and there is a risk of delay and additional expense in receiving such revenues. In addition, the Company must rely, in part, on the accuracy and timeliness of the information it receives from the Company's investments, and uses such information in its analysis, forecasts and assessments relating to its own business. If the information provided by investment entities to the Company contains material inaccuracies or omissions, the Company's ability to accurately forecast or achieve its stated objectives, or satisfy its reporting obligations, may be materially impaired.

Investments in private companies and illiquid assets

The Company may invest in securities of or lend or otherwise provide financing to private companies. In some cases, the Company may be restricted by contract or generally by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate.

Unfavourable perception or publicity

The regulated cannabis industry in the U.S. and Canada is at an early stage of development. The Company believes the medical and recreational cannabis industry is highly dependent on consumer perception regarding the safety and efficacy of recreational and medical cannabis. Consumer perceptions regarding legality, morality, consumption, safety, efficacy and quality of cannabis

are mixed and evolving. Consumer perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for cannabis and on the business, results of operations, financial condition and cash flows of the Company. Further, adverse publicity reports or other media attention regarding cannabis in general, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on the business of the Company. Such adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consumer such products legally, appropriately or as directed.

The ability of Chemistree's investments to gain or increase market acceptance of their Products or services may require them to establish and maintain brand names and reputation. In the U.S., it may be difficult or impossible to obtain federal trademark protection. While state-level protection may be available, this nevertheless increases the risks in protecting investments' brands until such time as the Controlled Substances Act is amended by federal legislation. Furthermore, in order to obtain such protection, substantial expenditures on product development, strategic relationships and marketing initiatives may be required. There can be no assurance that these initiatives will be successful, and their failure may have an adverse effect on the Company.

Laws and regulations are subject to unforeseen changes

The Company's operations may be subject to the ACMPR, the CSA and various other laws, regulations and guidelines relating to the marketing, acquisition, manufacture, packaging/labelling, management, transportation, storage, sale and disposal of cannabis but also including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. If any changes to such laws, regulations and guidelines occur (and in Canada the laws and regulations are currently changing at a rapid pace), which are matters beyond the Company's control, the Company may incur significant costs in complying with such changes or may be unable to comply therewith, which in turn may result in a material adverse effect on the Company's business, financial condition and results of operations.

Risks associated with investments

As part of the Company's investment strategy, the Company intends to pursue strategic investment or acquisitions, which could provide additional product offerings, vertical integrations, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. The success of any such investments or acquisitions will depend, in part, on the ability of the Company to realize the anticipated benefits and synergies from integrating those companies into the businesses of the Company. Future investments may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses; and (g) exposure to additional regulatory or legal regimes or risks. In addition, any proposed acquisitions may be subject to regulatory approval.

While Chemistree seeks to conduct due diligence that its management believes is reasonable given the scale and scope of its investments, there are both foreseen and unforeseen risks inherent in any investment. Specifically, there could be unknown or undisclosed risks or liabilities of such companies or liabilities that transfer by operation of law with respect to asset acquisitions for which the Company may not be indemnified sufficiently or at all. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations and lead to write downs or write offs of the value of its investments. The Company may incur additional transactional and integration related costs or experience other factors such as the failure to realize all of the benefits from the acquisition.

Operating licenses

The Company's investments may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate their respective businesses. In addition, the Company's investments may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations or accreditations could result in restrictions on, or a loss of, an investment's ability to operate in the cannabis industry, which could have a material adverse effect on the value of the Company's investments.

Litigation risks

Chemistree's investments in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by various federal, state, or local governmental authorities against the Company or its investments. Litigation, complaints, and enforcement actions involving either of the Company or its investments could consume considerable amounts of financial and other corporate resources, which could have an adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Regulatory or agency proceedings, investigations and audits

The Company's business requires compliance with many laws and regulations. Failure to comply with these laws and regulations could subject the Company to regulatory or agency proceedings or investigations and could also lead to damage awards, fines and penalties. The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require payment of substantial amounts of money, harming the Company's financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition and results of operations.

Product Liability

Certain of the Company's investments or strategic partners may manufacture, process and/or distribute products for consumption by humans and, as a result, face an inherent risk of exposure to product liability claims, regulatory action and litigation if products are alleged to have caused significant loss or injury or adverse health effects. In addition, previously unknown adverse reactions resulting from human consumption of cannabis alone or in combination with other medications or substances could occur. A product liability claim or regulatory action against Chemistree's investments or strategic partners may result in increased costs, adversely affect the Company's reputation, and have a material adverse effect on the results of operations and financial condition of the Company or its investments.

Fraudulent or Illegal activity by its employees, contractors and consultants

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against Chemistree, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Currency fluctuations

The Company's revenues and expenses are expected to be primarily denominated in U.S. dollars, and therefore may be exposed to significant currency exchange fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on the Company's business, financial condition and operating results.

Risks associated with managing growth

The Company is currently in an early development stage and may be subject to growth-related risks, including capacity constraints and pressure on the Company's internal systems and controls, which may place significant strain on operational and managerial resources. The Company's ability to manage growth effectively will require it to continue to implement and improve operational and financial systems and to expand, train and manage its employee base. There can be no assurances that the

Company will be able to manage growth successfully. Any inability to manage growth successfully could have a material adverse effect on the Company's business, financial condition and results of operations.

Perception of reputational risk from third-parties

The parties the Company does business with may perceive that they are exposed to reputational risk as a result of the Company's cannabis business activities. Failure to establish or maintain business relationships could have a material adverse effect on the Company's business, financial condition and results of operations. Any third-party service provider could suspend or withdraw its services to the Company if it perceives that the potential risks exceed the potential benefits to such services.

An exchange on which our common shares are listed may initiate a delisting review

The listing of the Company's common shares on a particular stock exchange is dependent on complying with the listing requirements of the applicable exchange. As the Company operates in the cannabis industry, it may from time to time be subject to additional listing requirements that are not applicable to companies in other industries.

Risks Related to Ownership of Chemistree's Common Shares

Stock price volatility

A decline in the price of the Company's common shares could affect its ability to raise further working capital and adversely impact our operations. A prolonged decline in the price of the Company's common shares could result in a reduction in the liquidity of the Company's common shares and a reduction in its ability to raise capital, or a delisting from a stock exchange on which the Company's common shares trades. Because the Company's operations have been partially financed through the sale of equity securities, a decline in the price of its common shares could be especially detrimental to the Company's liquidity and continued operations. Any reduction in the Company's ability to raise equity capital in the future would force the Company to reallocate funds from other planned uses and would have a significant negative effect on business plans and operations, including the Company's ability to develop new products and continue current operations. If the Company's shares price declines, there can be no assurance that the Company can raise additional capital or generate funds from operations sufficient to meet its obligations.

Sales by shareholders of a substantial number of Common Shares

A substantial portion of total outstanding Common Shares may be sold into the market. Such sales could cause the market price of Common Shares to drop, even if the business is doing well. Such sales may include sales by officers and directors of the Company. Furthermore, the market price of Common Shares could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for the Company to sell equity securities in the future at a time and price that the Company deems appropriate.

Dilution

Issuances of additional securities at or near the current share price of the Company would result in significant dilution of the equity interests of any persons who are holders of common shares.

No Requirement to make representations relating to disclosure controls and procedures and internal control over financial reporting.

In contrast to the certificate required for non-venture issues under NI 52-109, the certifying officers of Chemistree, as a venture issuer, are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of Chemistree are not required to make any representations that they have:

- designed, or caused to be designed, DC&P to provide reasonable assurance that information required to be disclosed by Chemistree in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- designed, or caused to be designed, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Chemistree's GAAP.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Unfavorable or lack of research and reports from research analysts

The trading market for Chemistree’s common shares will rely in part on the research and reports that equity research analysts publish about Chemistree and Chemistree’s business. Chemistree does not control these analysts. The price of Chemistree’s common shares could decline if one or more equity analysts downgrade Chemistree’s common shares or if analysts issue other unfavorable commentary or cease publishing reports about Chemistree or Chemistree’s business.

Related Party Transactions

Related party transactions occurred in the normal course of business and have been recorded at the exchange amount; which is the fair value agreed to between the parties. Amounts due to related parties are unsecured, non-interest bearing and without specific terms of repayment.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board of Directors and Officers.

During the periods ended December 31, 2018 and 2017, the Company entered into transactions with key management personnel and related parties as follows:

Related party	Nature of transactions
Pacific Equity Management Corp. (“PEMC”)	Management fees for services provided by CEO, CFO, VP Corporate Development, VP Finance, Accountant, Secretary, Administrator and all support staff; includes rent and shared office expenses. Rent and shared office expenses commenced under a separate agreement on July 1, 2017.
Contact Financial Corp. (“CFC”)	Rent and shared office expenses as per original rental agreement terminated June 30, 2017. Investor relations and communication services commenced under separate agreement on July 10, 2018.
Justin Chorbajian (“Chorbajian”)	Note payable issued for funds advanced by a Director.

The aggregate value of transactions involving key management personnel were as follows:

	2018	2017
Management fees ⁽¹⁾	\$ 120,000	\$ 120,000

⁽¹⁾ Management fees were paid to PEMC, a company controlled by two officers of the Company for CEO and CFO services and other management services. Pursuant to a Management Services Agreement, the Company is required to pay \$20,000 per month (2017: \$20,000 per month), and the agreement can be terminated by either party with six months’ notice.

The aggregate value of transactions with other related parties were as follows:

	2018	2017
Rent (general and administrative) ⁽²⁾	\$ 15,000	\$ 15,000

⁽²⁾ For the period ended December 31, 2018, rent was paid to PEMC for office rent and other office services. The Company is required to pay \$2,500 per month to PEMC (2017: \$nil per month). The agreement with PEMC can be terminated by either party with six months’ notice.

The aggregate value of transactions with other related parties were as follows:

	2018	2017
Marketing (general and administrative) ⁽³⁾	\$ 86,000	\$ -

⁽³⁾ For the period ended December 31, 2018, fees was paid to CFC for investor relations and communications services. The Company is required to pay \$6,000 per month to CFC (2017: \$nil per month). In addition, a one time \$50,000 fee was paid to CFC for promotional activities.

Due to related parties include the following amounts:

	2018	2017
PEMC	\$ 695	\$ 695
CFC	1,750	1,750
Chorbajian	2,430	-
	\$ 4,875	\$ 2,445

Included in the notes payable \$78,431 principal (2017: \$78,431), and \$4,574 in accrued interest owed to Chorbajian.

Table of Contractual Obligations

<i>Contractual Obligations:</i>	<i>Payments Due by Period</i>
Management Contract with Pursuant to a Management Services Agreement dated as of August 1, 2008, as amended June 29, 2015, and February 1, 2017, the Company has engaged Pacific Equity Management Corporation (“PEMC”) for management services. PEMC is a management services company controlled by Karl Kottmeier and Douglas E. Ford, each of whom is a director and/or officer of the Company. The monthly management fee payable under the Agreement is \$20,000, plus taxes. The services provided by PEMC include the provision of the services of the following officers and employees: President, Chief Financial Officer; Vice President-Finance, Administrator; Corporate Development Manager; and Receptionist. The Agreement may be terminated by either party on six months’ notice. In the event the there is a change of effective control of the Company, PEMC has the right to terminate the Agreement and in such event the Company shall pay PEMC a severance payment equal to twelve (12) months management fees. For purposes of the Agreement, “change of effective control” of the Company shall be deemed to have occurred when voting shares of the Company are acquired by any one person or group of persons acting in concert, through one transaction or a series of transactions, which when added to the number of voting shares previously owned by such person or group of persons acting in concert, would equal at least twenty percent (20%) of the total issued voting shares of the Company from time to time.	Pacific Equity Management Corp. \$20,000 per month
Rent & Office Services Contract with Pursuant to a Services Agreement dated as of July 1, 2017, the Company has agreed to pay to PEMC \$2,500 per month, plus taxes for the provision of office space, office equipment and associated administrative services. The Agreement may be terminated by either party on six months’ notice.	Pacific Equity Management Corp. \$2,500 per month

<p>Services Agreement with</p> <p>Pursuant to a Service Agreement dated as of July 10, 2018, the Company has agreed to pay to Contact \$6,000 per month, plus taxes to provide Investor Relations, Digital Marketing, Shareholder Relations, Database Development and Corporate Consultation. Services. The Agreement expires on July 1, 2019.</p>	<p>Contact Financial Corp.</p> <p>\$6,000 per month</p>
<p>Consulting Agreement with</p> <p>Pursuant to a Consulting Agreement dated as of July 10, 2018, the Company has agreed to pay to Adelaide \$4,000 per month, plus taxes to provide communications services and for investor relations including assisting the Company in the promotion of corporate activities. The Agreement expires on June 30, 2019.</p>	<p>Adelaide Capital Markets Inc.</p> <p>\$4,000 per month</p>
<p>Commercial Lease Agreement with</p> <p>Effective July 1, 2018, the Company entered into a Commercial Lease agreement with the landlord of the facility in which the Washington Assets are situated. The Commercial Lease agreement is for an initial term expiring on June 30, 2022, with an option to extend to June 30, 2026.</p>	<p>Landlord</p> <p>The Company's commitment for basic rent amounts payable are as follows:</p> <ul style="list-style-type: none"> • 2019: US\$50,160 • 2020: US\$100,320 • 2021: US\$100,320 • 2022: US\$100,320 • 2023: US\$100,320
<p>Arcata Collaboration Agreement with</p> <p>Pursuant to the Collaboration Agreement the Company agreed to</p> <ul style="list-style-type: none"> • Provide a line of credit for US\$450,000) to fund additional working capital for the Processor • Issuance of 100,000 common shares to be valued at date of issuance 	<p>Processor</p> <p>US\$450,000 and 100,000 common shares</p>

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Critical Accounting Estimates

The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

Proposed Transactions

See "Events after December 31, 2018", below.

Accounting Changes

Change in Accounting Policies

Financial instruments

On July 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

Future Accounting Pronouncements

The Company has not early adopted the following revised standards and is currently assessing the impact that these standards will have on its future financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company:

- IFRS 16: Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard.

Financial Instruments and Other Instruments

Capital Disclosure

The Company's objectives when managing capital are to pursue and complete the identification and evaluation of assets, properties or businesses with a view to acquisition or participation in a qualifying transaction, to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital is comprised of the Company's shareholders' equity. There were no changes made to the Company's capital management approach during the years presented.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or adjust the amount of cash and cash equivalents.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources are sufficient to carry on its planned operations.

Financial Instruments, Fair Value Measurement and Risk

a) Financial Instruments

As at December 31, 2018, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, investment, note receivable, accounts payable and accrued liabilities, due to related parties, interest payable, notes payable, and loan payable.

b) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The fair value of investments are determined based on Level 3 inputs. The carrying values of accounts receivable, note receivable, accounts payable and accrued liabilities, due to related parties, interest payable, notes payable, and loan payable all approximate their fair values.

c) Financial Risks

(i) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum exposure to credit risk is \$1,220,901, consisting of cash and cash equivalents, accounts receivable, taxes receivable and note receivable. The Company limits its exposure to credit loss for cash and cash equivalents by placing such instruments with high credit quality financial institutions. The values of these instruments may exceed amounts insured by an agency of the Government of Canada. In management's opinion, the Company's credit risk related to these instruments, is low. Risk exposure to accounts receivable over 90-days past due are considered moderate in the opinion of management. Risk exposure to note receivable is considered low in management's opinion since the note is secured by assets of sufficient recoverable value to offset the risk.

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at December 31, 2018, the Company had working capital of \$636,094. Except for Notes Payable, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at December 31, 2018, the Company has sufficient working capital to discharge its existing financial obligations.

(iii) Interest Rate Risk

The Company is subject to interest rate risk as its cash and cash equivalents, and notes payable bear interest at variable rates. The impact of a 1% change in interest rates would have an insignificant impact on the Company's profit or loss.

(iv) Foreign Currency Risk

Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Amounts subject to currency risk are primarily cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities denominated in United States dollars. A 10% change in foreign exchange rates is expected to have an insignificant impact on the Company's profit or loss.

Disclosure Controls and Procedures

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and that (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing Venture Issuer Basic Certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of the Company to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Share Capital Data

The following table sets forth the Company's share capital data as at February 28, 2019:

Common Shares			
-issued & outstanding	34,233,589		
Options	50,000	Exercise price: \$0.36	Expiry: 4/8/2021
Options	900,000	Exercise price: \$0.10	Expiry: 6/7/2022
Options	150,000	Exercise price: \$0.41	Expiry: 6/22/2023
Options	250,000	Exercise price: \$0.41	Expiry: 7/11/2023
Warrants	7,752,235	Exercise price: \$0.50	Expiry: 6/25/2020
Warrants	5,816,361	Exercise price: \$0.50	Expiry: 7/11/2020

Events after December 31, 2018

On February 5, 2019, the Company announced that it has filed a preliminary short form prospectus in each of the provinces of Canada, other than Québec, in connection with a "best efforts" offering (the "Offering") of debenture units of the Company (the "Initial Units") at a price of \$1,000 per Initial Unit (the "Offering Price"). The number of the Initial Units to be sold pursuant to the Offering is to be determined.

Each Debenture Unit will consist of (i) one 10% unsecured convertible debenture of the Company in the principal amount of \$1,000 (each, a "Debenture") with interest payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2019 (each, an "Interest Payment Date") and maturing three years from the date the Debentures are

issued (the “Maturity Date”), and (ii) 2,000 warrants (each, a “Warrant”), each Warrant being exercisable for a period of three years following the Closing Date to purchase one common share of the Company (each, a “Warrant Share”) at an exercise price of \$0.70 per Warrant Share, subject to adjustment in certain events.

Each Debenture will be convertible at a price of \$0.50 per Debenture (the “Conversion Price”) at the option of the holder (each, a “Debentureholder”) into common shares of the Company (the “Debenture Shares”) at any time prior to the earlier of: (i) the last business day immediately preceding the Maturity Date; and (ii) the business day immediately preceding the date specified for redemption of the Debentures upon a change of control, subject to acceleration in certain events. Upon conversion, Debentureholders will receive accrued and unpaid interest thereon for the period from and including the date of the latest Interest Payment Date to, and including, the date of conversion.

Further Information

Additional information about the Company, including its annual financial statements for the year ended June 30, 2018, is available at the Company’s website www.chemistree.ca and on the SEDAR website at www.sedar.com.