

# Chemistree Announces Closing of Prospectus Offering and Concurrent Private Placement

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VANCOUVER, March 29, 2019 /CNW/ - Chemistree Technology Inc. (CSE: CHM) (US OTCQB: CHMJF) (the "**Company**" or "**Chemistree**") announced today that it has closed its previously announced short form prospectus offering (the "**Brokered Offering**") and concurrent private placement (the "**Concurrent Private Placement**") of 10% unsecured debenture units (the "**Debenture Units**") of the Company, for total gross proceeds of \$10,830,000.

Pursuant to the Brokered Offering, which included the exercise of the over-allotment option in full, the Company issued an aggregate of 9,430 Debenture Units at a price of \$1,000 per Debenture Unit (the "**Offering Price**") for aggregate gross proceeds of \$9,430,000. Each Debenture Unit consists 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 and maturing March 29, 2022 (such date, the "**Maturity Date**"), and (ii) 2,000 common share purchase warrants of the Company (each, a "**Warrant**"), each exercisable until the Maturity 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.

Concurrent with the Brokered Offering, the Company issued an aggregate of 1,400 Debenture Units at the Offering Price, for aggregate gross proceeds of \$1,400,000, on a private placement basis. All securities issued in connection with the Concurrent Private Placement are subject to a prescribed four month plus one day hold period expiring July 30, 2019.

The Brokered Offering was conducted on a "best efforts" basis pursuant to an agency agreement (the "**Agency Agreement**") between the Company and Canaccord Genuity Corp. (the "**Agent**") dated March 22, 2019, as amended.

In connection with the Brokered Offering, the Company: (i) paid the Agent a cash commission equal to 7.0% of the gross proceeds of the Offering; (ii) paid the Agent a corporate finance fee of \$150,000, of which \$75,000 was paid in cash and \$75,000 was satisfied through the issuance of 150,000 Common Shares; (iii) issued the Agent non-transferable broker warrants (the "**Broker Warrants**") to purchase 1,320,000 units of the Company (the "**Broker Units**") at an exercise price of \$0.50 per Broker Unit; and (iv) paid the Agent a fiscal advisory fee comprised of \$14,000 in cash and the issuance of 14,000 Broker Warrants.

Each Broker Unit consists of one common share of the Company (each, a "**Broker Unit Share**") and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "**Broker Unit Warrant**"). Each Broker Unit Warrant will be exercisable to acquire one common share of the Company (each, a "**Broker Warrant Share**") at any time up until the Maturity Date at an exercise price of \$0.70 per Broker Warrant Share, subject to adjustment in certain events.

In connection with the Concurrent Private Placement, the Company: (i) paid certain finders (each, a "**Finder**") a cash commission equal to 7.0% of the gross proceeds; and (ii) issued to such Finders an aggregate of 140,000 Broker Warrants.

The Company intends to use the net proceeds of the Brokered Offering and the Concurrent Private Placement to: (i) expand its facilities in Washington State; (ii) expand its brands in California, including the launch of "Sugarleaf" branded products; (iii) continue the licensing, development, and ultimately the build-out, of the Company's property in Desert Hot Springs, California (the "**DHS Property**"); and (iv) for working capital and general corporate purposes.

The Company has made the required filings to list the Warrants, Broker Unit Warrants, Debenture Shares, Warrant Shares, Broker Unit Shares, and Broker Warrant Shares on the Canadian Securities Exchange (the "**CSE**"). Listing will be subject to the fulfilment of all of the listing requirements of the CSE.

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

### **About Chemistree Technology Inc.**

Chemistree Technology Inc. is an investment company dedicated to the U.S. cannabis sector, endeavoring to provide turn-key solutions for the regulated cannabis industry. The Company's corporate strategy is to acquire and develop vertically integrated cannabis assets, leveraging management's decades of expertise in the cannabis industry and corporate finance to own and operate licensed cultivation, processing, distribution and retail facilities. The Company currently owns assets in Washington State used to operate the Sugarleaf brand, prospective cannabis cultivation lands in California, a 50% interest in a Humboldt County, California cannabis processing company, has completed its first investment in the Canadian cannabis sector through its investment in Pasha Brands and has a pipeline of assets to grow its base of business. For more information, visit [www.chemistree.ca](http://www.chemistree.ca).

### **Advisory**

The Company wishes to inform shareholders that there are significant legal restrictions and regulations that govern the cannabis industry in both Canada and the United States.

### **Cannabis-related Practices or Activities are Illegal Under U.S. Federal Laws**

The concepts of "medical cannabis" and "recreational cannabis" do not exist under U.S. federal law. The Federal Controlled Substances Act classifies "marihuana" as a Schedule I drug. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, cannabis related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. federal law. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Enforcement of U.S. federal laws will be a significant risk to the business of the Company and any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

Further information regarding the legal status of cannabis related activities and associated risk

factors, including, but not limited to, risk of enforcement actions, risks that third-party service providers, such as banking or financial institutions cease providing services to the Company, and the risk that Company may not be able to distribute profits, if any, from U.S. operations up to the Company, are included in the Prospectus, the Company's annual information form and other documents incorporated by reference therein and in the Company's Form 2A listing statement filed with the CSE and available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

"Karl Kottmeier"

President

Information set forth in this news release includes forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", "budget", "scheduled" and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements relating to: the payment of interest and principal on the Debentures, the conversion or exercise of other rights attached to the Debentures, the Warrants, the Broker Warrants, the Broker Units and the Broker Unit Warrants; the listing of the Warrants, Debenture Shares, Warrant Shares, Broker Unit Warrants and Broker Unit Shares on the CSE; and the use of the net proceeds of the Brokered Offering and the Concurrent Private Placement.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: establishing a trading market for the Warrants; fluctuations in the market price of the Common Shares, Debentures and Warrants; risks relating to the dilution of the Common Shares, Debentures and Warrants; risks and uncertainties relating to the actual use of the net proceeds of the Brokered Offering and the Concurrent Private Placement; changes in market conditions; an exchange on which the Company's shares are listed may initiate a delisting review; stock price volatility; sales by shareholders of a substantial number of Common Shares, Debentures or Warrants; the failure to sign agreements with a strategic partner in respect of the Company's facilities in Washington State; the failure to maintain and obtain required regulatory approvals in respect of the DHS Property; the failure to complete the Company's proposed loan to a Humboldt County-based cannabis processing company located in Arcata, California; and the risks identified in the Company's reports and filings with the applicable Canadian securities regulators, including, without limitation, all risks in and incorporated by reference into the Company's final short-form prospectus in respect of the Brokered Offering.

Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. Investors are cautioned against attributing undue certainty to forward-looking statements. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

*Neither the Canadian Securities Exchange nor its Market Regulator (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this news release.*

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