

**FORM 51-102F3**

**Material Change Report**

**1. Name and Address of Company:**

Chemistree Technology Inc.  
P.O. Box 10322, Pacific Centre  
Suite 810 – 609 Granville Street  
Vancouver, BC V7Y 1G5

(the "Company")

**2. Date of Material Change:**

April 9, 2020

**3. News Release:**

News release was disseminated on April 9, 2020, and was subsequently filed on SEDAR.

**4. Summary of Material Change:**

Chemistree Technology Inc. (Canadian Securities Exchange: CHM and CHM.WT) (US OTCQB: CHMJF) (the "Company" or "Chemistree") provided stakeholders with an update on the Company's current investment portfolio and the recent launch of an internal strategic review.

Additionally, the Company announced the granting of stock options.

**5. Full Description of Material Change:**

Chemistree Technology Inc. (Canadian Securities Exchange: CHM and CHM.WT) (US OTCQB: CHMJF) (the "Company" or "Chemistree") provided stakeholders with an update on the Company's current investment portfolio and the recent launch of an internal strategic review.

The Covid-19 pandemic is creating unprecedented challenges to the global economy and stock markets. Chemistree is dependent on the formation of capital for our liquidity. Our board and management are taking actions to maintain the solvency of the Company as long as possible during this period of uncertainty. In addition, management continues to monitor the negative headwinds of capital markets related to the cannabis industry. Company valuations have severely retreated over the last 11-months largely due to negative investor sentiment, and failure of operators to deliver on performance guidance. Chemistree believes that capital markets will improve for US operators, however, caution is warranted as the industry deals with the large quantity of 'unregulated' product that is still widely available in the marketplace. The industry's "miss" of financial performance targets has been due to many factors, including slowness and uncertainty of the licensing/regulatory process, higher

than expected costs associated with testing and taxation, and inability to access capital on an as-needed basis.

During March, the Company continued the Washington State expansion and reconfiguration of the Sedro Woolley facility operated by Sugarleaf. The expansion will add approximately 30% to the cultivation area and will allow for significant streamlining of pre- and post-production facilities. Unfortunately, in late March due to Covid-19 the State of Washington deemed “construction” a non-essential service. The expansion of the facility has thus ceased at approximately 60% complete, pending inspections for building and electrical work. At this time the Company cannot estimate when the project will be ready for handover to the operator. The Company’s Washington assets are performing well on a turnkey basis, as provided to the Washington licensee.

In California, Chemistree continues the development process for its 9.55-acre Desert Hot Springs land package. The capital markets headwinds facing the cannabis industry combined with the Covid-19 pandemic have stymied managements’ efforts to put-in-place the necessary construction/real estate financing to commence construction. The engineering and permitting work has been completed to make the project “shovel ready”, however, capital markets uncertainties related to cannabis, and particularly to California cannabis, have stalled the project. In calendar Q4 2019, and Q1 2020 the Company engaged two cannabis finance consultants, respectively, to assist with placement of the construction debt – neither was successful in delivering a term sheet.

In November 2018, the Company entered into a strategic collaboration (“Arcata”) with a Humboldt County-based cannabis processing company (“Processor”) located in Arcata, California. Pursuant to the Collaboration Agreement, the Company 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 is secured by 50% of the equity of the Processor and matured on March 14, 2020. The Note is in default, the Processor has refused to retire the principal and interest and has blocked the Company from realizing on its security. The Company has retained California counsel to advise on remediation through arbitration and/or through litigation. The outcome of recovery efforts is unknown at this time.

The Company’s investee, Applied Cannabis Sciences of New Jersey (“ACS”), continues to report to management regarding the changing regulatory landscape in New Jersey. ACS filed its medical vertically integrated license application in August 2019 in the latest New Jersey Request for Applications (RFA), which was released Monday, July 15, 2019, by the New Jersey Department of Health. Unfortunately, New Jersey lawmakers voted late last year to pose the question to voters on the November 2020 ballot. No further advance in that state is expected until the end of the year at best.

### **Investment Policy Review**

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 the 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.

Currently, the Company is completing an internal strategic review of its investment policy. The Board of Directors is considering a broadening of the mandate to include investment opportunities unrelated to the cannabis sector. To date, in excess of 50% of the Company's asset base has been deployed in cannabis-related initiatives. In order to deploy remaining investment capital with a more diversified approach, management is recommending an expanded investment policy that may include other opportunities in the healthcare, biotechnology, medical technology or related consumer-products fields.

### **Stock Option Grant**

Pursuant to the Company's stock option plan – Chemistree has granted options to purchase 1,450,000 common shares at \$0.06 per share to certain eligible directors, officers and consultants. The options expire in five years.

### **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.

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 defence to any federal proceeding which may be brought against the Company. Enforcement of U.S. federal laws will be a significant risk to the business of the Company and any such proceedings brought against the Company may adversely affect the Company's operations and financial performance.

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

6. **Reliance on Subsection 7.1(2) of the National Instrument 51-102 *Continuous Disclosure Obligations*:**

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Executive Officer Knowledgeable of Material Change:**

Douglas Ford, CFO  
Telephone: (604) 678-8941

9. **Date of Report:**

April 9, 2020

**CHEMISTREE TECHNOLOGY INC.**

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