

Chemistree Technology Inc. (CHM)

May 04, 2019

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 believes the cannabis industry offers a tremendous opportunity for growth. The reason for this is simply that marketing of cannabis companies, their products as well as information about the industry itself is in its infancy.

The Company's objectives are to seek investment opportunities in the cannabis sector, initially in the western United States and potentially other jurisdictions where cannabis-related activities are permitted.

Through the Company's continually expanding portfolio of brands and hard assets, Chemistree provides a public vehicle to investors who are looking to invest in a company that is vertically integrated and approaches the cannabis and CBD industry from a United States market perspective.

Chemistree's agreements with well-known industry players provide the Company with a secure, and predictable source of incremental cannabis supply, increased diversification of its products, and revenues streams.



□ Although many investors are closely monitoring the Canadian cannabis industry, we believe that the United States market is flying under the radar. Therefore, companies that focus on the U.S. cannabis market are undervalued compared with their Canadian peers. This creates a great opportunity for investors as the United States cannabis industry is in the early innings of a major growth cycle.

Chemistree's management team is second to none. The Company has been able to bring together a well-known team with decades of expertise in the U.S. cannabis industry and corporate finance. These people truly have the experience and knowledge to find attractive deals, acquire them, and move them forward.



THE COMPANY

Chemistree Technology Inc. is an investment company dedicated to the U.S. and international cannabis sector, providing turnkey solutions for the regulated cannabis industry. The Company's corporate strategy is to acquire and develop vertically integrated cannabis assets, leverage management's decades of expertise in the cannabis industry and corporate finance, and to own and operate licensed cultivation, processing, distribution and retail facilities.

The Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time, and may include service providers to the cannabis industry, licensees, and bare land packages for development.

Preference will initially be given to the western United States, but other jurisdictions, including outside of North America, may be permissible depending on the risk-reward relationship associated with the particular jurisdiction.

Although the Company has only been in operation for a few quarters, it already has acquired or participated in several assets, which are listed below.

On June 29, 2018, the Company completed the acquisition of Washington State-based equipment assets used in cannabis cultivation, production and distribution. Following the completion of this deal, Chemistree entered into an agreement with a strategic partner, whereby the partner subleases and licenses the Washington assets from Chemistree. This partner has since launched several products under the well-known Sugarleaf brand, which are available in 125 retail locations. These products are now generating revenue for Chemistree.

Chemistree is also actively advancing its 9.55 acre Desert Hot Springs land package in the State of California. The Company's design team is currently in the process of finalizing plans for two 64,000 square foot greenhouses and a 40,000 square foot manufacturing and distribution facility for submission to the city

of Desert Hot Springs. The Company expects city review to be completed by the third quarter of this year. The project continues to track on schedule with completion targeted for the first quarter of 2020.

Also in California, Chemistree has entered into a strategic collaboration with a Humboldt County-based cannabis processing company located in Arcata, California. Chemistree has loaned the highly regarded processor US\$450,000 to expand its business in California and abroad. Chemistree will also work with the processor to purchase cannabis biomass on a proprietary basis and process that biomass to ultimately be sold as a Chemistree or Sugarleaf branded product.



The Desert Hot Springs production facility continues to be on track with completion targeted for the first quarter of 2020.

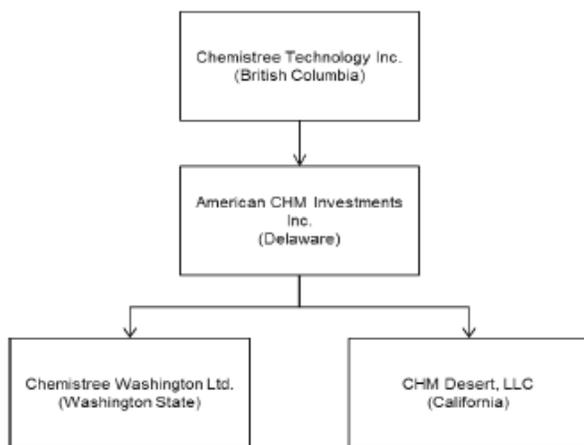
On October 4, 2018, the Company announced a strategic investment in Pasha Brands Ltd. Pasha is a vertically integrated British Columbian craft cannabis brand company with several internationally recognized brands and a proven history in cannabis retailing. Pasha is also a late stage applicant to become a Licensed Producer ("LP") and expects to own and operate a Health Canada approved licensed processing facility on Vancouver Island.

Moreover, Chemistree Technology signed a letter of intent (LOI) to partner with Applied Cannabis Sciences of New Jersey (ACS). The

latter is a medical retail dispensary applicant in the upcoming New Jersey round of applications, anticipated next year (2020). Its application, if successful, will provide ACS with a cultivation, manufacturing/processing and retail sales license in the state of New Jersey, home to over 9 million people and where there are only 12 issued licenses. (Also read Recent Events).

Most recently, Chemistree entered into a funding agreement with The Physician's Choice CBD LLC of Phoenix, Arizona, which is dedicated to research, development, and utilization of the highest quality of hemp-derived cannabidiol (CBD). The doctors, who run the operation, are highly experienced and respected in the industry. They recently launched nine hemp-derived CBD products, ranging from pain/inflammation management to sleep and wellness supplements. In the first quarter of sales, they generated approximately \$150,000 in sales. (Also read Recent Events).

The Company has three wholly-owned U.S. subsidiaries. In July 2018, Chemistree formed American CHM Investments Inc. 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.



Currently, there are two subsidiaries under American CHM. Chemistree Washington Ltd. and CHM Desert LLC, which hold the Company's initial assets in the States of Washington and California respectively.

OPERATIONS

Chemistree's management has considerable experience in the cannabis sector and has already executed on a number of opportunities.

Washington

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.

Based on the networks developed through its activities in the social media marketing area, 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 industry.

After reviewing a number of potential opportunities, the Company, in June 2018, completed the acquisition of a suite of Washington-based assets used in cannabis cultivation, production, distribution and branding from Elite Holdings Inc. Consideration for these assets was US\$1,000,000 in cash.

In a parallel process, a Washington-based strategic partner of Chemistree acquired the Washington State I-502 Tier 3 Producer/Processor License No. 423406 from Sugarleaf Farm, LLC.

Restrictions under I-502 prohibit the Company and/or its subsidiaries from having any direct interest in proceeds of production, processing or retail marijuana activities in Washington. Chemistree and/or its subsidiaries can, however, lease property and license its brands, production and consulting services to approved Washington State marijuana license holders. This allows Chemistree to ensure that all products produced under its program meet or exceed the Chemistree brand quality standards.

In December 2018, Chemistree reported that the Sugarleaf facility had undergone significant infrastructure upgrades and design improvements, including the addition of an automated irrigation system allowing the Sugarleaf cannabis product to be grown more consistently, maintaining its high quality standard while simultaneously reducing labour costs. Operational performance and improvements included introducing new nutrient feed programs tailored to fit high yield plant growth, changing growing methods to allow for less labour and higher plant count which will generate larger yields, and the introduction of new genetics.

Sugarleaf now has 18 different strains of high-quality cannabis being grown in rotation, including 9 major strains in high production and 9 minor strains in smaller batch production.

Sugarleaf also launched its own line of cannabis oil-based products, to be dispensed in a special edition Sugarleaf branded Vapor Slide V2. This is an exciting product as concentrates typically sell at a much higher price per gram than flower-based products. This will be Sugarleaf's first product launch into the concentrates market and plans are already in place to expand the Sugarleaf brand into other products and devices.

The Sugarleaf brand is an established cannabis brand within Washington state, and is currently sold in approximately 125 retail locations. Total Washington revenues for 2019 are estimated at US\$2.7 million.

Also in December 2018, the Company announced that it had entered into an agreement with Sugarleaf Farm LLC to acquire the global brand and marketing rights to the Sugarleaf brand (outside of Washington State). Chemistree is currently utilizing the Sugarleaf rights to establish the Sugarleaf brand in California in connection with the Arcata Investment. See below.

The Company, through Chemistree Washington, intends to seek additional opportunities to invest in and develop real estate in the State of Washington for the purpose of serving licensed I-502 production and processing businesses.



The Vapor Slide V2 is a revolutionary distillate vaporizer that is the perfect hybrid between pen and dab.

In addition to providing specialized facilities to I-502 producers and processors, the Company may in the future seek to develop its own growing techniques, standard operating procedures and manufacturing practices to further assist license holders with their production and processing operations. The Company believes these services have the ability to create synergies and advantages that will provide significant and long-term revenue for the license-holder and, in turn, to the Company.

The Washington acquisition truly provided Chemistree with a platform to make investments in cannabis cultivation, production, processing, distribution and retail sales, while also allowing the Company to establish an investment portfolio of cannabis-related assets in Washington State.

Desert Hot Springs

Pursuant to a purchase agreement between the Company's wholly-owned subsidiary CHM Desert and an arm's length vendor dated July 25, 2018, Chemistree purchased 9.55 acres of fee simple vacant land in the City of Desert Hot Springs, California. Consideration for the acquisition was US\$1,233,800, payable in cash.

In February 2018, CHM Desert obtained the Conditional Use Permit, which allows for two greenhouse buildings totaling approximately 128,000 sq. ft., and an additional building of up to an additional 40,000 sq. ft. for processing, manufacturing and distribution of cannabis goods at the DHS Property.

Chemistree's President, Karl Kottmeier commented, "I am really proud of our California team for getting this CUP from concept to award in less than seven months. The City of Desert Hot Springs has proven to be a terrific partner, and we look forward to commencing site works as soon as the permitting process allows. Our team has a track record of successfully building cultivation facilities in Desert Hot Springs and we are planning to move our project forward as aggressively as possible."

Fully constructed, the Company expects that a facility of this size has the potential to produce approximately 50,000 pounds of dried cannabis flower per year and, once fully licensed and constructed, will have the capacity to process, manufacture and distribute a range of cannabis-related products.

Arcata

On November 27, 2018, the Company entered into a strategic collaboration with a Humboldt County-based cannabis processing company located in Arcata, California. Pursuant to the collaboration agreement, the Company agreed to loan the processor US\$450,000 to purchase additional equipment and complete tenant improvements to the processor's facility.

Karl Kottmeier, Chemistree's President, commented "This is a great advancement for Chemistree. Not only is the Processor a highly regarded service provider in the Humboldt cannabis industry, with deep relationships with local cultivators, we believe they are also primed for growth in their sector. We believe that Chemistree can provide capital and management depth to rapidly expand the Processor's business, both in the local Humboldt area, across the state of California, and ultimately into new jurisdictions across the United States where legal cannabis

processing and product development is in formative stages. The processor is expected to reach revenues of US\$1.5 million in 2019."

The processor holds a Type 6: Non-Volatile Solvent Extraction" license from the State of California, which allows for extraction using mechanical methods or non-volatile solvents. The processor uses Apeks super critical CO2 extraction to produce cannabis oil, terpene profiles and other products on behalf of cannabis cultivators, other manufacturers and processors throughout northern California.

The Company is currently working on establishing the Sugarleaf brand in California through its Arcata Investment, by way of contacts the processor has with cannabis cultivators, manufacturers and processors in Northern California.



The Humboldt County-based cannabis processing company uses Apeks super critical CO2 extraction to produce cannabis oil, terpene profiles and other products on behalf of cannabis cultivators, other manufacturers and processors throughout northern California.

Pasha Brands

In October 2018, Chemistree announced a strategic investment in Pasha Brands Ltd. 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. There it will assist in licensing select craft growers and making world famous BC Bud available coast to coast.

Chemistree president Karl Kottmeier commented, "We are excited to support Pasha and begin what we believe will be a successful relationship with the company. We see a future where Pasha represents the brands that Chemistree develops in California and Washington, including our partner brand Sugarleaf."

THE MARKET

Washington Cannabis Market

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 allowed 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. 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.

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.

Currently, there are over 450 cannabis retailers, over 1,300 producers/processors, and, according to the Rand organization, approximately 700,000 recreational marijuana users in the the State of Washington. A recent WSLCB data report shows that for calendar 2017, cannabis sales surpassed \$1.38 billion, and generated excise tax to Washington State of more than \$314 million.

California Cannabis Market

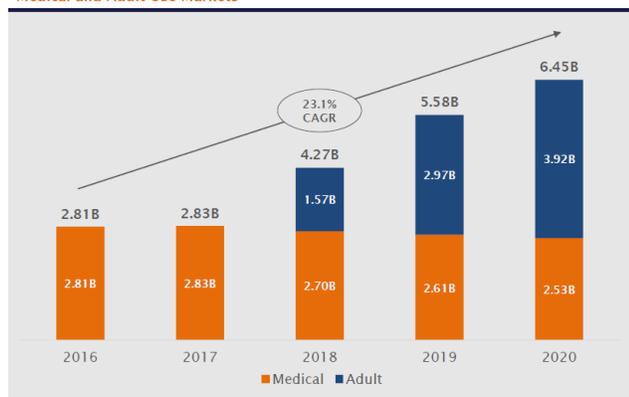
In 1996, California voters passed a medical marijuana law allowing physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain. The law established a not-for-profit patient/caregiver system but there was no state licensing authority to oversee the businesses 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").

California Market Size (US\$B)
Medical and Adult Use Markets



Arcview Market Research and New Frontier Data.

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.

The latest figures show that around 5,000 licenses have been issued on a temporary basis, to thousands of cannabis businesses. This indicates that the market is highly fragmented with no true market leader yet emerging amongst the thousands of issued licenses.

California is projected to be the largest cannabis market in the U.S., largely due to its population of 39.54 million residents, which is more than five times the size of the next largest state that has legalized adult use cannabis at the state level. Overall, the California cannabis market grew significantly between 2016 and 2018 due to the introduction of the legal adult use cannabis market.

From 2018 to 2020, the medical cannabis market segment is projected to decline due to current patients / customers switching to the legal adult use segment to service their needs. By the second year of legalization, the

adult use segment will become larger than the medical segment.

The California regulated market alone reached approximately \$4.3 billion in sales in 2018, and is estimated to reach approximately \$6.45 billion in sales by 2020. As a reference point, the beer market in California hit US\$5 billion in 2017.

U.S. Cannabis Market

Despite legal, regulatory and political obstacles, the United States cannabis industry continues to experience substantial growth as States across the U.S. are moving to legalize adult-use cannabis, typically starting with medical use legalization. However, the senate is expected to pass a bill in the next 2-5 years to formalize the Cole Memorandum and effectively allow for a national industry.

According to Arcview Market Research, the legal cannabis market in the U.S. was estimated to have grown to \$9.7 billion in 2017. In the last year, approximately 2.3 million people in the U.S. consumed marijuana for medical purposes and an additional 1.8 million consumed marijuana recreationally (in states where recreational use has been legalized). However, Arcview estimates that the potential cannabis market will grow to approximately 44 million people in the U.S.

US Cannabis Market Size



Source: New Frontier Data.

The US legal cannabis market is expected to see a 16% CAGR and be worth over \$24B by 2025, ushering in a wealth of investment opportunity alongside it. Few, if any, multi-billion dollar industries are expected to grow that quickly.

Hemp, which is closely related to marijuana, but has no psychoactive effect, has been classified as a controlled substance under federal law for decades. The Farm Bill, signed by President Trump late 2018, removes this designation and reclassifies hemp as an agricultural product, legally distancing hemp from pot, which is still illegal to grow in most states.

Hemp can either be grown as fiber, generally used to make clothing, rope and building materials, or to be harvested for its cannabidiol, or CBD, which has broad health benefits.

Worldwide Cannabis Market

Globally, countries are moving to legalize medical cannabis. The number of conditions treated with medical marijuana is growing rapidly. As new patients are added to the market, the demand for medical marijuana is expected to increase multiple folds over the forecast period.

Typically, medical cannabis legalization is seen as the first step towards full recreational / adult-use legalization. As such, globally-minded cannabis companies are building international businesses to capitalize on the forthcoming opportunity in both the medical and recreational cannabis markets.

Countries like Canada, the U.S., Germany and Australia are expected to emerge as leading markets in terms of sale, whereas, countries like Israel are focusing on research and technology development and are leveraging on knowledge transfer.

The global legal marijuana market is expected to reach USD 146.4 billion by end of 2025, according to a new report by Grand View Research, Inc.

RECENT EVENTS

Chemistree Acquires Ownership Stake in The Physician's Choice CBD LLC

Just a few days ago, Chemistree entered into a funding agreement with The Physician's

Choice CBD LLC (PCCBD) of Phoenix, Arizona through its American CHM Investments subsidiary.

Established in 2018, PCCBD is dedicated to research, development, and utilization of the highest quality of hemp derived cannabidiol (CBD) combined with well-studied and effective supplements specific to help regulate and support various symptoms.

PCCBD has already developed a suite of nine full spectrum CBD products derived from hemp, which range from pain/inflammation management to sleep and wellness supplements.



Established in 2018, The Physician's Choice CBD has already developed a suite of nine full spectrum CBD products ranging from pain/inflammation management to sleep and wellness supplements.

With over 15 years in private practice, Dr. Julian Grove, M.D. and Dr. Peter Kubitz, D.O., the two people who run PCCBD, have experienced first-hand the difficulties and complex dilemmas in treating patients suffering from chronic pain.

Dr. J. Julian Grove is a double-board certified, fellowship trained anesthesiologist and pain management specialist. Dr. Grove completed his medical degree (MD) at the University of Colorado. Dr. Grove went on to complete his residency in anesthesiology at Stanford University Medical Center in Palo Alto, California and then a fellowship in pain management at Harvard Medical School (Brigham and Women's Hospital) in Boston, Massachusetts.

Dr. Peter Kubitz is double board certified by both the American Board of Pain Medicine and the American Board of Physical Medicine and

Rehabilitation. He completed medical school at Western University of Health Sciences and went on to complete his residency at Mayo Clinic in Rochester, Minnesota, and now practices as a physiatrist, specializing in pain management.

In the quarter ended January 2019, the first quarter in which the products were commercially available, PCCBD immediately generated sales of approximately \$150,000. The products are available for purchase at www.pccbd.com and distributed through healthcare providers across the U.S.

As providers treating patients with pain daily, the doctors offer patients a myriad of different treatments including physical therapy, interventional therapies (nerve blocks, spinal cord stimulation), and complementary treatments (chiropractic, naturopathic medicine, massage, acupuncture, psychological support). Unfortunately, many times, this is not enough.

From a medical management perspective, the treatment of pain is at a crossroads as for the last two decades, the intersection of various forms of pain medications and the prominent and real consequences of their use has created a globally recognized problem. The side effects, such as end-organ damage, and the potential for addiction and abuse are global concerns.

Chemistree president Karl Kottmeier commented "This investment in The Physician's Choice CBD is a great opportunity for Chemistree. Dr. Grove and Dr. Kubitz are board certified practicing physicians with training at Harvard and the Mayo Clinic, specializing in pain management. The investment we are making into PCCBD gives us exposure to an entirely new industry and we are excited to help PCCBD continue to grow its sales and product offerings into a multi-state success.

Chemistree Partners with New Jersey Medical Retail Cannabis License Applicant

In April, 2019 American CHM Investment, a wholly owned U.S. subsidiary of Chemistree, signed a letter of intent to partner with

Applied Cannabis Sciences (ACS) of New Jersey, a New Jersey-based medical retail dispensary applicant in the upcoming New Jersey round of Request for Applications, which is anticipated in 2020.

Applied Cannabis Sciences has been established by a team of seasoned professionals from the legal medicinal and adult use marijuana industry whose collective experience exceeds 50 years and includes over 20 cultivation, processing, and manufacturing licenses across four states (Washington, Oregon, California, and Colorado) within the U.S.

The ACS team is predominantly made up of professionals that reside and currently operate from New Jersey and maintain multiple strategic relationships. Recently appointed Chemistree board member, Nico Escondido, is a founding member of the ACS team.



New Jersey is a logical place for Chemistree to expand into, as it is home to over nine million people currently being served by only 12 cannabis operators in its medical program.

The application, if successful, will provide ACS with a fully integrated cultivation, manufacturing/processing and retail sales license in the state of New Jersey of which there are currently only 12 issued.

FINANCIALS

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.

On a comparative basis, the corporate activity level in the 2018 period far eclipsed that of 2017. Accordingly, in the second quarter, ended December 31, 2018 expenses were higher in almost every category of the business.

Amounts in \$000's	12/31/18	12/31/17
Revenue	40	48
Depreciation	66	-
Consulting	62	-
General & Administrative	494	27
Management Fees	60	60
Professional Fees	139	15
Total Expenses	856	199
Net Loss	817	150
Diluted Shares Outs.	34,224	19,896
Diluted EPS	(0.02)	(0.01)

Selected income statement data for the quarters ended December 31, 2018 and December 31, 2017. Source: Company Filings

During the six months period ended December 31, 2018, 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. As a result, expenses were 290% higher in the 2018 period compared with the same period in 2017.

During the six months period ended December 31, 2018 total expenditures were \$1,449,548 compared to \$371,607 in the first half of fiscal year 2017.

Balance Sheet As Of December 31, 2018

Late March 2019, Chemistree closed a brokered offering of 10% unsecured debenture units of the Company, **for total gross proceeds of \$10,830,000.**

The Company issued an aggregate of 9,430 Debenture Units at a price of \$1,000 per

Debenture Unit for aggregate gross proceeds of \$9,430,000. Concurrent with the Brokered Offering, the Company also issued an aggregate of 1,400 Debenture Units, for aggregate gross proceeds of \$1,400,000, on a private placement basis.

Amounts in \$000's	12/31/18	06/30/18
Cash and Cash Eq.	242	2,662
Accounts Receivable	350	7
Prepays & Deposits	289	42
Total Current Assets	897	2,719
Property & Equipment	2,811	1,323
Investment	245	-
Note Receivable	613	-
Total Assets	4,566	4,042
Accounts Payable	231	316
Total Liabilities	704	762
Total Stockholder Equity	3,862	3,280

Selected balance sheet data on December 31, 2018 and June 30, 2018. Source: Company Filings

The Company intends to use the net proceeds to: expand its facilities in Washington State; expand its brands in California, including the launch of Sugarleaf branded products; and continue the licensing, development, and ultimately the build-out of the Company's property in Desert Hot Springs.

OUTLOOK

Chemistree's management team is second to none. The Company has been able to bring together a well-known team with decades of expertise in the U.S. cannabis industry and corporate finance. These people truly have the experience and knowledge to find attractive deals, acquire them, and move them forward.

Each member of Chemistree's management team has 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.

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.

Chemistree is already generating revenues through its Washington investment. However, sales are bound to increase dramatically over the following quarters. Moreover, as of 2020 the Company will have its own state of the art growing facility in California.

Many more acquisitions are in the pipeline, which will further increase Chemistree's network, brand portfolio, and sales channels.

SHARE DATA & OWNERSHIP

As of April 2019, Chemistree Technology had approximately 34.49 million common shares outstanding.

In addition, the Company had approximately 36.59 million warrants outstanding. Each warrant entitles its holder to purchase one common share of the Company. As a result of the latest financing (also read Financials), Chemistree had 21.66 million convertible debentures outstanding.

Finally, Chemistree had 2.65 million stock options outstanding with a weighted average

exercise price of \$0.20. Each stock option entitles its holder to purchase one common share of the Company. The weighted average remaining life of the outstanding stock options is 3.71 years.

The management of the Company and a consulting group together control about 35% of the common stock outstanding.

MANAGEMENT

▣ MR. KARL KOTTMEIER - PRESIDENT

Mr. Kottmeier is a former Investment Advisor and member of the McDermid St. Lawrence and Raymond James Corporate Finance teams. In addition, he has 20 years of practical experience in listing, financing and administering companies listed on the TSX and TSX Venture Exchanges. Mr. Kottmeier has raised in excess of \$150,000,000 in equity capital for resource based ventures. He holds a Bachelor of Arts degree from the University of British Columbia.

▣ MR. DOUG FORD - CHIEF FINANCIAL OFFICER

Mr. Ford has been the General Manager of Dockside Capital Group Inc, a private merchant banking and venture capital firm specializing in providing services to, and arranging funding for, emerging growth companies from 1987 to the present. Mr. Ford has been a director of a number of public companies and he holds a Bachelor of Arts degree from the University of British Columbia.

▣ MR. SHELDON ABERMAN – CHIEF CANNABIS OFFICER & DIRECTOR

Mr. Aberman has been involved with, managed and designed thousands of cannabis grows across the globe. His expertise and hands on approach to product development has created leading edge grow room designs that are ideal for commercial application. Before building a reputation as one of the foremost experts on cannabis cultivation, he spent his time building multi-million dollar brands including, Black Label and Frost Box. In addition to consulting and cultivation he also is an expert in the accessory market including vape pens, e-cigarettes, silicon mats, as well as extraction tools.

▣ MR. NICO ESCONDIDO - DIRECTOR

Nicholas Zitelli a.k.a. Nico Escondido is currently part-owner, Director, and Chief Cannabis Officer of Trans High Corporation (THC), the parent company for all HIGH TIMES brands, including its 45-year old flagship magazine, as well as all related media and event platforms, including the iconic Cannabis Cup. Since 2007, Mr. Zitelli has authored hundreds of articles covering all aspects of cannabis science and technology under the penname of "Nico Escondido". In this capacity, Mr. Zitelli has garnered a reputation as an industry expert in the areas of cultivation, genetics, garden technologies, lab testing, and regulatory and compliance measures. This has led to numerous appointments as a state-hired agent for committee, legislation, and policy consultation in numerous jurisdictions across North America and the European Union.

▣ MR. JUSTIN CHORBAJIAN - CHAIRMAN

As co-owner of the largest chain of privately owned hydroponic shops in Canada, Mr. Chorbajian has kept his finger on the pulse of the retail market for the past 20 years. During this time he has been responsible for co-creating a group of companies that include Green Planet Nutrients and Green Planet Wholesale. These companies complete his vertical integration in the industry, including both manufacturing and distributing hydroponic equipment. His companies, which originated in Canada, have expanded and now operate in the UK, Australia, and North America. Considered the go-to expert for cannabis consulting, Mr. Chorbajian also makes regular appearances on Growing Exposed, the leading video series on cannabis cultivation.



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GER: CM1

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