Investor Guide: CANNABIS

Issue 03 | April 2018

FREE

Investor Guide

STOCKHOUSE PUBLISHING LTD.

StockTalk is a series of Stockhouse Investor Guides with unique editorial contributions and insights from industry leaders in the capital markets, categorized by sector.

Table of Contents

Introduction

A State of the Union of the Canadian Cannabis Market

CONTRIBUTED BY: BRUCE LINTON, CEO, CANOPY GROWTH CORPORATION

The Canadian medicinal cannabis market has experienced significant growth in recent years with the number of registered clients/patients increasing almost ten-fold in two years from 30,000[1] to over 235,000[2]. Driven by significant capital inflows, the sector has grown from a handful of Licensed Producers ("LPs") in 2014 to over 90 in early 2018[3] and the scale of commercial production across the sector has increased markedly with more on the way. Industry estimates peg funded cultivation capacity at 1,500 tonnes[4] within three years. While I firmly believe that this capacity will not be delivered when promised, if at all, it does signal an interesting dynamic that has existed in this sector for some time.

As I write this, provincial agencies are working at a frenetic pace to ready cannabis distribution and retail networks in their provinces. Likewise, LPs are investing, building and hiring to prepare themselves to seize this rare opportunity. Listening to hype in the sector, investors in the Canadian cannabis sector could be led to conclude that projected cannabis cultivation capacity is the single stick by which the success of LPs will be measured. Thinking cannabis capacity is the single measurement of success, and more importantly, the only driver of market cap undervalues the transformative potential of cannabis as an input in higher margin products.

Accessing markets and delivering product

Canopy Growth has long viewed success and value generation in the market as a platform supported by multiple layers of vertical integration. Today, the layer bearing the greatest weight is securing channels to provincial recreational markets and the capacity to serve them. Without these channels which enable sales, capacity is an expense. LPs who secure multi-year access to markets, and become a trusted supplier to provincial agencies by delivering high-quality products on time and in sufficient quantity to meet their supply commitments, stand to generate significant revenue, earnings, and shareholder value. On the other hand, LPs who secure early channels to market but lose the confidence of provincial authorities will face a myriad of challenges including joining late market entrants fighting for limited shelf space and carrying a blemish on their record for exaggerating their ability to deliver on time.

With the launch of the legal, regulated Canadian recreational cannabis market anticipated this summer, the first step towards becoming and remaining a trusted supplier to the provinces is having an inventory of sale-ready dried and extract-based cannabis products sufficient to populate retail stores, both online and physical, for Day Zero (store openings) as well as providing several months of inventory. A review of balance sheets over the trailing twelve months, specifically in the inventory and biological asset line items, will provide investors with reasonable indicators as to the growth in inventory levels that can be expected in time for the launch of the recreational market later this summer.

The question that investors would do well by asking, honestly, is whether a given LP's inventory levels are likely to be sufficient to meet the initial product demands of the provinces. To supply Day Zero plus a few months of

(A State of the Union..., continued from page 3)

inventory, LPs are likely to receive orders for upwards of one third of an annual supply commitment between the passing of federal legislation and the first month anniversary of stores being open. In the case of a province signing up for a 12,000 kilogram per year commitment and the recreational cannabis market opening in mid August 2018, supplying Day Zero plus initial inventory could demand the LP ship upwards of 4,000 kilograms before September 2018. That is just for one province.

Cultivation capacity is clearly critical. If capacity didn't matter, we wouldn't have built the largest platform in the country. But make no mistake, when it comes to capacity, sheer size isn't the only consideration. Given the easiest market share to capture is at the opening of the market, the ability to deliver quality product in time is critical. It's an accepted reality that six months is needed (as a good rule of thumb) for cannabis harvests to progress through cultivation, processing, QA testing, regulatory approval and fulfillment to be ready for sale. As a result, licensed capacity that comes online mere months after the market opens will have a much more difficult time securing meaningful channels to market.

For this reason, we are continuing to invest tremendous effort and capital to get our major expansion projects completed in 2018. Take for example, the recent retrofitting of our BC Tweed greenhouse facilities which was completed at the end of February. In less than 90 days, we completed an airlift of 100,000 clones from our Smiths Falls, Ontario facility and successfully transformed our Aldergrove facility from cultivating peppers to having the first 10 acre (400,000 sq. ft.) greenhouse licensed and in cultivation. Work is continuing at this incredible pace on the remaining 20 acres of greenhouse in Aldergrove and at a second greenhouse in BC covering 40 acres.

Building and maintaining trust

I've already spoken about the importance of trust between LPs and provincial authorities and, as we approach the opening of a new Canadian regulated recreational cannabis market, developing trust between consumers and the cannabis products they purchase is equally essential to the long-term success of the market.

"From a capital formation point of view, anything that increases the interest from a Canadian perspective, increases number of investors who are actively participating in the Canadian market. This helps reduce our cost of capital and allows us to make that money available to the U.S. entrepreneur. So, in a strange way, anything that's bullish and positive in Canada will have a positive effect on the cannabis entrepreneurs down in the U.S. as it trickles through the capital markets."

Hadley Ford, CEO and Director
iAnthus Capital Holdings Inc. | **C.IAN**

"This is quickly becoming a very competitive landscape and every LP will have to find its niche to thrive. Our Satipharm capsules are one of the most innovative cannabis products on the market and together with the current work we are doing for outdoor growing model positions Harvest One as a first mover in high growth sectors within the cannabis space."

Colin Clancy,
VP, Investor Relations and Communications
Harvest One Cannabis Inc. | **T.HVT**

(A State of the Union…, continued from page 4)

The value of a trusted brand, an essential layer, should not be underestimated. In what promises to be a competitive and fast-moving market, I believe it will be quite a challenge for participants to secure significant market share while at the same time trying to develop and nurture their identity, especially when faced with the competition from well established brands. For this reason, we've focused since day one on developing trusted brands for Canopy Growth and our licensed producer subsidiaries. From our robust product Quality Assurance testing and standards, to our diverse product range and sizable inventory, to our ongoing investment in value-added products, and our deliberate investment in high-quality packaging, expedited shipping options and social responsibility initiatives, we have been all about establishing trusted and reliable brands. Investing in innovation, as Canopy has done with its Dealer's Licence Area, Canopy Health Innovations, a partnership with the state of Victoria's Agriculture department, and researchers from leading universities across the country, we've built a nimble and dynamic product innovation pipeline.

Realizing a global opportunity

While many consider the advent of a regulated recreational market in Canada to be the exciting story for the Canadian cannabis sector, my view is much, much more global. Having been involved in entrepreneurial Canadian businesses with global clients for more than two decades, I know that Canopy's long-term success will not be defined by how well we do in the Canadian market alone. In a world with rapidly changing views toward cannabis, Canada's market of 36 million people should best be viewed as a test ground for the development of federally-legal medical cannabis markets globally. As more nations progress towards the legalization of medicinal cannabis, we have the potential to serve hundreds of millions of patients over the next decade. This opportunity for Canadian companies is unprecedented and is only amplified when you consider cannabis remains federally illegal in the United States, which severely limit the ability of U.S.-based companies to participate in the global arena. The development of business in jurisdictions around the world with federally legal cannabis access regimes is

(A State of the Union..., continued from page 5)

another layer of success. With investors looking at what is arguably a once in a lifetime opportunity to invest in Canadian companies that are positioned to lead markets around the world, one question that arises is what potential returns are missed by investing in companies that do not see beyond the Canadian border, or whose global and capital market aspirations are limited by the pursuit of a quick buck through direct/indirect ownership of cannabis operations in the United States?

Now, I have been nothing but outspoken in my view that to properly exit cannabis prohibition globally requires that market participants respect federal laws in all jurisdictions, and avoid participating in markets where cannabis is federally-illegal. Likely my biggest disappointment with this sector to date (and frankly, the cause of much head scratching) has been the abject failure of securities regulators in Canada to respect the integrity of the federal laws of Canada's largest trading partner. In the absence of companies willing to respect federal laws, the Canadian cannabis sector has indeed suffered from the higher cost of capital that has unwillingly been placed on it by the apparent willingness of securities regulators in this country to turn a blind eye to U.S. federal law breakers. If one cares to question this position, I invite them to speak to long-only investors in New York and Boston who themselves cannot invest directly or indirectly in American-based cannabis growing operations.

Having a clear vision for growth

For the purpose of this state of the union, the last pillar to be considered is disciplined leadership. Given the long-term opportunity for shareholder capital appreciation driven by federally legal cannabis-based businesses in Canada and abroad, the value of an organization in this sector should be judged by the results of focused leadership in the form of real assets, business vision, innovation and a track record of execution. Not by quick turns, hypes, and day trades.

This is an exciting sector with many firms courting investors. Do your homework, look for the layers of value, and beware the hype.

Mr. Linton is the founder of Canopy Growth Corporation (CGC) and co-founder of Tweed Marijuana Inc. Bruce's primary focus has been to position cannabis brands in a competitive market and to raise the capital necessary to fund such operations.

[1] Client registrations at September 30, 2015, Source: https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/market-data.html

[2] Client registrations at September 30, 2017, Source: https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/market-data.html

[3] @ March 21, 2018. Source https://www.canada.ca/en/health-canada/services/drugs-health-products/medical-use-marijuana/licensed-producers/authorized-licensed-producers-medical-purposes.html

[4] Source: Canaccord Genuity

Cannabis Products

Why The Future of Cannabis Products is a Shocker

CONTRIBUTED BY: MARC DAVIS, CANNABIS CAPITALIST

The next big thing in the cannabis industry has arrived. And it is not what everyone had expected.

It's not the evolution of cannabis into various concentrated "derivative" cannabis products that's creating a big buzz.

Instead, it's the medicinally effective strains of cannabis that don't get consumers "buzzed" (psychologically intoxicated) that are becoming big sellers. These are known as CBD-rich strains that are bred to be virtually free of the mood-altering chemical, THC.

In fact, the chemical CBD (also known as cannabidiol) provides some of cannabis' most sought-after healing powers, according to medical studies.

All told, CBD-rich cannabis is well-suited to all sorts of people who have to work all day but need to remain clear-headed. This includes medical patients who experience chronic pain, depression, anxiety and insomnia.

Last year, the world's second largest industrial-scale cannabis grower – Aurora Cannabis (TSX: ACB) – launched what was billed as the most CBD-rich strain of medical marijuana in the world. Named Temple, it has over 24% CBD and negligible amounts of THC.

A Booming CBD Marketplace Beckons

Some of Stockhouse's clients are at the forefront of this trend towards non-psychoactive cannabis-based products – a multi-billion dollar cannabis market segment in the making.

They include **Emerald Health Therapeutics** (TSX.V: EMH), which has developed an oil-based CBD extract that is billed as having the highest concentration of CBD per ml in Canada's cannabis industry. It has 50mg of CBD per ml.

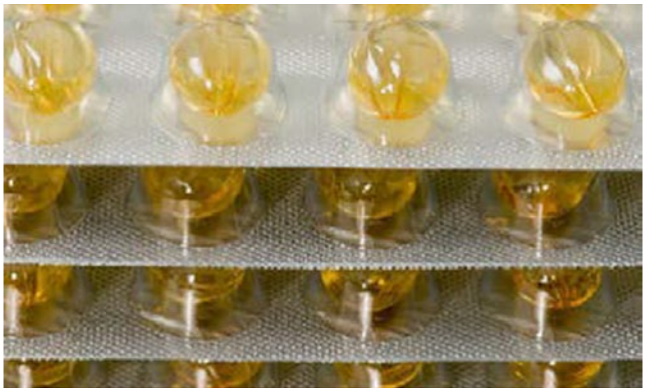
This distilled/concentrated form of CBD oil is particularly popular because cannabis oils tend to be medicinally potent dried flower. And their therapeutic effects tend to be much longer lasting than with cannabis that is smoked.

Another key selling point is that ingestible CBD oil is a healthier alternative to inhaling smoked cannabis. Which is because the extraction process for ingestible oils removes all the other plant material, including any potential residues from pesticides and/or other contaminants.

So, for someone with arthritis pain or chronic back pain, it makes more sense to self-medicate with oil, rather than smoking a CBD-rich cannabis joint every couple of hours.

CBD oil can be infused into food or taken as a gel capsule or in a tincture, thereby offering a much better delivery

(Why the future of Cannabis..., continued from page 7)



Maricann's encapsulated cannabis oils are designed to offer medical patients precise, metered dosages in each capsule.

method than smoking. This is especially the case in paediatric medicine, where strains of CBD-rich cannabis have been shown to help some children with seizure disorders.

Another Stockhouse client, Maricann Group (CSE: MARI), is taking an especially dynamic approach to popularizing the therapeutic qualities of CBD.

A fast-expanding industrial-scale cannabis grower, Maricann is negotiating a deal that would allow it to manufacture and market in Europe a truly game-changing innovation -- CBD-rich hemp cigarettes that are devoid of any tobacco.

Maricann is also addressing the problem of a very slow uptake for CBD-infused products that are ingested, rather than smoked. To this point, the company is gearing up to launch in Europe its globally-patented VesiSorb drug delivery technology through a subsidiary called Mariplant.

Company president Ben Ward says: "Our technology reduces this uptake process from around an hour or more to as little as ten minutes. We're also able to deliver six to seven times more cannabinoids to the patient than with conventional ingestion of cannabis products. This offers a far more powerful therapeutic effect."

In other words, Maricann will be able to launch CBD-rich edibles and drinks that can remedy patients' aches and pains and other ailments within a few minutes of them getting out of bed each morning. This promises to make such products extremely popular within a very short time span.

All told, there's a growing diversity of delivery methods for

Cannabis Companies

Canada House Wellness Group Inc.

Through its subsidiaries, operates as a licensed producer of medical marijuana under the Marihuana for Medical Purposes Regulations.

www.canadahouse.ca

View Quote: C.CHV

CANADA HOUSE WELLNESS GROUP INC.

Global Cannabis Applications Corp.

Formerly Fundamental Applications Corp develops applications for mobile phones and tablets.

www.cannappscorp.com

View Quote: C.APP

GLOBAL Cannabis APPLICATIONS CORP

Future Farm Technologies Inc.

Engaged in indoor plant growth technology specializing in LED lighting and vertical farming solutions primarily based in Canada and the United States. It also sells apps and related advertising on IOS and Android platforms.

www.futurefarmtech.com

View Quote: C.FFT

FUTUREFARM TECHNOLOGIES

(Why the future of Cannabis..., continued from page 8)

CBD-rich hemp and cannabis products. They include medicinal oil, pills, capsules, sprays, tinctures, and inhalers.

In the US, CBD supplements can even be sold in states where medical cannabis is currently not legal because these products either contain negligible amounts of THC or none at all.

How CBD-Rich Cannabis Can Help End the Opioid Crisis

Chronic pain is the most common ailment for people who buy doctor-approved CBD-rich cannabis. And countless future users may opt to self-medicate without a prescription in a decriminalized, open market.

After all, they merely want a safe, addiction-free alternative to pharmaceutical drugs -- especially dangerous painkilling opioids.

All too often, opioids are over-prescribed by physicians. And they can quickly become very addictive. This is great news for the majority of medical patients who want a safe, addiction-free alternative to painkilling opioids.

Due to its anti-inflammatory properties, CBD is also known to help athletes to recover from injuries. Because of this, the World Anti Doping Association (WADA) has recently decided to no longer prohibit CBD as it does not mimic the effects of THC.

WADA's new ruling now makes it possible for sports medicine practitioners to begin using CBD-based products, including gels, ointments, and other topicals.

One innovative Stockhouse client that is targeting the use of CBD for sports and active lifestyles is **Phivida Holdings** (CSE: VIDA).

It is using CBD derived from hemp – rather than CBD-rich cannabis strains – to formulate hemp oil extracts as an alternative to opiate-based pain killers."

The company is also developing CBD infused foods and beverages, as well as high

CBD time-release pills are destined to be become increasingly popular.

"Phivida company has an assertive multi-market approach, competing for a leadership share in five channels, four segments, and in four key state markets – starting with the on US Pacific coast. Already it has agreements with licensed partners in California, Oregon and Washington, a global online agreement with Namaste, initially targeting the EU and Australia, and one in the Asia-Pacific with Japan-based Akaike. Phivida recently launched its Nano-CBD™ Iced Teas for gut health and hired the brain trust in Canada behind the successful Red Bull brand with advisory from Seagram's, Grupo Empresarial Bavaria and Labatts. Phivida and WeedMD (WMD.V) formed Cannabis Beverages Inc. (CanBev), with plans to develop a production facility at WeedMD's 610,000 sq. ft., state-of-the-art greenhouse in Strathroy, Ontario. CanBev will operate one of the first cannabis-infused beverage production facilities in Canada. The company is also sponsoring research on the efficacy and bio availability of it's nano-encapsulated CBD., which is projected to produce between 300-400% more bioavailability of the therapeutic cannabinoids, terpenes (etc.) within the products."

John-David Belfontaine, President and Exec Chairman
Phivida Holdings LTD (Europe) | www.phivida.com | **V.EMH**

phivida

(Why the future of Cannabis..., continued from page 9)

potency CBD tinctures. In fact, Phivida recently signed a letter of intent ("LOI") to form a joint venture focused on cannabis-infused beverages with the industrial-scale cannabis grower, **WeedMD** (TSX.V: WMD).

The new joint venture company, Cannabis Beverages Inc. will operate one of the first cannabis-infused beverage production facilities in Canada for the medical and future adult-use cannabis markets.

Even if you live in a state where medical cannabis is currently not legal, you can still purchase and use CBD.

Investment Synopsis

The cannabis business and the hemp growing sub-sector are both facing the inevitability of price compression for growers. This is due to the reality of more growers flooding the marketplace, many of whom will vie to undercut each other's wholesale prices.

So only the big players who can capitalize of massive economies of scale are destined to come out on top with far lower margins than they currently enjoy for selling raw cannabis and hemp products.

This explains why so many companies – including the ones mentioned above – are also expanding into markets for "downstream" value-added products.

This means that they can enjoy far bigger profits from innovating products that are either high in THC or CBD. Once again, this includes medicinal oils that can be infused into foods and drinks, as well as tinctures, topical products, inhalers and even trans-dermal patches.

However, the biggest marketplace for such products involves CBD-infused products that allow users, especially the workforce, to remain clear-headed all day.

Once again, it may seem paradoxical that the chemical CBD is stealing the limelight from THC. But it makes sense. After all, there are far more people in the world who want a safe and effective way to treat their physical ailments every day than there are people who want to get "stoned".

Companies that are savvy to this emerging reality now have a golden opportunity to brand themselves as industry leaders in the pioneering of CBD-rich medicinal products.

Accordingly, there are various other innovators of CBD-infused products trading on Canada's capital markets than are mentioned in this article. Some of them are also Stockhouse clients. So it would be useful for readers to identify these companies and determine which of them have the most compelling business models.

Pick the right ones and you'll be able to leverage off a powerful cultural phenomenon – the emergence of a lucrative multi-billion dollar industry. Such stocks are therefore destined to become stellar performers.

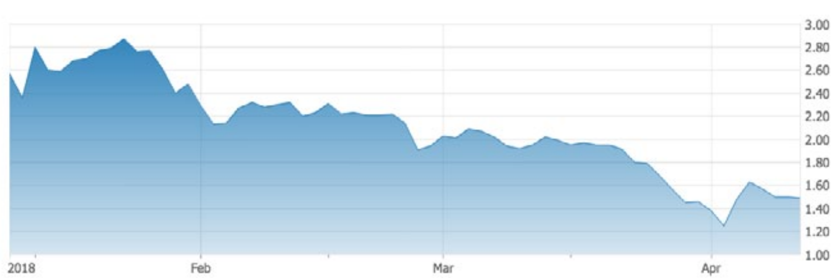
Marc Davis is a regular contributor to wwwStockhouse.com. He is also the editor of www.CannabisCapitalist.ca and manages Canada's blue chip cannabis stock index https://www.3cindex.ca/

Cannabis Company

WeedMD Inc.

A licensed producer and distributor of medical cannabis. WeedMD is focused on providing medicine to the long-term care and assisted living markets in Canada through its comprehensive platform.

www.weedmd.com | **V.WMD**



Detailed Quote - Last 6 Months | www.3cindex.ca

Cannabis Infographic

9 Things Cannabis Investors Should Know

CONTRIBUTED BY: EVOLVE ETFS AND VISUALCAPITALIST.COM

The swift regulatory changes taking place in the global cannabis sector are almost without modern precedent.

While some find the situation analogous to the repeal of Prohibition in the United States, it's also fair to point out that such events happened 85 years ago in the midst of the Great Depression. It was a long time ago, and in a very different economic climate.

Today's infographic comes to us from Evolve ETFs, and it shows what investors should know as the legal cannabis sector comes out of the dark.

What Cannabis Investors Should Know

Since there is so much happening at once with little precedent for what such a market will look like, it's worth summing up the sector's potential in broad strokes:

1. Global Size

According to research from The Brightfield Group, the size of the legal cannabis sector is expected to surge from $7.7 billion to $31.4 billion between 2017 and 2021.

Currently the recreational market makes up only 37% of the global total – but by 2021, that will rise to 57%.

2. Versatile Uses

Cannabis comes in different forms. One gram of dried cannabis is roughly equivalent to:

- 5g of fresh cannabis
- 15g of edible product
- 70g of liquid product
- 0.25g of concentrates
- 1 cannabis plant seed

These can be used in various medical applications, including to fight chronic pain, migraines, anxiety, multiple

View online version:
www.visualcapitalist.com/9-things-cannabis-investors-should-know/

(9 Things Cannabis..., continued from page 11)

sclerosis, and nausea. Cannabis can also be used to treat Alzheimer's, PTSD, and cancer.

3. North American Growth

By 2021, it's estimated that North American sales will make up 86% of the global market. Specifically, the U.S. legal market is projected to hit $18.1 billion by that time, while the Canadian legal market is expected to be $8.9 billion in that same year.

4. A Shifting Legal Landscape

Canada will be the first G7 country to legalize cannabis at a federal level.

In the United States, recreational cannabis is already legalized in nine states – but this could change swiftly as various states undergo referendums.

5. European Markets

In 2017, the legal market for cannabis is estimated to be just $0.11 billion, but by 2021 it will have expanded to $3.8 billion.

According to The Brightfield Group, growth will be quite impressive in Western Europe: Germany's market will grow at a 284% annual rate, the Netherlands at 364%, and Spain at 334%.

6. Rest of the World

Although markets outside of North America and Europe will not see the same growth in absolute dollar terms, the legal cannabis market will still expand from $80 million to $350 million, led by activity in Latin America.

7. Pharmaceutical Research

Israel has a special place in the cannabis world – the country is world leader in medical cannabis research, and industry expects that it will eventually translate into a $1 billion export opportunity. That said, export plans have hit a recent road bump.

8. Investment Activity

Compare the start of 2018 to that of 2017, and you'll see an impressive difference in investment activity.

For this we use Canada with its impending recreational legalization as an example: in the first six weeks of 2018, investment was up nearly 7x over the previous year. Further, the average deal size increased from $5.6 million to $18.7 million.

Meanwhile, the Canadian Cannabis Index rose 201% between January 2017 and January 2018.

9. How to Invest?

There are a variety of ways to gain exposure to the sector, including:

- Licensed producer stocks
- Biotech stocks
- Ancillary services stocks
- Licensed retailer stocks
- Cannabis ETFs

Regardless of how you play it, the legal cannabis sector is coming out of the dark – and it will be interesting to see how the industry takes shape.

Cannabis Industry Data Analytics

Cannabis is Trending: The Significance of Data Analytics in a Budding Industry

CONTRIBUTED BY: JADE GREEN, VP SALES AND MARKETING, ALTERNATE HEALTH CORP.

Over the past five years, the legal cannabis industry has grown faster than any other comparable industry – including the organic food industry, the video game industry, and even faster than the dot-com era[1]. North America hosts some of the most rapidly advancing cannabis markets in the world, accelerated by a positive change in public perception and evolving government regulations. Canada's legal cannabis market has irrefutably experienced the most progressive developments, primarily due to its federal allowance for medical cannabis nationwide, which resulted in the ability to research its therapeutic and curative benefits, create and own industry-specific intellectual property, and have access to financing and the capital markets. Perhaps the most significant development of late is that Canada will become the first G20 nation to legalize recreational cannabis at the federal level, thrusting Canada's industry even further into the spotlight on a global stage. Thus, with only a handful of established companies sustaining an oligopoly on Canadian cannabis production, we can undoubtedly expect to see Licensed Producers race towards operational expansion, product development, and export opportunities into legal foreign markets.

United States' cannabis industry is evolving just as rapidly, but under much different circumstances – the U.S. government still classifies marijuana and all of its derivatives (including CBD, THC and other phytocannabinoids) as a Schedule I substance, making the cultivation, production and retail of cannabis illegal at the federal level. However, thanks to a significant paradigm shift in public and political opinion, each state has taken an autonomous approach to considering, implementing and managing its own cannabis industry. Today, 92% of states have some form of legalized cannabis - ranging from medical CBD-only to full adult use – and the legal U.S. cannabis market is expected to surpass $50 billion in sales by 2026.2 While this progress has certainly been welcomed by industry participants, the dichotomy between federal and state cannabis regulations in the U.S. has fostered an environment that is still prohibitive for banking and financing, interstate commerce and supply, and, perhaps most importantly, quality research into the benefits and potential side effects of medical cannabis.

By the end of 2018, both major North American markets will have legalized medical *and* recreational cannabis use to some degree, and we are already identifying trends that will shape the future of how each industry will operate. Recreational cannabis is gearing up to be governed like other adult use industries, including alcohol and tobacco, where there is a minimum participation age, special licensing requirements for retail and consumption spaces, and mandated disclaimers for responsible use. As this consumer-driven market continues to evolve, we will see participating companies emphasize catchy advertising, attractive packaging, and hefty investments into buyer/shopper analytics in an effort to target, capture and retain a loyal customer base. Medical cannabis, on the other hand, is set to be managed similarly to the more traditional pharmaceutical industry, which is governed by more rigorous manufacturing and testing criteria, standardized product dosing and formulations, and safety/efficacy requirements dictated by specialized agencies similar to the FDA. This physician-driven market will focus heavily on clinical research and reported outcome data

(Cannabis is Trending, continued from page 13)

to develop cannabinoid therapies that are tailored to specific medical conditions, with uniform product labeling, customary dosing guides, and standard patient care instructions. The foundation for these developmental trajectories has already been laid, and there is a clear need for ancillary services to provide operational solutions *and* critical data analytics that will allow legal cannabis companies to run efficiently, scale strategically, and execute effectively in their respective markets – at Alternate Health, we have developed a revolutionary software platform to facilitate these very goals.

CanaPass™ is a secure, cloud-based technology platform that incorporates a cannabis-specific Electronic Medical Record (EMR) system, a compliance-based prescription drug monitoring program, a restricted-access e-commerce platform, facilitating state compliant transactions and a sophisticated backend database to facilitate complex analytics. This dynamic platform is unlike any technology available in the cannabis sector today, allowing Alternate Health to identify evidence-based trends that will shape the future of both medical and recreational product development while simultaneously increasing the safety, transparency, and efficacy of emerging medical cannabis markets. The CanaPass™ EMR, also known as the Physician Portal, is an intricate documentation platform where cannabis physicians can record a patient's demographics, medical history, diagnosis and cannabis prescription. The EMR collects over 200 data points for each individual patient, allowing CanaPass™ to identify associations between a patient's unique profile and the outcomes of their cannabinoid therapy. While every patient added to CanaPass™ is granted access to a password-protected Patient Portal, only patients that receive a valid cannabis prescription from their physician will be able to view the CanaPass™ e-commerce store. This e-commerce store lists state-approved cannabis products from local medical dispensaries, including images, description, dose, price, availability, and a complete cannabinoid and terpene profile for every item. The CanaPass™ store collects over 50 data points for each product listed, and every data point is verified though the mandatory Certificate of Analysis provided by a third-party testing laboratory.

Like most e-commerce platforms, CanaPass™ allows patients to compare products from multiple licensed dispensaries based on real-time inventory, while also providing optional product filters for route, strength, price, and strain.

(Cannabis is Trending, continued from page 14)

However, the CanaPass™ store differs from other online sales platforms because it is directly linked to the Physician Portal, meaning the software has already verified the patient's identity, prescription authenticity, and eligibility for purchasing and consuming medical cannabis. This process automatically improves compliance and removes the human error or intentional misconduct that is typically associated with dispensaries that sell cannabinoid products to unauthorized individuals. Additionally, the CanaPass™ software is designed to ensure that a patient can only purchase cannabis products that are explicitly approved by their prescribing physician. This feature is especially significant in strict medical states such as New York and Florida, where the physician is responsible for dictating the approved route of cannabis consumption for each patient – i.e. whether a patient can purchase oral, topical, sublingual, inhalant, or rectal cannabis products – and the dispensary is subsequently liable for only selling a product that fits within those categorical parameters for each individual patient. CanaPass™ is programmed to cross-reference the patient's e-commerce order with the prescription information entered by the doctor in the Physician Portal, further automating the compliance assurance process and alleviating the workload for dispensary employees.

When a patient orders a product from the CanaPass™ store via their unique Patient Portal, the financial transaction is completed by Alternate Health's exclusively-licensed payment processing system, which facilitates state compliant purchases. This is a key operational solution that is unique to CanaPass™, as most major payment companies will not process transactions for the cannabis industry due to regulatory concerns. Alternate Health has been able to secure the payment processor for CanaPass™ primarily because the software validates the patient's identity and eligibility for medical cannabis, which virtually eliminates the risk of fraud, charge backs and disallowed purchases. The payment processor is also vital to the CanaPass™ economic model, as Alternate Health generates revenue by charging the dispensary merchant a fee for every purchase that is successfully processed through the CanaPass™ online store. Lastly, the payment processor provides a benefit to regulators, as the software can be customized to automatically track and aggregate various taxes associated with legal cannabis sales. With an estimated $600 million of reported state tax revenue generated by the legal cannabis market in 2017[2], industry officials are actively seeking solutions to ensure that the proper taxes are recorded and submitted by licensed retailers; CanaPass™ provides auditable reports that can be used to hold dispensaries accountable for their appropriate tax responsibilities.

CanaPass™ is also designed to provide an unprecedented level of transparency between the physician, patient and dispensing organization. Every time a patient purchases a cannabis product via the CanaPass™ store, that purchase is recorded in the patient chart within the Physician Portal – for the first time in this industry, a prescribing doctor can view the exact product their patient is consuming, down to the dose, strain and cannabinoid

Cannabis Companies

Kalytera Therapeutics Inc.

Develops cannabinoid (CBD) therapeutics for a range of unmet medical needs. CBD is a compound that shows activity against various pharmacological targets.

www.kalytera.co

View Quote: V.KALY

KALYTERA

Lineage Grow Co Ltd.

Engaged in the cultivation of craft cannabis. It also involved in the acquisition, exploration, and development of mineral resource properties. The company produces cannabis in two different ways.

www.lineagegrow.com

View Quote: C.BUDD

LINEAGE GROW COMPANY LTD.

Nutritional High International Inc.

Engaged in process of developing brands, trademark applications, and packaging for a confectionery line. It is also developing a licensing/franchising system to work with licensed marijuana edibles manufacturers.

www.nutritionalhigh.com

View Quote: C.EAT

Nh Nutritional High™

(Cannabis is Trending, continued from page 15)

makeup. Having real-time access to a patient's purchasing history allows the physician to remotely verify that the patient is consuming authorized cannabis products, evaluate the efficacy of prescribed treatment, and make a more informed decision if a patient requests a new product, strength or route. CanaPass™ is the first platform to automatically report a patient's medical cannabis purchases directly to the prescribing physician's EMR, and was nationally recognized for this achievement by the American Medical Marijuana Physicians Association. The President of AMMPA, Dr. Orlando Florete, wrote in an endorsement statement, "By giving physicians the transparency to view the exact cannabis products our patients are purchasing, and by allowing doctors to set purchase parameters that will help prevent patients from obtaining products outside of the physician's explicit instructions, CanaPass is providing a level of visibility and compliance that is necessary for physicians to maintain proper oversight and make beneficial dosage or recommendation adjustments in this new and evolving industry."

After every cannabis purchase, patients receive a disease-driven health survey that obtains product-specific medical outcome data. Since every cannabis patient's diagnosis is initially recorded in the Physician Portal to qualify their eligibility, CanaPass™ knows if an individual is receiving cannabinoid therapy to treat cancer, epilepsy, glaucoma, chronic pain, or any other medical condition. CanaPass™ is preprogrammed to send a brief health survey—based on the symptoms associated with the patient's explicit diagnosis, such as sleeplessness, appetite, muscle spasms, neuropathy, etc.—and obtain specific feedback from the patient as to the medical effect of the exact cannabis product they were dispensed. The CanaPass™ health surveys also ask patients to report any unexpected or adverse effects along with any changes to their pharmaceutical drug regimen so that CanaPass™ can track any reduction in prescription medication use over the course of their cannabis treatment. The surveys are sent securely through the Patient Portal, and a copy of all responses is automatically reported back to the Physician Portal. For cannabis doctors, the health surveys are particularly beneficial because they facilitate the remote monitoring of a patient's cannabinoid therapy over time, providing an automated progress report

The Big Picture – "The best-possible result for patients would be if medical cannabis were to be issued a Drug Identification Number by Health Canada. That would lead to mainstream pharmaceutical research and production, and—even better—reliable health insurance coverage. Our data—the sheer quantity of it—is a fundamental element to current and future research studies that will pave the way for this outcome."

John Philpott, Former Canabo President and new Aleafia Vice-President
Aleafia Health Inc. | www.aleafiainc.com | **C.IAN**

(Cannabis is Trending, continued from page 16)

without adding any additional workload to the physician or clinical staff. All personal information is handled in accordance with PIPEDA protocols.

There are multiple significant data intake points throughout the CanaPass™ system, including the patient's profile and medical history, the physician's prescription, the cannabis product details, and the health survey responses. CanaPass™ is the only cannabis-specific technology platform that has access to this valuable intersection of EMR and e-commerce data from one centralized, closed-loop system. Because all of this data is aggregated and analyzed over large patient populations, CanaPass™ has the unique ability to identify statistically viable associations for which cannabis products – including the strains, strengths, doses and routes – are most efficacious for specific symptoms and diseases. For example, a sophisticated analysis of data gathered from CanaPass™ patients diagnosed with cancer would be able to determine if an oral gel cap or a sublingual tincture is more effective for chemo-induced nausea. This information is incredibly valuable to product development companies that want to develop symptom-specific and disease-targeted cannabinoid formulations. Currently, cannabis product manufacturers must rely on anecdotal feedback from patients or broad results from clinical studies that are often performed overseas using dissimilar products to what is available in North America. Too often, cannabis physicians are forced to utilize the "try and see" approach to cannabis treatments as there is a lack of standardized formulas, metered dosing, and suggested patient instructions. Now, CanaPass™ will be able to guide product development and physician education using evidence-based statistical analysis of verified medical outcomes and targeted cannabinoid therapy, which will help to further legitimize cannabis as an accepted medicine and allow patients to have a greater chance of symptom relief. Lastly, CanaPass™ will also provide insight and product development guidance to the recreational market by monitoring which demographics of consumers tend to purchase which types of products, such as indica vapes

"At Matica we feel that one of the most pressing issues before us will be in providing targeted medicinal products to patients. While recreational use will have an impact, medicinal use of cannabis will continue to be a growing sector of the industry. Patients will need more than just oils, they will require balms, ointments and time released applications which target specific ailments. To achieve this end, companies like ours will need to give more attention to scientific research on new strains of cannabis and new product development. We need to have targeted approach on both fronts in order to provide patients with the medicinal product they require."

Boris Ziger, CEO and Chairman of the Board
Matica Enterprises Inc. | www.maticaenterprises.com | **C.MMJ**

(Cannabis is Trending, continued from page 17)

or CBD lotions. CanaPass™ will provide a valuable "typical buyer analysis" based on age, gender, socioeconomic status, cannabis history, and other significant data points reported in the patient's profile.

CanaPass™ is among the most complex cannabis technology platforms available on the market, and is the only system that aggregates this degree of substantial medical data while generating revenue from payment processing. CanaPass™ initially launched in Canada in 2017 and has now enrolled over 4,000 Canadian medical cannabis patients. Alternate Health launched the U.S. version of the platform, known as StatePass™, in the Florida medical market in January of 2018, and announced the expansion of StatePass™ into New York this month. Alternate Health has an aggressive expansion strategy and plans to capture a large number of patients across multiple North American markets and continue data validation. As enrollment and usage increase over time, Alternate Health will be able to work with established medical and recreational companies to ensure the CanaPass™ data is used to improve the global cannabis market in a positive way. Although evolving quickly, cannabis is still a relatively new and developing industry that requires innovative software systems to guide expansion and achieve mature scalability. While ancillary services like CanaPass™ do not directly grow cannabis, these platforms have a direct effect on the growth of the industry and its overall impact on patients and consumers worldwide.

[1] Arcview Market Research January 2017

[2] January 12, 2017 Bloomberg report citing Cowen & Co.

[3] New Frontier data as of April 2017

"A new star emerged from the 38th Annual Natural Products Expo West held in Anaheim, Calif. this March – CBD. The NP Expo was the world's largest with a record 85,000 in attendance this year. It featured the first ever CBD Summit, offering an in-depth look at the hemp-derived cannabidiol market. The opportunities are ground-breaking. U.S. CBD sales could be north of $1.9 billion by 2022, while the hemp-based CBD market is projected to hit $646 million, according to Hemp Business Journal. Relative to the Expo, Hemp Business Journal data indicates that natural and specialty retail stores accounted for approximately 14 percent of the $190 million in U.S. hemp-based CBD sales in 2017. Presenters at the Summit dubbed CBD the "hottest product in the history of natural products."

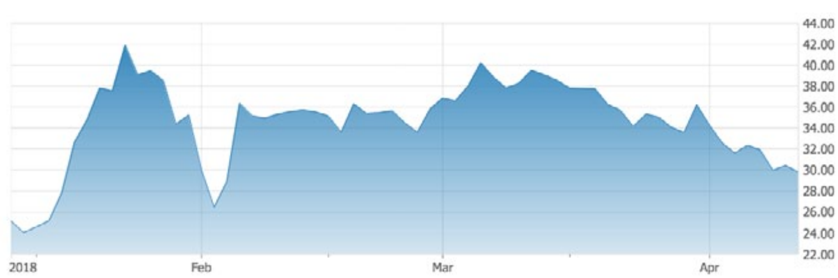
John-David Belfontaine, President and Exec Chairman
Phivida Holdings LTD (Europe) | www.phivida.com | **V.EMH**

Cannabis Company

CanniMed Therapeutics Inc.

The principal business activities are plant biotechnology research, product development and the production of plant based materials for biopharmaceutical, agricultural and environmental market applications.

www.cannimed.ca | **T.CMED**



Detailed Quote - Last 6 Months | www.3cindex.ca

Reconsidering Cannabis

A new way to think green

CONTRIBUTED BY: HIKU BRANDS COMPANY LTD

Design, attention to detail, and a true passion to make great products. This is the underpinning of the recent merger between DOJA, Tokyo Smoke and Van der Pop to create Hiku – a brand house poised to be the world leader in cannabis retail, content and experience. We approached the merger with a true respect and appreciation for consumers; we value their taste, their desire for authentic brands, and for quality customer engagement. As we forge a path ahead with evolution and innovation as our core focus, Hiku has committed to the development of iconic brands and dynamic educational opportunities to reach Canadian cannabis consumers as we approach legalization.

Currently, Hiku has a strong ecosystem of brands that complement each other quite well. They allow us to speak to different consumer groups, different geographic sectors and varying needs. This is necessary in a market that is beginning to stratify. Consumers will not simply want cannabis, they will want a cannabis brand and cannabis experience that speaks to their specific needstate. A great example of the importance of differentiation in brand offerings is this: Consider the urban consumer looking to use cannabis to find calm and relaxation after a hectic day at the office versus the rural consumer who wants to enjoy cannabis while on a nature hike or kayaking trip. Unique brands with tailored

Tokyo Smoke, has been conditionally awarded one of four master licenses for retail cannabis sales in Manitoba

(A new way to think green, continued from page 19)

products, content and commerce strategies will speak to these types of individuals, and countless others with other unique needs.

In its current iteration, the Canadian cannabis industry is nascent – full of promise but largely undefined when it comes to concepts relating to customer engagement.

The many unknowns and roadblocks presented with regards to marketing and retail have left a space we will strive to fill through building trusting relationships instead of relying on traditional marketing practices. Trust is the defining factor. In an industry that is pushing back against decades of stigma, brands have to work increasingly hard to create an authentic, two way relationship. We respect the mandates being put in place by various levels of government and hope that, as the industry evolves, there is space carved out that allows brands to provide the proper cannabis education required for a safe, regulated movement. In their current iteration,we don't see the regulations as an advantage or disadvantage for anyone because the playing field is level.

We believe that our high-quality product offering, content platforms and experiential retail will allow us to touch consumers in forward-thinking ways. In the next six months, Canadians will walk into their first legal adult-use cannabis retail stores, make their first legal cannabis purchases without a medical prescription, and immediately establish brand preferences and loyalty that will potentially last a lifetime. It's crucial that we get things right and foster the flexibility to be responsive and transformative as the market inevitably changes. What we see from a retail and product perspective on day one likely won't match what we see on day 366. This opportunity to innovate and push boundaries is why the Hiku team comes to work every day. Prohibition is lifting, and we must be ready to welcome curious, and potentially cautious, customers at every point of interaction with them – whether it's a dynamic social media campaign, educational in-store events, or in a piece of editorial that explores the world's changing relationship to cannabis.

Confidence in this approach can only come by partnering with those who share our distinctive mission to redefine the way cannabis is cultivated, discussed, and sold. From breaking down the pervasive stigmas associated with cannabis consumption to presenting retail spaces that are approachable and awesome, the scope of our task is heady.

Cannabis Companies

Tetra Bio Pharma Inc.

A multi-subsidiary publicly traded company. It is engaged in the development of Bio Pharmaceuticals and Natural Health Products containing Cannabis and other medicinal plant based elements.

www.tetrabiopharma.com

View Quote: V.TBP

Tetra Bio-Pharma
PATIENTS • SCIENCE • NATURE

(A new way to think green, continued from page 20)

Our reliance on generating excitement and awareness around the significant, special voices of our brands will allow us to grow through these early days in the new era of cannabis. There will be a Starbucks of cannabis – a company that successfully creates a certain perception about a product similar to its competitors; one that allows them to command a premium for what they're offering. When looking at this example, it's easy to see how the Seattle coffee company reached global scale and undisputed market dominance. It exoticized cup sizes, boasted about the origin of their roasts, and partnered with well-known brands from the fashion-forward (Rodarte) to the household name (Spotify). A Starbucks experience has become one that is equally familiar – part of many peoples' daily routine – and revelatory. And in this dichotomy, a balance is struck that has come to define the modern consumer experience.

Customers are also an audience, ready to engage with brands through purposeful communication, design and experience. Garnering their trust (and earning their dollars) comes through facilitating their comfort while opening their eyes to the new – surprise and delight meets tried-and-true.

The one traditional trope Hiku holds in utmost importance is: Customers first. They're why our brands exist. But to stay truly relevant, our inquisitiveness must outpace them, and we must be willing and able to direct, pivot and immerse in continually novel and useful ways. We will learn, then teach; we will create, then connect; we will lead, and they will join us.

Cannabis on Stockhouse.com

For additional reading on the cannabis sector, please click on any of the following links:

Featured Articles

[Hydropothecary agrees to supply cannabis to Quebec liquor control board]

[23 new strains give Invictus' Acreage Pharms broad cannabis cultivation profile]

[Invictus MD among top five of Canada's best performing Cannabis stocks]

[Global Cannabis publishes White Paper on technology platform, token economy]

[Aleafia: medical cannabis done right and for the right reasons]

[Emerald Health tables 2017 financial results, releases corporate update]

[India Globalization Capital Partners to Launch Hyalolex In Puerto Rico]

Interviews (Podacsts/written Q&A's)

[New Cannabis Merger: Knowledge is Power]

[Opportunity Knocks for Hemp Company]

[DOJA / HIKU Brands interview - Stockhouse Road Trip Ep.1]

[Biopharma + Blockchain = A Better Opportunity]

[Interview: Steve Palmer (AlphaNorth) surveys the market]

Cannabis Index

3Ci CANADIAN CANNABIS COMPOSITE INDEX

The "DJIA" of Canada's Cannabis Stocks

HOME WATCHLIST ABOUT 3CI

Canadian Cannabis Composite Index: 2186.09 ▲ 23.46 (1.08%) 26179.1 k
Inception Value of 1,000 (Jan. 03, 2017)

1D 1M 3M 6M 1Y 3Y 5Y 10Y 20Y Price Area

Symbol	Name
ABCN	Abcann Global Corporation
ACB	Aurora Cannabis Inc.
APH	Aphria Inc.
CBW	Cannabis Wheaton Income Corp.
CMED	CanniMed Therapeutics Inc.
CRON	Cronos Group Inc.
EMH	Emerald Health Therapeutics Inc.

Symbol	Name
FIRE	The Supreme Cannabis Company Inc.
HIKU	Hiku Brands Company Ltd.
LEAF	MedReleaf Corp.
MARI	Maricann Group Inc.
MYM	MYM Nutraceuticals Inc
NINE	Delta 9 Cannabis Inc.
OGI	OrganiGram Holdings Inc.

Symbol	Name
SNN	Sunniva Inc.
TER	TerrAscend Corp.
THCX	The Hydropothecary Corporation
TRST	CannTrust Holdings Inc.
WEED	Canopy Growth Corporation
WMD	WeedMD Inc.

"As most of us are aware, medical marijuana (MMJ) laws are evolving in Canada with major regulatory revisions anticipated by the end of summer 2018. What many are not aware of is at the same time the MMJ regulations are being broadened, so are the industrial hemp regulations. This will allow for the extraction of Cannabidiol (CBD) from industrial hemp, which currently is only allowed from MMJ. We believe the neutraceutical and retail product development opportunities with CBD is even broader than with THC rich MMJ products. Naturally Splendid has recently begun the application process with Health Canada to be a Licenced Dealer thus allowing the Company to extract and process cannabinoids such as CBD, and have identified a number of retail product development opportunities."

Craig Goodwin, President, Director, & Founder
Naturally Splendid Enterprises Ltd. | www.naturallysplendid.com | V.NSP