



EXCHANGE UPDATE

February 15th, 2016

Davidson & Company LLP CFO Series XII

TODAY'S PRESENTER



James Black

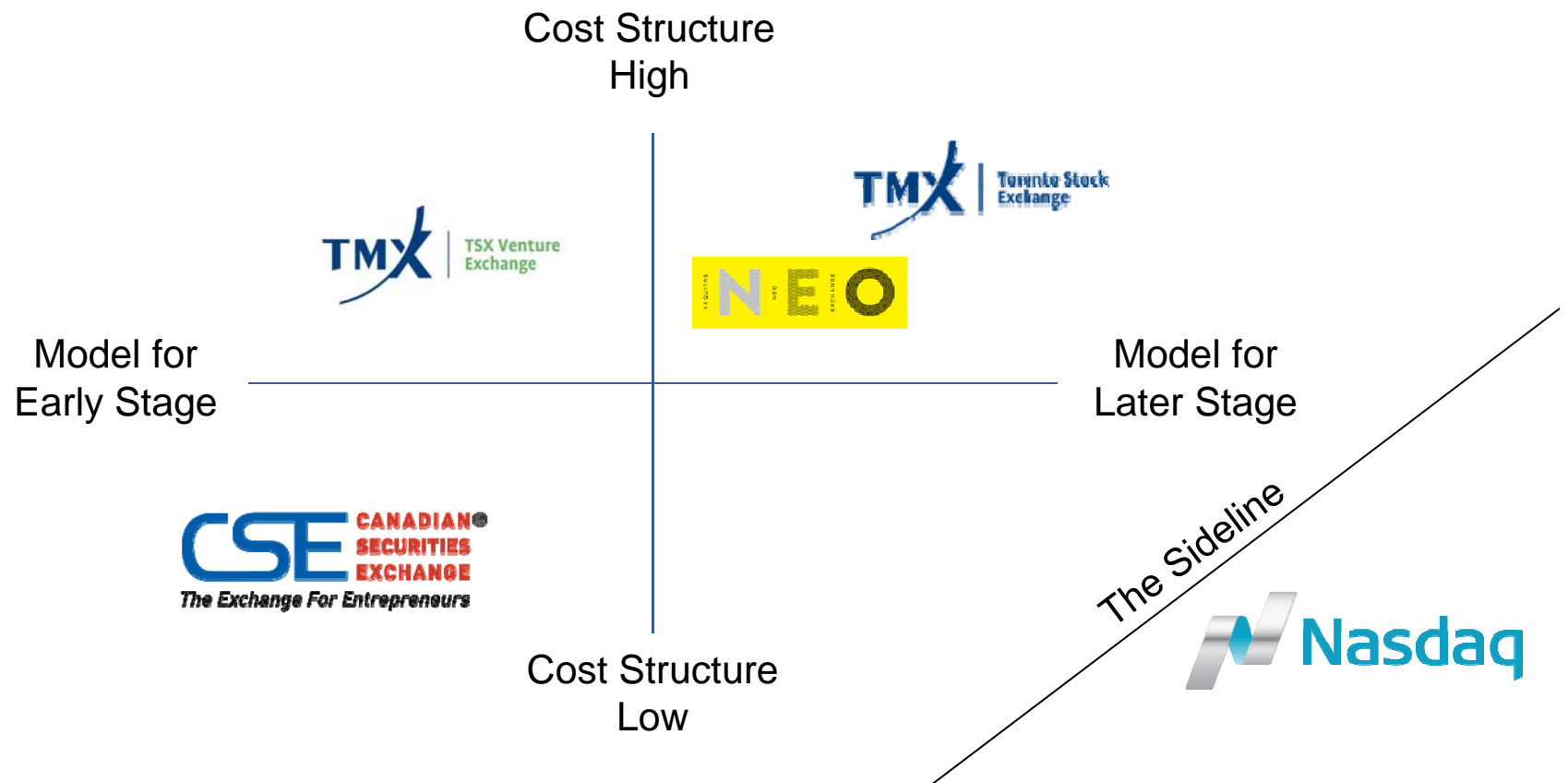
VP, Listings Development

TODAY'S PRESENTATION



- CSE Overview
- Overview of Cannabis sector on CSE
- Listing considerations for Cannabis sector applicants

CURRENT EXCHANGE LANDSCAPE



THE EXCHANGE FOR ENTREPRENEURS

Facilitate the *lowest* cost of Canadian public capital for emerging companies

CSE'S PROMISE TO ISSUERS

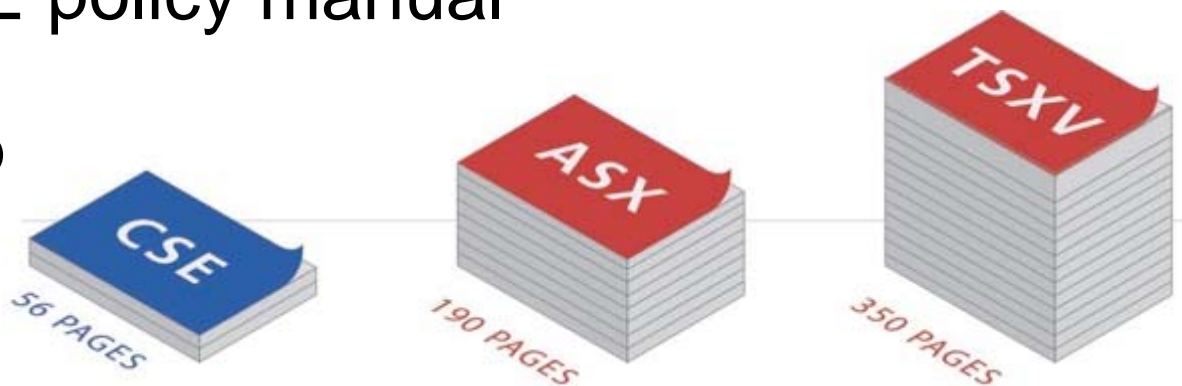


- 1 Straightforward Requirements
- 2 A Connected Exchange
- 3 Enhanced Disclosure
- 4 Streamlined Regulation
- 5 Low, Fixed Fees



STRAIGHTFORWARD REQUIREMENTS

- Entrance requirements tailored to early-stage companies
- No re-application of existing securities rules in the CSE policy manual
- No sponsorship required



A CONNECTED EXCHANGE



319

Securities trading



75

Participating IIROC
securities dealers



13

Online discount
brokerages connected



A CONNECTED EXCHANGE



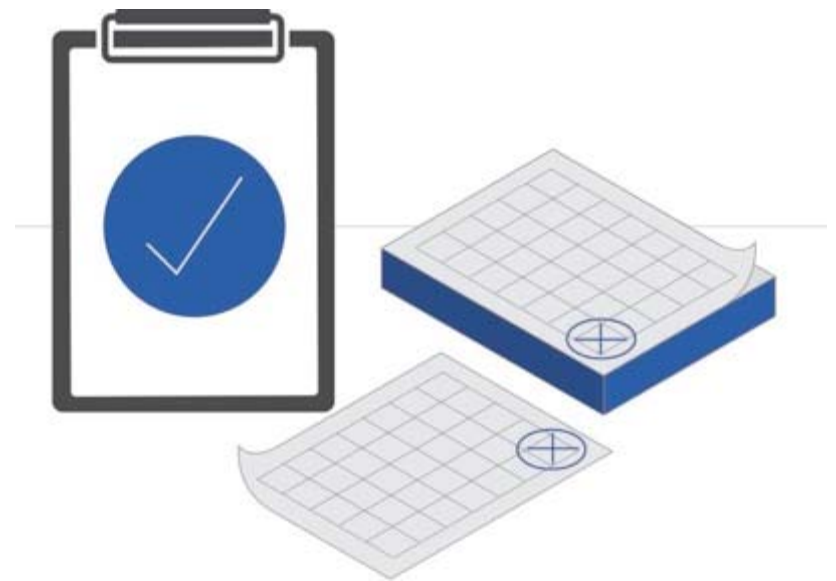
- Quotes available on global platforms
- Real-time data on Google Finance
- Comprehensive issuer data at www.thecse.com



ENHANCED DISCLOSURE



- Monthly progress reports are unique to CSE issuers
- Updates authorized by management
- Uploaded to thecse.com



STREAMLINED REGULATION

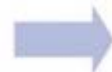


- Focus on disclosure, not business merit reviews from exchange staff
- Transactions close without unnecessary “friction”

STREAMLINED PROCESS

Listed companies are free to transact, raise capital, and make announcements without prior exchange approval.

DISSEMINATION



POST TO
THECSE.COM



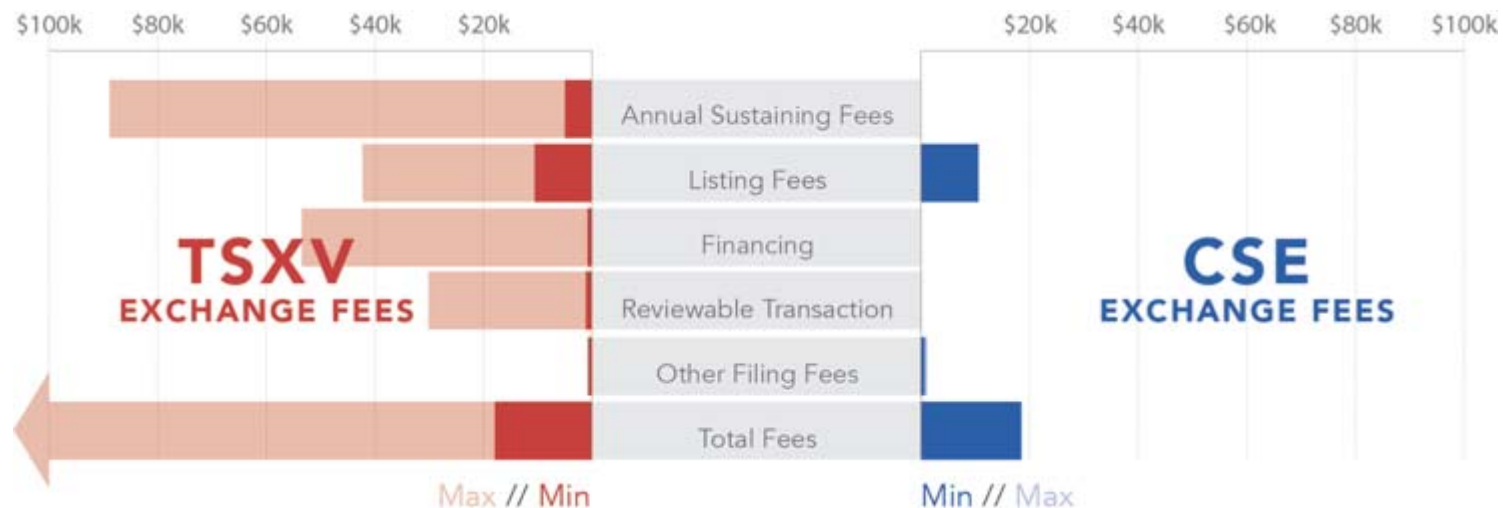
FOCUS ON
BUSINESS



LOW FIXED FEES



- All fees are fixed
- \$3.5K app fee, \$10K listing fee, \$500 a/mth





CANNABIS SECTOR HIGHLIGHTS

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“CANNABIS” STOCK EXCHANGE

- Now 42 companies in the Cannabis sector listed on the CSE
- Sector a major contributing factor to record financing and trade figures
- Recently tweaked CSE entrance policies emphasize business maturity, market-readiness

SECTOR DIVERSITY



- Not just pure play medical companies on CSE



Oil and Extracts



Real Estate



Finance



Breathalyzer
Technology



Pet Food



(Farming) Technology



Beverage



Delivery System

MARKET CAP LEADERS ON CSE

- 7 out of 10 top market cap issuers in Cannabis-related businesses

Capitalization Value	Currency	Price	Shares Issued	Symbol	Security Name
\$276,982,419	CAD	1.79	\$154,738,782	SL	Supreme Pharmaceuticals Inc.
\$221,727,744	CAD	5.55	\$39,950,945	AHG	Alternate Health Corp.
\$168,368,365	CAD	0.75	\$224,491,154	BCC	The Canadian Bioceutical Corporation
\$118,185,335	CAD	9.65	\$12,247,185	BIF.UN	Brookfield New Horizons Income Fund
\$114,232,209	CAD	1.15	\$99,332,356	TBP	Tetra Bio Pharma Inc.
\$107,500,000	CAD	2.5	\$43,000,000	URB.A	Urbana Corporation A NV
\$103,772,033	CAD	2.88	\$36,031,956	CRZ	CannaRoyalty Corp.
\$95,941,396	CAD	1.58	\$60,722,403	XMG	MGX Minerals Inc.
\$91,914,079	CAD	1.35	\$68,084,503	MDM	Marapharm Ventures Inc
\$78,355,588	CAD	0.76	\$103,099,459	THC	THC Biomed Intl Ltd

CAPITAL RAISED IN 2016



- \$400M+ raised, roughly half was Cannabis-related

Supreme 

\$77M



AURORA®

\$47M



INVICTUS MD

\$13M *More coming!*



iAnthus

\$22M



CannaRoyalty
CORP.

\$15M

Bought deal this AM

IMPACT OF FINANCING

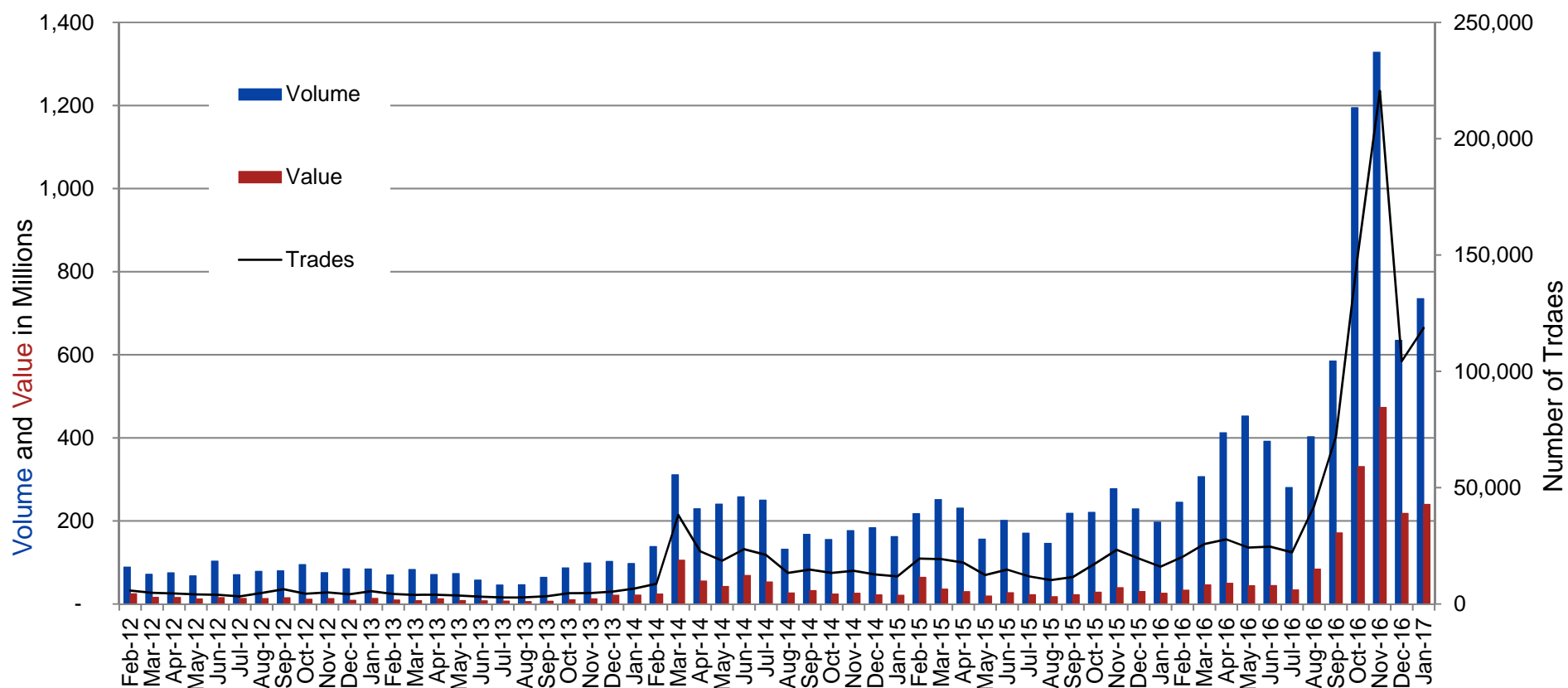


- Financing: \$\$\$ raised divided by Market Cap

	December 2016	January 2016
CSE Listed	2.85%	0.7%
Venture Listed	1.14%	0.4%

Comment: December 2016 was a great month for financings across the board. In both periods CSE companies raised a greater percentage of their market capitalization than Venture listed companies.

FIVE YEAR TRADING TREND



RECENT TOP TRADERS



Symbol	Avg. Daily Value (3 months)	Avg. Daily Trades (3 months)	Avg. Daily Volume (3 months)
SL	\$2,985,683.17	980	1,794,009
EAT	\$1,177,061.42	531	4,270,799
THC	\$855,204.89	415	811,214
BLO	\$701,549.46	416	877,616
GLH	\$658,267.65	365	1,508,708
NF	\$608,055.54	274	3,497,306
MDM	\$539,021.89	186	352,381
TNY	\$491,818.03	238	1,165,023
CRZ	\$486,628.35	107	153,479
BE	\$421,507.02	220	288,500
	\$354,748.26	210	929,822

A LIQUID MARKET FOR CANNABIS STOCKS



TSXV	January 2017	December 2016
Volume	4,231,772,794	3,916,780,861
Value	\$1,596,216,929	\$1,783,383,735
Trades	684,224	723,438
Market Cap	\$41,751,923,890	\$38,652,421,991
Turnover (Value/Mkt Cap)	3.8%	4.6%

CSE	January 2017	December 2016
Volume	734,232,386	634,341,755
Value	\$236,819,386	\$206,247,916
Trades	188,520	104,314
Market Cap	\$4,073,814,666	\$3,084,044,412
Turnover (Value/Mkt Cap)	5.8%	6.7%

Comment: In January 2017 the CSE listed two new companies that added more than 10% to our total market cap and the rest of the list rose in value by almost 20% so our ratio dropped from December to January despite the fact that trading volume and value both increased. The ratio also fell on the Venture because of a *decrease* in the value of trading month-over-month and a small increase in total market cap.



CANNABIS LISTINGS

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LISTING EMPHASIS FOR CANNABIS CDS

- Developing business (prior expenditures, operating history, previous financings);
- Financial resources for 12 months WITH a minimum \$200k working capital;
- Plan that demonstrates that the company can sustain its operations and achieve its objectives for 12 months following listing;

LISTING EMPHASIS FOR CANNABIS CDS

- MMPR license applicants OK, ancillary/non-medical applicants are welcome;
- Companies seeking RTO route must produce prospectus-level disclosure.

CFO TALK FROM JOHN HUGHES

- Emphasize the quality of the MD&A
 - Address any gaps between available resources v anticipated outflows
 - Substantive discussion of performance to date e.g. rationale for material consulting fees
 - Re: revenue and expenses, not good enough to just address historic numbers, provide sense of expectations and associated risks of reaching those expectations

CFO TALK FROM JOHN HUGHES



- Re: accounting - Apply the requirement to measure biological assets (such as plants) at fair value
- Often questions about:
 - Quality of the disclosure relating to the carrying value of other assets (e.g. material goodwill and intangible assets)
 - Classification of liabilities (for example related party debt classified as long-term)

FINANCIAL QUESTIONS?



John Hughes, CA

Financial Disclosure and
Compliance

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WRAP UP

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WRAP UP



- CSE continues to be a friendly jurisdiction for Cannabis related businesses seeking early-stage public capital
- Trading figures and financial support indicate secondary market and banking buy-in
- Welcome all prospective issuers to call us to learn more and work with our team

COMING UP



PREDAC 2017

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FEBRUARY 27 | VANCOUVER, BC

PRESENTED BY:



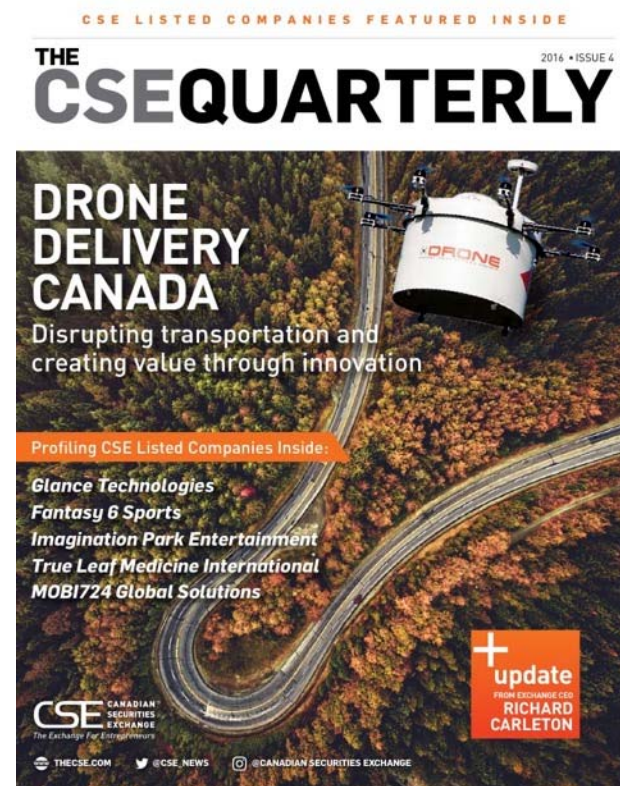
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THE CSE QUARTERLY



- Free publication covering the CSE's most *exciting* companies
- Available digitally and in your inbox by visiting <http://blog.thecse.com/cse-quarterly-innovation-work/>



THANK YOU



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