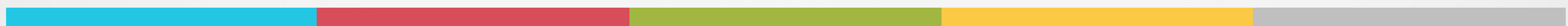


Paul Pedersen, MBA

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10 years of capital markets experience. Since 2013, has advised investors and cannabis businesses including licensed producers, processors, and retailers. Regularly quoted in industry publications included Lift Cannabis and Marijuana Business Daily. Holds an MBA from Michigan State University.

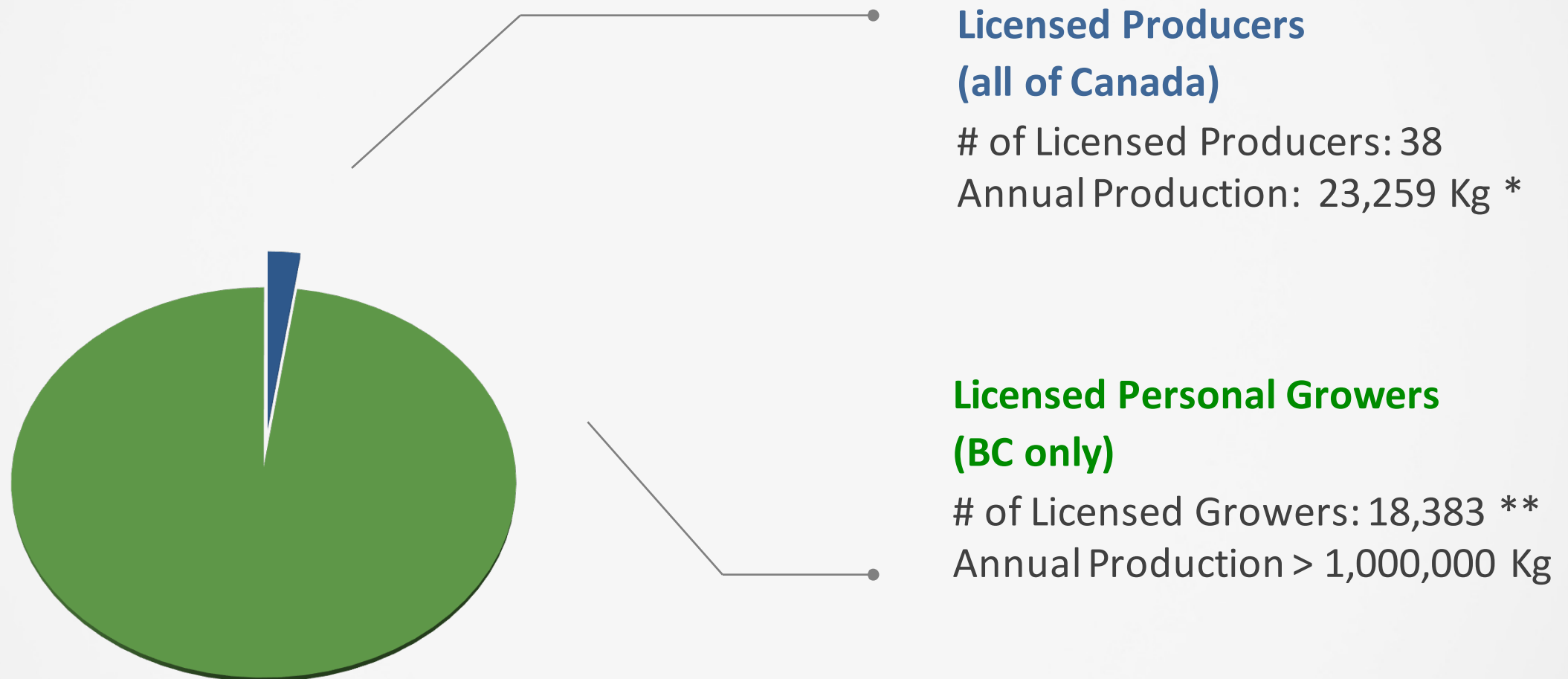




Risks & Opportunities in the Canadian Cannabis Industry

Canadian Cannabis Market

Over a million Kg grown legally in BC annually



* Source: 2016 Health Canada data
** Source: 2014 Health Canada data

US Cannabis Market

\$5 billion in legal sales (2016)

	Legal Status	Size of Legal Market
Washington State	Recreational	Medical: \$259M (2015) Rec: \$978M (2016)
Oregon	Recreational + Medical	Medical: \$60M Rec: \$240M
California	Medical Only (Rec market voter approved, 2016)	Medical: \$2.7B
Colorado	Recreational + Medical	Medical: \$438M (2016) Rec: \$900M (2016)

Challenges in Legal Marketplace

- Unprecedented level of investor interest since the Liberals were elected
- Serious risks to investors are developing
 - Valuation risk
 - Poor business execution
 - Banned pesticide use by large scale producers
 - Inferior quality product
 - How will LPs do in legal retail marketplace?
 - Competition from black and grey market
 - New licenses being issued. Two tier licensing?



The Business of Extraction

Extracts are the fastest growing segment of the industry

Cannabis extracts account for 30 - 40% of sales in Canada. However, segment is growing at 3x the rate of dried cannabis sales.

In more mature markets such as Colorado, Washington State, & California, sales of extracts are growing 10x compared to dried cannabis. In rec markets, extracts account for over 60% of revenue, and growing faster than dried cannabis.

With legalization, consumer preference shifts from dried cannabis to extracted cannabis products.

Edibles, topicals, shatter, rosin and vape pens still illegal in Canada

For More Information

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