

Pharm to Table: Cleaning Up Your Act to Stay in the Legal Market

Marc Adesso, Waller Lansden Dortch & Davis, LLP, Moderator

Shelly Edgerton, Dykema

Gérard Mournier, Lavery

Brent Williams, Highwater Financial Media

Panelist Introductions

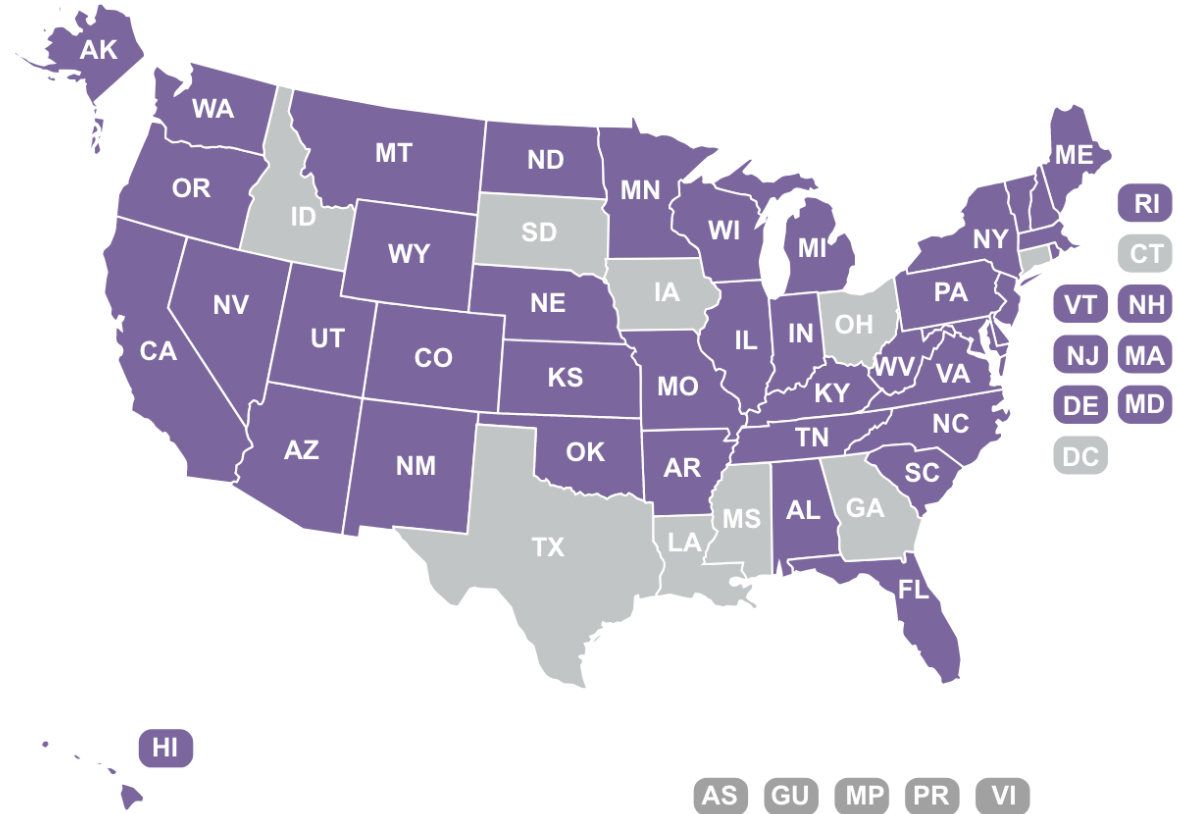
- Marc Adesso (Moderator), Counsel – Waller: Mr. Adesso is a capital markets, corporate finance and securities attorney representing clients across the nation. Mr. Adesso chairs the firm's legalized cannabis practice, which counsels clients on the rapidly changing landscape facing the cannabis industry. Under Mr. Adesso's guidance, the firm has counseled clients in matters such as capital raising including IPOs, integration with healthcare providers, joint ventures with universities, licensure, supply chain verticalization, international transactions and challenges with the banking system.
- Shelly Edgerton, Senior Counsel - Dykema: Ms. Edgerton was the former Director for Licensing & Regulatory Affairs (LARA) for the State of Michigan and responsible for the creation of the Medical Marihuana Facility Licensing program in the Department. Prior to serving as Director she served in various roles in LARA on the executive team. Ms. Edgerton came to LARA with more than 25 years working in the Michigan Legislature. Her last position was as Deputy Senate Majority Counsel.
- G rard Mounier, Strategic Advisor – Lavery: Mr. Mounier is a strategic advisor in the Business Law group, specializing in infrastructure and project financing. In addition, he is also the co-chair of the Infrastructure group at Lavery. Mr. Mournier's mandate is to promote Lavery's services in the infrastructure, natural resources, energy and mining industries in the business community and to offer his project financing expertise to the firm's clients. He also coordinates business development efforts in the Infrastructure industry and provides support for professionals in the firm in arranging project financing.
- Brent Williams, Managing Member – Highwater Financial: Mr. Williams is the Managing Member of Highwater Financial, LLC, which is dedicated to bringing readers the most up-to-date and relevant news, commentary, and investment developments within the cannabis industry each day. Mr. Williams has spent his entire post-military career studying and investing in the investment industry. After leaving the Navy he obtained his degrees in Finance and Banking, Economics, and International Business from Appalachian State University, Brent began his career as an Investment Advisor Representative, gaining sales and market experience.

Legal Landscape – United States

Hemp Landscape – United States

Allows cultivation of hemp for commercial, research or pilot programs

Does not allow cultivation of hemp.



Financial Landscape – United States

US Hemp Crop Report



78,176

Acres of hemp grown in 23 states



40

Universities conducted research



3,546

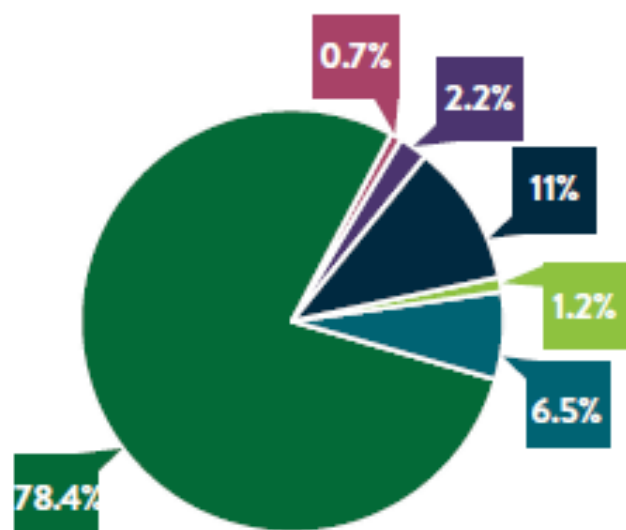
State licenses issued

State	2017 Acres	2018 Acres
Colorado	9,700	21,578
Hawaii	1	2
Illinois	N/A	0.1
Indiana	5	5
Kentucky	3,271	6,700
Maine	30	550
Massachusetts	N/A	21
Minnesota	1,205	710
Montana	542	22,000
Nebraska	1	0.5
Nevada	417	1,881
New York	2,000	2,240
North Carolina	965	3,184
North Dakota	3,020	2,778
Oklahoma	N/A	445
Oregon	3,469	7,808
Pennsylvania	36	580
South Carolina	N/A	256
Tennessee	200	3,338
Vermont	575	1,820
Virginia	87	135
Washington	175	142
West Virginia	14	155
Wisconsin	N/A	1,850
Total	25,713	78,176*

*includes 10,090,188 square feet of greenhouse or indoor cultivation

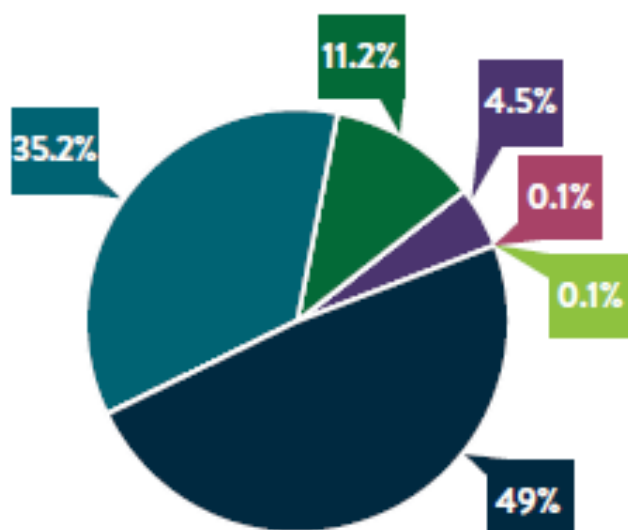
GLOBAL MARKET SHARE & SALES BY HEMP PRODUCT CATEGORY IN 2018

Global Hemp
Consumer Textiles
\$1.08 billion



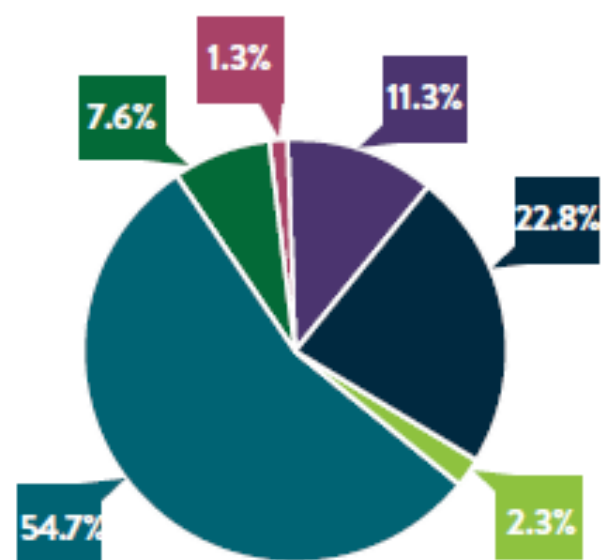
- USA
- China
- Canada

Global
Hemp-Derived CBD
\$800 million



- Europe
- Australia
- South & Central America

Global Hemp
Industrial Applications
\$776 million



- Other Regions

North American Marijuana Index

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



United States Marijuana Index

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



Canadian Marijuana Index

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



Legal and Financial Landscape- Canada

Legal and Financial Landscape - Canada

- On October 17, 2018, the Cannabis Act came into force.
- It puts in place a new, strict framework for controlling the production, distribution, sale and possession of cannabis in Canada.
- Each province and territory also has its own rules for cannabis, including:
 - legal minimum age
 - where adults can buy it
 - where adults can use it
 - how much adults can possess
- Municipalities may also pass bylaws to regulate the use of cannabis locally

Example : Province of Quebec

- **Legal age:** 18
- **Where to buy:** only in Government-operated stores (Société québécoise du cannabis - SQDC) or online
- **Public possession limit:** 30 grams
- **Private possession limit:** 150 grams / residence
- **Cannabis cultivation:** prohibited to cultivate cannabis for personal use
- **Cannabis consumption:** prohibition of smoking cannabis where it is now prohibited to smoke tobacco

Still Multiple Challenges

- Increase the age limit ?
- Use in apartments and condominiums
- Use at Workplaces
- How far municipal regulations can go in limiting the use of cannabis ?
- A Disruptive product, with multiple uses : medical treatments, food, beverages, animal health, etc.
- New derivative products which may require new regulations (ex.: CBD)
- Supply shortage

Market and Business Opportunities

- Worldwide market of \$17 billion in 2019
- 154 companies have obtained a federal licence in Canada so far
- 13 licences in Quebec
- Currently over 1,000 applications for a licence in Canada
- Most of the first entrants were already producers of medical cannabis
- Appetite from capital markets
- New entrants : project financing approach
- Banks still reluctant to finance the industry

Predictions for 2019

Questions?