



The Commerce of Cannabis

Ted Ohashi MBA, CFA

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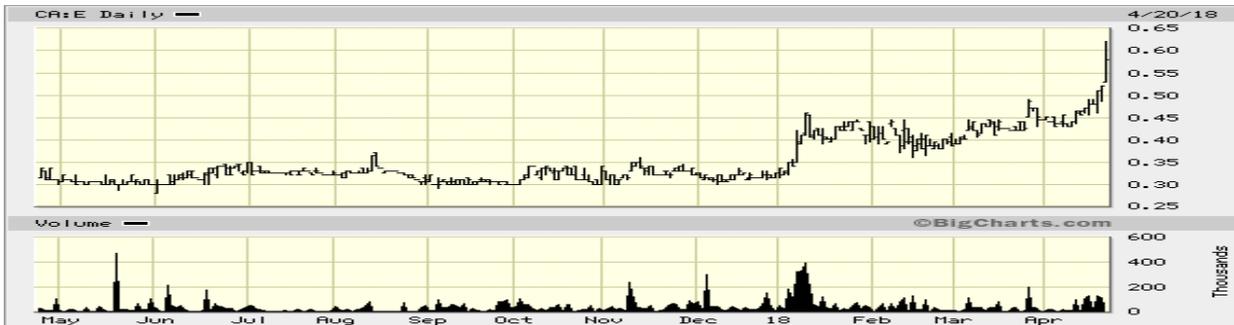
Enterprise Group; Lead Sponsor for 'Let's Toke Business: The Commerce of Cannabis.'

Hopefully some LTB readers picked up some [Enterprise \(TSX: E\)](#) over the last months. The Company took a marketing gamble by sponsoring LTB in order to expose themselves to investor groups that they normally wouldn't see.



ENTERPRISE GROUP, INC.

On Friday April 20th, the share price rose to a high of \$0.62. YTD that is close to a 100% return so far in 2018. There seems no exact reason why this happened, but it seems the well-executed growth plan has finally resonated with investors. Perhaps the next thing to come will be a savvy acquisition. It proves once again that with small caps, management is the driving force. There's likely lots more to come.

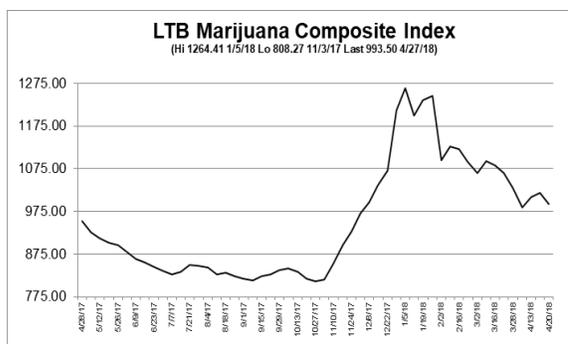


See Ted Ohashi's latest articles on Seeking Alpha

- New** [The Lexaria Train May be Leaving the Station. Don't be Left Behind](#) April 24, 2018
[If You Like Sunniva Buy it Now; If You Don't Like It, Buy It Now Anyway](#) March 23, 2018
[Emerald Health and DMG Blockchain - A Perfect Match](#) March 6, 2018
[Sunniva - Two Key Puzzle Pieces Fall in Place.](#) February 28, 2018
[Sunniva – an amazing site visit and interview](#) February 20, 2018
[Where are we in the cannabis stock market cycle?](#) February 13, 2018
[Cannabis Stocks: not a Dot-Com Bubble...Yet](#) January 25, 2018
[Sunniva: Leading the World's Two Largest Legal Cannabis Markets](#) January 10, 2018

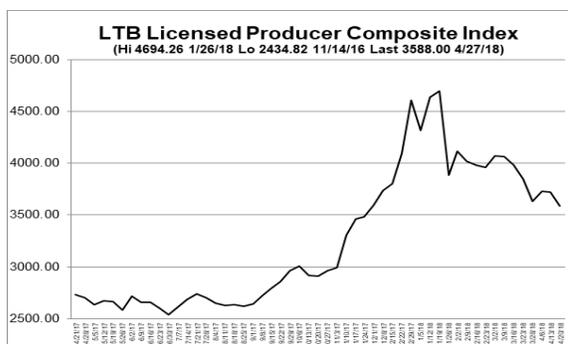
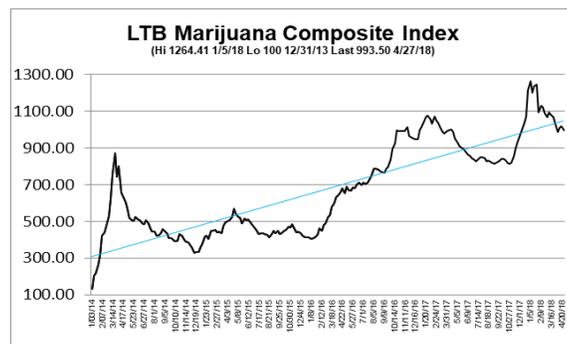
Marijuana Stock Market Review & Outlook

LTB MJ INDEX: 1wk -2.4% 1 mo -3.7% 3 mo -20.3% 6 mo +22.5% 1 yr +4.3%



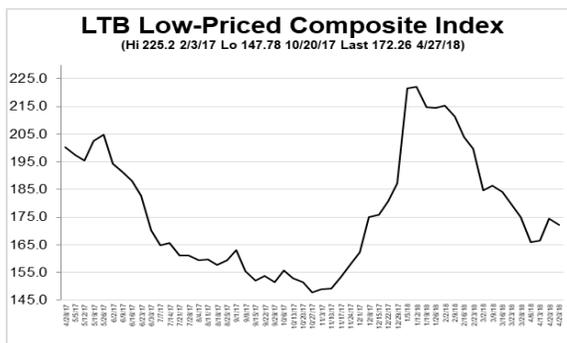
The Let's Toke Business Marijuana Composite Index gave back 2.4% last week and dropped below the 1,000 mark. This is a continuation of the choppy markets we have seen so far in 2018 with a distinct bias to the downside. We believe the political pushback in the U.S. against Sessions and the anti-cannabis group will create a shift in investor sentiment toward the U.S. market, especially California. In the meantime, legalization continues to bump along in Canada with any delays belonging at the feet of Ginette Petitpas Taylor, in inexperienced MP and Cabinet Minister. Of course, Prime Minister Justin Trudeau must share some of the blame as he decided to change the leadership of the health portfolio in midstream.

Despite the current cannabis stock correction, we must not forget that the group has performed exceptionally well over 4+ years we have been tracking it. As the chart of the LTB Marijuana Composite shows, there have been ups and downs along the way. Profession Burton Malkiel referred the stock market as a random walk up a 9% grade. As investors we should not lose sight of the fact that the Canadian cannabis stocks have been a random walk up a 70% grade. So even though the corrections along the way are frustrating, it will likely be well worth sticking with it.



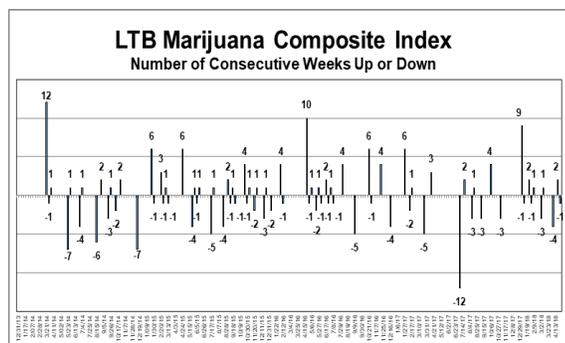
The LTB Licensed Producer Composite Index underperformed last week declining 3.6%. We continue to believe the current trends in the U.S. toward legalization will benefit Canadian LPs. Last week, we mentioned Canopy Growth and Organigram as well positioned to benefit from both pro-cannabis trends in the U.S. and legalization around the corner in Canada. This week I had the opportunity to interview Anthony Holler, Chairman, CEO and co-founder of Sunniva (SNN: CSE) together with David Negus, Chief Financial Officer. SNN is one of my top picks. If you read Marijuana Stock Market Review & Outlook, you'll understand why.

The Canadian Cannabis Composite Index, published by Davis and Associates Capital Corp. dropped 7.5% last week. This index has a history of higher volatility so the most recent week's performance is not surprising. Most of the decline happened on Monday (-5.0%) and Wednesday (-2.8%). The Index had a brief bounce on Tuesday before sliding quietly into the weekend. We continue to encourage readers to use the index as a gauge of how the cannabis stocks are trading intraday. ([access the 3Cindex here](#))



The LTB Low-Priced Composite turned in another week of superior performance although it came by way of not declining as much as the typical cannabis stock. We continue to see a healthy level of skepticism in investor psychology. Talk of a market storming the gates of legalization in early January have given way to concern the cannabis stocks may be in for a prolonged decline just three months later. The Wall Street adage that the market must climb a wall of worry is true for cannabis stocks as well. Early in 2018, I was urging readers to exercise some caution. Now is the time to be more optimistic.

This chart records the duration of rallies and reactions in the LTB Composite index in weeks. In the 18 weeks so far in 2018, the Composite has changed directions nine times. There has been a downward bias to the trend. Of the 16 weeks, the market has fallen the market has declined in 10 weeks and risen in six. In that time, the index has declined 21.4%. We are at the point where the trend should begin to recover. After all, legalization is expected soon. We think anticipation of third reading of the Cannabis Act in the Senate on June 7, 2018 will stimulate some optimism. Remember that is just over a month away.



Marijuana Stock Market Review & Outlook

On April 27, 2018, it was my good fortune to interview Dr. Anthony Holler, Chief Executive Officer, Chairman and Co-founder of Sunniva and David Negus, Chief Financial Officer of Sunniva.

Here are the highlights of what we learned:

- (1) The California campus at Cathedral City is progressing well. Construction is virtually complete and work has commenced in the internal infrastructure. Propagation is expected in June/July with the first harvest in September/October.
- (2) Recent receipt of California temporary licenses validates SNN's business model and their expectation that the differences between this model and 100% ownership and operation in the first five years will be insignificant.
- (3) Test production of oils has commenced and the early results are excellent. This has stimulated interest among third party growers who are considering using Sunniva to produce oils for them.
- (4) Due to delays in processing paperwork in Oliver, SNN has been forced to consider alternative sites. A site at Okanagan Falls, B.C. is being considered. SNN is ready to break ground immediately.
- (5) Natural Health Services continues to grow. Patient requests exceed NHS doctor's ability to provide assessments. NHS has captured approximately 25% to 30% market share based on Health Canada numbers for total patients.

- (6) Recent political developments in the U.S. have made SNN even more optimistic and aggressive growth will be pursued including an acquisition strategy.
- (7) Details from the interview follow.

We have been and remain exceedingly optimistic about the prospects for Sunniva shareholders. If you're not current a shareholder, we think you should be.

For new readers who are not familiar with Sunniva ([CSE: SNN](#)) or ([USOTC: SNNVF](#)), please see my original report on the Company ([here](#)) and my Seeking Alpha updates ([here](#)), ([here](#)) and ([here](#)). We have indicated questions from Let's Toke Business as LTB and answers from Holler and Negus as SNN.

For a brief background:

Dr. Anthony Holler is a co-founder, chief executive officer (CEO), chairman and director. Holler, who is leading the SNN team, is the former CEO and founder of ID Biomedical which was a leader in high quality, low-cost manufacturer of flu vaccines and was sold to GlaxoSmithKline in 2005 for \$1.7 billion. Dr. Holler invests in and takes an active role in every company he works with. He is engaged full time with a focus on increasing shareholder value.

Dave Negus joined SNN in December 2017 as chief financial officer (CFO). Negus has over 20 years of financial leadership most recently as CFO of Luvo, Inc., a forward-thinking food company. Previously, Negus was vice president, corporate controller at lululemon athletica and led the finance team through their initial public offering. Mr. Negus received his Chartered Professional Accountant designation at Deloitte.

Leith Pedersen co-founder, president, director is my main contact. Pedersen has an investment background as owner and CEO of Vida Wealth Management, Bahamas, investment advisor at Canaccord Wealth Management and partner and director of JF Mackie, an independent brokerage firm in Calgary, Alberta. He has impressed me with his extensive understanding of the industry and work ethic and seems to have a skill set perfectly suited for his role as president of SNN. Leith did not attend this meeting.

LTB: All right. Let's get started. Please give us an update on construction at Cathedral City.

SNN: The outside construction is pretty much complete and the inside infrastructure is the next major task. This is more complex than people might imagine so we will do it carefully to ensure we are completely compliant. We are planning to start propagating the facility June/July and we'll have our first harvest by September/October.

We announced recently we received all our temporary state licenses which is actually a massive hurdle. Next we have to do our annual state licenses and each one is very complex. But once they are done, as long as there are no operating problems, it becomes more routine year after year. But we have heard the State of California has started sending out letters to those who haven't filed for their interim licenses and the threat is you can be shut down. So we're really excited by the prospect of being the first major grower to get underway. So the licensing gives us a competitive advantage over many other operators who don't have the resources to get this complicated paperwork done.

LTB: But a lot of that is California's fault, isn't it? I mean they have dragged their feet on regulations and that has held everyone up.

SNN: Well California was the wild, wild, west of cannabis and they are trying to catch up. They are where Canada was around five to seven years ago. So some odd things have resulted. California approved

medical marijuana many years ago and never required product testing. It was medicine but they didn't require testing. Now that recreational is underway, they require testing. Random testing by various parties in years passed has shown that around 85% of the cannabis is contaminated. So that's a major advantage to Sunniva. We are going to have clean product which explains why people want to distribute our product and others want us to white label product for them. So we are going to focus on supplying these people and building our brand as a trusted source of clean product. This is a little different in California than in Canada. In Canada you only need three or four customers to get your brand known. But in California we'll need maybe 15 of the smaller customers. So that's what you'll see us doing because we see branding as an opportunity.

LTB: In California, you are setting up this system with eight tenants. I think what people really want to know is how this system compares with the case in which you are able to operate the entire facility for yourself.

SNN: California started off with the idea they would protect the small operators for five years. So they set up some five year restrictions, on the size limit on growing space of 22,000 square feet, for example. We have set up eight of these within our facility and we own one ourselves and have leased seven to others, of which we are allowed to own 19.9%. Each room has an individual address, its own license, its own power supply and so on. This is the regulatory requirement. What we have done is make "convenience arrangements" to use their licenses in our facility. We identified the individuals, did the paperwork, we provide all the services and buy the product when it is grown. We start with a propagated plant they grow for us and we buy back a fully grown plant. The financial impact on us is immaterial.

We consider the complex, transactional flows we have set up to be a trade secret but when we received our temporary state licenses, it validated the business plan we developed.

When we get to the smaller 10,000 square foot licenses in Phase II, we can own all of those. So there is no restriction.

LTB: The oil conversion operation is underway?

SNN: Yes. We have two conversion licenses that are all our own: volatile (butane) and non-volatile (CO₂). The licenses are for addresses that are beside each other. We have purchased some cannabis from others so we can test the operation. We are running the butane system now and our people are extremely pleased with the results. Prospective customers are also very happy. Our CO₂ will be running in a month. We now have third parties that want us to do their extraction for them. Income should start shortly.

Just to clarify one thing, the zoning from Cathedral City didn't allow extraction on our grow site. As a result, we rented a facility for oil extraction nearby. But state regulations had no objection so the city is thinking if the state doesn't care, maybe we shouldn't either. So they are considering a zoning change. Down the road we may have both facilities in the one location.

LTB: Can you please give me an update on Canada. I guess you are looking at some changes here.

SNN: We looked at several sites for our Canadian location and the Oliver location, in the industrial park owned by the Osoyoos Indian band in Oliver, B.C., is a very good one. For us, though, timing is critical. We've got to get going. We're ready to get started. The Osoyoos band is represented by the Federal Government through Indigenous and Northern Affairs Canada (INAC) and this was resulting in delays. INAC wouldn't let us break ground until the contract was signed. Our contract was supposed to be ready six months ago - in November 2017. We concluded it was in the interest of our shareholders to look for an alternative site to mitigate risk. We looked at a few alternatives and settled on a former Weyerhaeuser

site in nearby Okanagan Falls. We are doing due diligence and will announce a decision when we are satisfied. We should be ready within a few weeks.

LTB: If you were to make a decision to change, other than the location, what changes? The physical plant? The prospective financing?

SNN: Basically nothing. The physical facility will remain exactly the same. In fact, the new opportunity is to purchase the land. So we can own the property and that makes it a little easier to finance. We expect to complete our due diligence by the middle of May. So far we have not uncovered any serious issues.

LTB: Can you give us an update on Natural Health Services (NHS)?

SNN: Sure the updated figures will be released in a couple of days with our financial statements so we can't talk about specifics today. Our last published figures were 125,000 active patient files and 95,000 patients. The latest Health Canada figures are around 270,000 registered patients in Canada so you can see how well NHS is doing. Our patient retention rate is very good. What I can say is growth continues.

LTB: I heard your call centre had stopped booking new patient appointments for some of your clinics. Is that correct?

SNN: Let me answer it this way. Our clients receive a full service. They are educated about cannabis. They spend time with a doctor and that doesn't happen with all our competitors. Patients learn about different strains and choose a Licensed Producer. When all that is done, we push the button and all the necessary data goes to the LP and patients get their cannabis the next day. They have to satisfy all these requirements before we give them a recommendation. Then they come back to be seen again in three months for a reassessment. We offer a real medical experience.

Many doctors are reluctant to provide cannabis assessments for their patients because of the paperwork. We have software that addresses that problem. Right now our patient flow exceeds the ability of our doctors to assess. It's a wonderful business problem to deal with. Right now we're trying to get more doctors. We have a very good doctor training package. Also with our software, we think we can expand outside our own clinics to doctor's offices and pharmacies. That's one of the things we're working on.

NHS is doing very well.

LTB: How are your shareholders holding up in a difficult market?

SNN: We have quite a loyal and experienced shareholder base. Many have invested with us in ID Bio-medical, CRH Medical, Corriente, and so on. So they know it takes time to build a company. Management is also committed to the long term at Sunniva. We have a voluntary escrow agreement. So we don't worry about the stock price day-to-day as much as we worry about the big picture. Building a great business. I think we're doing that and so do most of our shareholders.

LTB: There's quite a lot of talk out there now about Sunniva making acquisitions. Any comments?

SNN: Here's what's changed recently. The Trump administration seems to have decided to leave the states alone and there is a lot of political pressure in support of that idea. Many people thought the possibility was that Attorney General Jeff Sessions would do something stupid. We always had confidence in California and always felt the prospective returns outweighed the risks. Recent developments make us think it's even better. California is huge, it's fragmented and many operators are short of capital. We see this as an ideal opportunity for Sunniva to more aggressively pursue our strategy of growing rapidly to

become a major entity in the market. Acquisitions will certainly be a part of that when the opportunity arises. We think all of a sudden, it's a different world in California and perhaps the U.S. Other people don't have as much to offer. So we happen to be in an ideal situation to take advantage of the changes.

We would like to explain our delay in releasing our financial statements. We had our audit meeting and informed the auditor of our release date and everything was fine. Then at the last minute they came back and said they needed more time. Auditors are under a lot of pressure these days so if they're not ready, they'll hold you up.

LTB: But you're all set now for Tuesday?

SNN: Yes.

Breaking & Corporate News

Canopy Growth (TSX: WEED) through its partly-owned biopharmaceutical research and development affiliate Canopy Health announced it has filed eight provisional US patents. These pertain to the delivery and application of cannabis and cannabinoid-based therapeutics relating to the following:

- Fibromyalgia
- Amyotrophic Lateral Sclerosis (also known as ALS, Lou Gehrig's disease)
- Anxiety and its various sub-groups (in humans and animals, in conjunction with Canopy Animal Health)
- Cognitive enhancement (in humans and animals, in conjunction with Canopy Animal Health)
- Pain and various sub-groups (in humans and animals, in conjunction with Canopy Animal Health)
- Opioid sparing, pain management, and addiction (through Beckley Canopy Therapeutics)
- Addiction and smoking cessation (through Beckley Canopy Therapeutics)
- A platform and method for delivery of cannabis-based compositions

In addition to updated applications relating to earlier Insomnia patent applications, the total number of US provisional patent filings (including Canopy Animal Health and Beckley Canopy Therapeutics) is thirty-nine.

"As global medical markets emerge, the trend among regulators favours highly regulated and highly repeatable medical cannabis options," said Bruce Linton, Chairman & CEO, Canopy Growth. "Through Canopy Health's work we are building a body of knowledge around cannabinoid medicine that will lead to its inclusion in mainstream healthcare for the benefit of patients."

We agree with this strategy. Over time, the increased value of Intellectual Properties is expected to become a major asset for Canadian cannabis companies.

The Green Organic Dutchman (TGOD) reports its common shares and common share purchase warrants will begin trading under the symbol TGOD at the opening of the Toronto Stock Exchange on May 2, 2018. For a number of reasons, the commencement of trading in TGOD has been delayed several times since the fall of 2017. Hopefully, this will be the time.

Emblem Corp (TSXV: EMC) has reported its financial results for the fiscal year ended December 31, 2017. All amounts are expressed in Canadian dollars.

- Generated \$2.69 million in revenues and reported gross profit of \$490,000 during 2017. Revenues increased to \$2,694,000 in 2017 from \$277,000 in 2016 made up of \$1,740,000 from dried flower sales and \$362,000 from sales to other licensed producers.
- The average selling price of total product sold to medical patients \$8.24 per gram.
- Recorded gross profit for the first time.
- Registered approximately 2,500 new patients during 2017, an increase of 1250% from 2016

- Raised a total of \$44.7 million in gross proceeds from equity and debt financings
- Substantially completed Phase 2 expansion of the Company's current facility expansion plan, providing an additional 5,200 square feet of grow space
- Commenced construction of 30,000 square foot Phase 3 expansion which will accommodate a GMP extraction facility, laboratory and pharmaceutical production facility
- Purchased 80 acres of land in Paris Ontario for cultivation expansion and product development purposes

Subsequent to the year end:

- Generated record revenues of \$1.2 million in the first quarter of 2018
- Increased patient count to approximately 3,300 patients
- Signed a key supplier agreement to become a medical cannabis supplier to Shoppers Drug Mart Inc.
- Raised \$53.8 million in gross proceeds from equity and debt financings. The Company has a cash balance of approximately \$80 million available today to support its growth plans for 2018.

Scotts Miracle-Gro (NYSE: SMG) the world's leading marketer of branded consumer lawn and garden as well as hydroponic growing products, announced it has entered into a definitive agreement to acquire the assets of Sunlight Supply Inc. Sunlight Supply is the largest distributor of hydroponic products in the United States. In fiscal 2017, Sunlight Supply recorded sales of approximately \$460 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of approximately \$55 million. The acquisition will provide SMG's subsidiary, The Hawthorne Gardening Company, direct distribution to service more than 1,800 hydroponic retail distributors in the U.S. Together, this division will have sales of approximately \$750 million.

As regular readers will know, this is not the first venture into the cannabis space by a Wall Street listed company. In LTB August 4, 2017 we reported Philip Morris (NYSE: PM), Scotts Miracle-Gro (NYSE: SMG), Microsoft (NASDAQ: MFST) and Arrow Electronics (NYSE: ARW) have all invested in the cannabis space. What the transaction between SMG and Sunlight shows is the magnitude of acquisitions NYSE companies are interested in.

One of the more useful services available is the Public Company Revenue Tracker published by New Cannabis Ventures. In a recent update, the top ten revenue generating pubcos were:

	Quarter Ended	Quarterly Sales (C\$)
1. Canopy Growth (TSX: WEED)	12/31/17	\$21.7 million
2. Aurora Cannabis (TSX: ACB)	12/31/17	\$11.7 million
3. MedReleaf (TSX: LEAF)	12/31/17	\$11.4 million
4. Apria (TSX: APH)	2/28/18	\$10.3 million
5. CannTrust (CSE: TRST)	12/31/17	\$ 7.0 million
6. Isodiol (CSE: ISOL)	12/31/17	\$ 5.9 million
7. Namaste (CSE: N)	11/30/17	\$ 4.9 million
8. CanniMed (TSX: CMED)	01/31/18	\$ 4.8 million
9. MPX Bioceutical (CSE: MPX)	12/31/17	\$ 4.5 million
10. Organigram (TSXV: OGI)	2/28/18	\$ 3.2 million

To see the full report including U.S. public companies from New Cannabis Ventures [\(Ctrl-Click here\)](#)

Applications Watch

The number of Licensed Producers increased to 104 as three more new licensees were approved last week. The new LPs are: Bloom Cultivation in AB for cultivation, Maricann 3rd site in ON for cultivation and Weed Me in ON for cultivation. Health Canada is aggressively pursuing its policy of approving new LPs more quickly. There have been twenty LPs approved this year. In the past 48 weeks there have been 62 new Licensed Producer approvals. Of the 104 LPs: 35 are Cultivation & Sale, 64 are Cultivation and 5 are Sale Only. On the list of Fresh Marijuana & Oil producers, there are 30 LPs approved: 19 as Production & Sale, 7 approved for Production and 3 approved as Sale Only. In the category “Sale of Starting Materials,” 10 LPs are approved to sell starting materials: 8 approved to sell plants and 2 approved to sell seeds.

There are now 29 public companies that are LPs or own an interest in one or more LPs.

Licensed producers by province are Ontario (55 or 54%), British Columbia (21 or 21%), Quebec (6 or 6%) Alberta (4 or 4%), Saskatchewan (4 or 4%), New Brunswick (3 or 3%), Nova Scotia (3 or 3%), Manitoba (2 or 2%) and Prince Edward Island (1 or 1%). Percent totals may not add up to 100% due to rounding.

Producer	Prov	Dried Marijuana	Fresh Mari & Oil	Sale Start Materials
1. 7 Acres	ON	Cultivation & Sale		
2. Abba Medix	ON	Cultivation		
3. ABCann Medicinals	ON	Cultivation & Sale		
4. A.B. Laboratories	ON	Cultivation		
5. Acreage Pharms	AB	Cultivation		
6. Aero Farms	ON	Cultivation		
7. AgMedica Bioscience	ON	Cultivation		
8. Agrima Botanicals	BC	Cultivation	Production	
9. Agri-Médic ASP.	QC	Cultivation		
10. Agripharm Corp.	ON	Cultivation & Sale	Production & Sale	
11. Agro-Biotech	QC	Cultivation		
12. Agro-Greens Natural Prod	SK	Cultivation	Production	
13. Aphria	ON	Cultivation & Sale	Production & Sale	
14. Aqualitis	NS	Cultivation		
15. Aurora Cannabis	AB	Cultivation & Sale	Production & Sale	
16. Aurora 2 nd site	QC	Cultivation		
17. Aurora 3 rd site	AB	Cultivation		
18. BC Tweed Joint Venture	BC	Cultivation		
19. BC Tweed JV 2 nd site	BC	Cultivation		
20. Bedrocan Canada	ON	Sale		
21. Bedrocan Canada 2 nd site	ON	Cultivation & Sale	Production & Sale	
22. Beleave Kannabis	ON	Cultivation	Production	
23. Bliss Co Holding	BC	Cultivation		
24. Bloom Cultivation	AB	Cultivation		
25. Bloomera	ON	Cultivation		
26. Bonify	MB	Cultivation		
27. Breathing Green Solutions	NS	Cultivation		
28. Broken Coast Cannabis	BC	Cultivation & Sale	Production & Sale	
29. Canada's Island Garden	PEI	Cultivation & Sale		
30. Canna Farms Ltd	BC	Cultivation & Sale	Production & Sale	Plants
31. Cannatech Plant Systems	BC	Cultivation		
32. CannMart	ON	Cultivation		
33. CanniMed Ltd	SK	Sale	Sale	
34. CannTrust	ON	Cultivation & Sale	Production & Sale	Seeds
35. CannTrust 2 nd site	ON	Cultivation	Production	
36. Canveda	ON	Cultivation		
37. DelShen Therapeutics	ON	Cultivation		
38. Delta 9 Bio-Tech	MB	Cultivation & Sale		
39. Emblem Cannabis	ON	Cultivation & Sale	Production & Sale	
40. Emerald Health Botanicals	BC	Cultivation & Sale	Production & Sale	

41. Emerald Health 2 nd site	BC	Sale	Sale	
42. Emerald Health Farms	BC	Cultivation		
43. Evergreen Medicinal	BC	Cultivation	Production	
44. Experion Biotechnologies	BC	Cultivation		
45. FV Pharma	ON	Cultivation		
46. Green Relief	ON	Cultivation & Sale		
47. Greenseal Cannabis	ON	Cultivation		
48. GrenEx Pharms	AB	Cultivation		
49. High Park Farms	ON	Cultivation		
50. Hydropothecary	QC	Cultivation & Sale	Production & Sale	
51. HydRx Farms	ON	Cultivation		
52. Indiva	ON	Cultivation		
53. IsoCanMed	QC	Cultivation		
54. International Herbs	BC	Cultivation		
55. Int'l Herbs 2 nd site	NB	Cultivation		
56. James E. Wagner Cultivation	ON	Cultivation		
57. Maricann	ON	Cultivation & Sale	Production & Sale	Plants
58. Maricann 2 nd site	ON	Cultivation	Sale	Plants
59. Maricann 3 rd site	ON	Cultivation		
60. Medical Marijuana Group	ON	Cultivation		
61. Medical Saints	ON	Cultivation		
62. MediPharm Labs	ON	Cultivation		
63. MEDIWANNA	ON	Cultivation		
64. MedReleaf	ON	Cultivation & Sale	Production & Sale	
65. MedReleaf 2 nd site	ON	Cultivation & Sale		
66. Mettrum Bennett North	ON	Cultivation & Sale	Production & Sale	
67. Muskoka Growth	ON	Cultivation		
68. Natural Med	ON	Cultivation		
69. Natura Naturals	ON	Cultivation		
70. Northern Green Canada	ON	Cultivation	Production	
71. Northern Lights	BC	Cultivation		
72. Original B.C.	BC	Cultivation & Sale		
73. Organigram	NB	Cultivation & Sale	Production & Sale	
74. Peace Naturals Project	ON	Cultivation & Sale	Production & Sale	Plants
75. Potanicals Green Grow	BC	Cultivation		
76. Prairie Plant Systems	SK	Cultivation	Production	
77. PureSinse	ON	Cultivation		
78. Quality Green	ON	Cultivation		
79. Radicle Medical Marijuana	ON	Cultivation		
80. RedeCan Pharm	ON	Cultivation & Sale		
81. RedeCan Pharm 2 nd site	ON	Cultivation	Production	
82. Rock Garden Medicinals	ON	Cultivation		
83. Solace Health	ON	Cultivation		
84. Spectrum Cannabis	ON	Cultivation & Sale	Cultivation & Sale	
85. Sundial Growers	AB	Cultivation		
86. Tantalus Labs	BC	Cultivation		
87. THC Biomedical	BC	Cultivation & Sale	Production & Sale	Plants
88. THC Inc	NS	Cultivation & Sale	Production & Sale	
89. Tidal Health Solutions	NB	Cultivation		
90. Green Organic Dutchman	ON	Cultivation & Sale		
91. Thrive Cannabis	ON	Cultivation		
92. Tilray	BC	Cultivation & Sale	Production & Sale	
93. Tweed Grasslands	ON	Cultivation		
94. Tweed Farms	ON	Cultivation & Sale		
95. Tweed Inc.	ON	Cultivation & Sale	Production & Sales	Seeds
96. United Greeneries	BC	Cultivation & Sale		
97. UP Cannabis	ON	Cultivation	Production	
98. UP Cannabis 2 nd Site	ON	Cultivation		
99. Vert Cannabis	QC	Cultivation		
100. We Grow B.C.	BC	Cultivation		
101. WeedMD	ON	Cultivation & Sale	Production & Sale	Plants

102.	Weed Me	ON	Cultivation		
103.	Whistler Medical Marijuana	BC	Cultivation & Sale	Production & Sale	Plants
104.	WILL Cannabis Group	ON	Cultivation		

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The Lexaria Train May Be Leaving The Station. Don't Be Left Behind

Apr. 24, 2018 6:48 AM ET

|Summary

Lexaria has been a favorite for some time. The DehydraTECH™ technology delivers THC and CBD faster and better when ingested.

We have also known DehydraTECH™ has applications in vitamins, non-steroidal anti-inflammatory pain medications and nicotine.

Lexaria published impressive in vivo test results for nicotine. When using DehydraTECH™ to deliver nicotine, more was delivered, faster, less was excreted and there was evidence the liver was bypassed.

Tobacco companies have been desperately searching for a healthier delivery of nicotine to consumers without combustion. I believe these test results will attract attention from "big" tobacco.

This is no time to delay. Get Lexaria into your portfolio immediately.

Lexaria Bioscience Corp. ([OTCQX: LXRP](https://www.otcmarkets.com/stock/LXRP)) has been a personal favorite for over a year. The shares were trading in the \$.25 per share range when I first recommended it, moved up to peak at a high of \$2.35 per share early this year and has settled back to a recent low of \$.82 per share. Recently it recovered to the \$1.25 range.



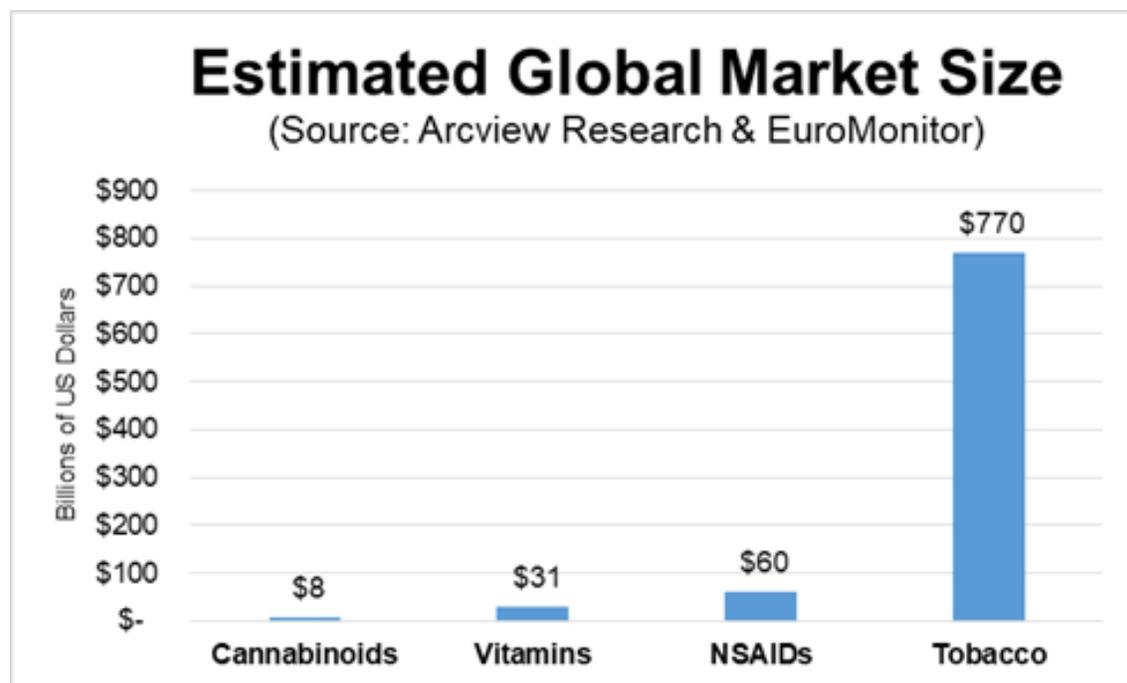
LXRP has developed and out-licenses a disruptive and cost-effective DehydraTECH™ technology that promotes healthier administration methods, lower overall dosing and higher effectiveness of ingestible drugs and other beneficial molecules. Many vitamins, drugs, supplements and other beneficial molecules are lipophilic (i.e. fat soluble) and difficult for the human gastrointestinal system to efficiently and effectively absorb.

DehydraTECH™ greatly improves the body's ability to absorb these substances so their benefits can be received more quickly and pleasantly.

I initially recommended LXP as a cannabis edibles play. DehydraTECH™ would potentially:

1. neutralize the "marijuana" taste of CBD;
2. protect CBD from stomach acids so less source material is required to deliver the same dosage to the bloodstream.
3. allow more CBD to pass directly from the upper intestine to the bloodstream. This delivers more source material to the bloodstream sooner, and,
4. result in more CBD bypassing liver filtration to be absorbed instead through the lymphatic system, speeding and increasing overall delivery.

At the same time, however, we were aware of the potential in other areas, for example, fat soluble vitamins such as A, D, E, K; non-steroidal anti-inflammatory drugs (NSAID) such as aspirin or Tylenol; and nicotine. ([see my original Seeking Alpha report: 'Lexaria - the Best Cannabis Technology You Can Eat' November 3, 2016](#)) But when LXP received a Notice of Allowance from the United States Patent and Trademark Office (USPTO) for the use of its DehydraTECH™ technology as a delivery platform for all cannabinoids including THC; fat soluble vitamins; non-steroidal anti-inflammatory pain medications (NSAIDs); and nicotine, the message finally resonated with the investment community and this was the trigger that moved the stock sharply higher. Subsequently, LXP filed a new patent application with the USPTO utilizing the technology for delivery of phosphodiesterase type 5 (PDE5) inhibitors – trade names of existing well-known products include Viagra™(sildenafil) and Cialis™ (tadalafil).



What got investors so excited was the realization that while cannabis was a great new market for the technology, it was by far the smallest: the vitamin market is almost four times larger, the NSAIDs market is just under eight times larger and the tobacco industry is almost one hundred times larger. This implies the potential for DehydraTECH™ is greater by some double or possibly triple digit multiple.

That is why the Press Release of April 17, 2018 caught my immediate attention. In that release, LXP announced positive topline results upon completion of its first ingestible nicotine *in vivo* (animal) absorption

study. LXR is scientifically testing the use of its patented DehydraTECH™ technology as a possible new nicotine delivery method. The Company says, “Nicotine was administered in a nicotine polacrilex derivative format as is widely commercialized today in nicotine replacement therapy products such as chewing gums.” The study results show the technology resulted in:

- 1,160% faster delivery of equivalent peak quantities of nicotine to the bloodstream than achieved with controls;
- 148% gain in the quantity of peak nicotine delivery to the bloodstream relative to controls;
- 560% higher brain levels of nicotine where nicotine effects are focused, compared to controls;
- Lower urine levels of nicotine excreted than controls, for enhanced nicotine activity and bioavailability over the course of the study;
- Lower quantities of key liver metabolites in the bloodstream as hypothesized, suggesting bypass of first pass liver metabolism.

As the Company said, “The LXR formulations generally achieved faster absorption, higher peak absorption and higher overall quantities of nicotine, on average, in the blood than the concentration-matched control formulations at both the 1mg and 10 mg/Kg doses tested. Furthermore, as previously reported, there were no obvious signs of gastrointestinal distress indicating that the animals (rats) appeared to tolerate the treatment well.”

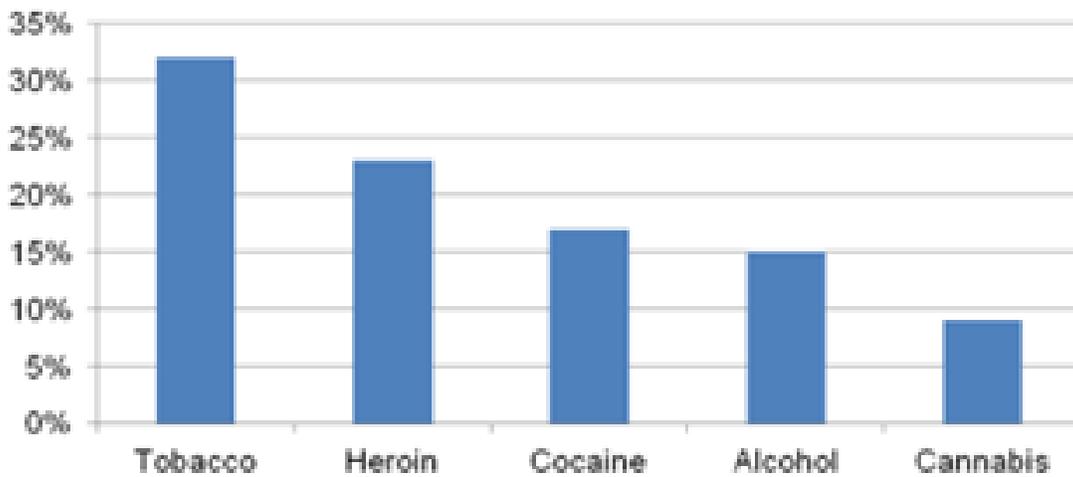
According to the World Health Organization (WHO), cigarette smoking is the leading cause of preventable death in the world. There were an estimated 5.5 trillion cigarettes sold to over 1 billion customers with a value of \$699 billion worldwide in 2015. Current trends show tobacco use will cause more than 8 million annual deaths by 2030. (*Centers for Disease Control and Prevention*)

But here is what we know about nicotine. In the amounts that enter a smoker’s bloodstream, nicotine is not dangerous. As an article by Sally Satel in Forbes said, “[nicotine] isn’t the stuff that can cause serious illness and death from cancer, lung and heart disease. Those culprits are the tar and toxic gases that are released from burning tobacco when you smoke.” Michael Russell who developed nicotine gum said, “People smoke for nicotine but they die from the tar.” Finally, as Mitchell Zeller, director of the Center of Tobacco Products (a division of the Federal Drug Administration) said, “...vaping – as puffing on an e-cigarette is called – doesn’t burn tobacco and release those carcinogens. Unfortunately, many Americans don’t understand that nicotine itself isn’t the villain.”

Because of this, tobacco use has been suffering serious declines for many years. As WHO reports in 2010 there were 3.9 billion non-smokers aged 15 or older in Member States. This was 78% of the population in the age group meaning only 22% were smokers, WHO projects this will rise to 81% or only 19% smokers by 2025. But if nicotine can be delivered without combustion, it could be much safer and less intrusive to persons nearby which means the tobacco producers would benefit.

In the meantime, tobacco has been assailed on many fronts including addiction rate studies that show nicotine is more addictive than heroin, cocaine, alcohol or cannabis.

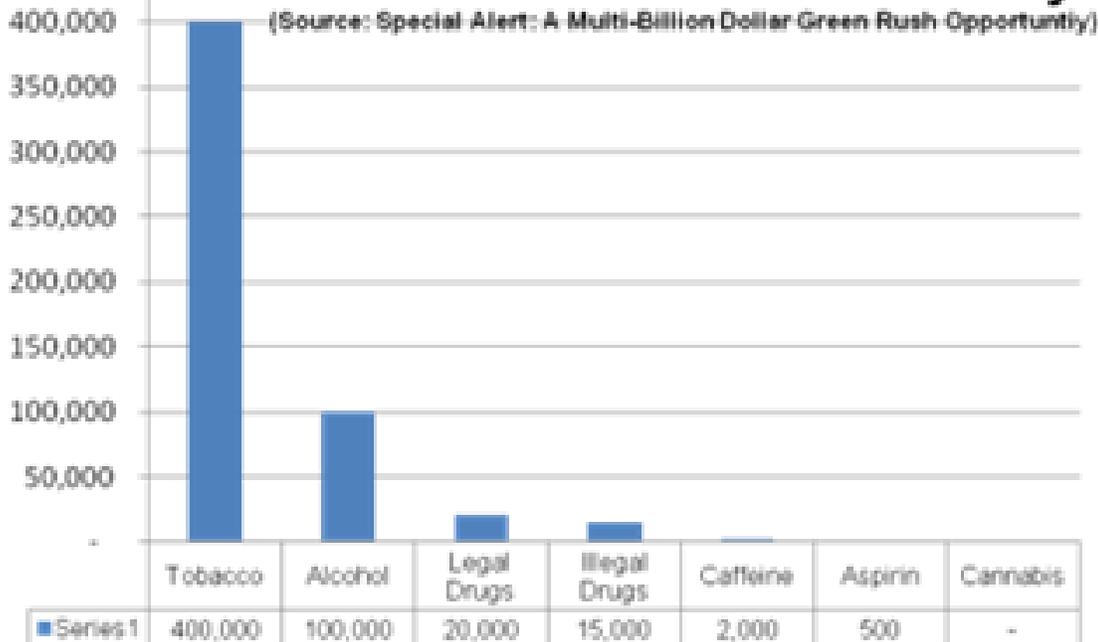
Addiction/Dependency Rates



Source: Psychology Today, Is Marijuana Addictive? Jann Gumbiner Ph.D.

Not only that data shows that nicotine causes more deaths other commonly used drugs. It causes four times more deaths than alcohol; twenty times more deaths than legal drugs; over twenty-five times more loss of life than illegal drugs; two hundred times as many deaths as caffeine; and eight hundred times as many deaths as aspirin. Of course, to date there is not one documented death resulting from an overdose of cannabis.

Annual U.S Deaths Caused by:



As a result, tobacco companies are spending hundreds of millions of dollars in an attempt to save an industry that generates estimated sales of \$700 to \$750 billion a year excluding China. In addition, in many countries smoking is now socially unacceptable - no longer permitted in businesses such as offices and restaurants and in a growing number of societies it is no longer allowed public areas such as parks and beaches.

Sadly, people smoke tobacco for the same reason they smoke cannabis – it delivers the nicotine into the user's bloodstream far more quickly than ingestion. In addition, when you ingest nicotine or cannabis, the human digestive tract reduces the amount that enters the bloodstream. Third, it has an unpleasant taste and can cause upset stomachs. In effect, you get less of it, it's tastes bad, can make you feel ill and it takes longer to be effective.

That is where the recently disclosed results from DehydraTECH™ comes in. The published results suggest:

1. The nicotine is delivered to the bloodstream within 15 minutes compared with 2.9 hours;
2. There was a 148% increase in the delivery of quantities of nicotine delivered to the bloodstream;
3. There was 560% higher brain levels of nicotine where nicotine effects are focused;
4. There were lower levels of nicotine excreted in the urine for enhanced nicotine activity and bioavailability; and,
5. Lower quantities of key liver metabolites in the bloodstream as expected suggesting bypass of first pass liver metabolism.

I believe this is the type of scientific information that will attract the attention of large tobacco companies that have been working on many alternative nicotine delivery systems trying to eliminate the negative impact of smoking. LXP management has always intended to license different applications of its technology separately, for example, cannabis to cannabis companies, vitamins to vitamin companies, non-steroidal anti-inflammatory drugs to drug companies and nicotine to tobacco companies.

I conclude this data will position LXP in the crosshairs of one or more large tobacco companies. No one can say when such a licensing or acquisition event will happen. But if the world tobacco industry was a country, it would rank around 25th largest in the world or approximately the size of Poland. So to the top five tobacco companies (1. China National Tobacco 2. Philip Morris ([NYSE: PM](#)) 3. Japan Tobacco ([TYO: JPY](#)) 4. British American Tobacco ([LON: BATS](#)) 5. Imperial Tobacco ([LON: IMB](#))), the acquisition of the entire Canadian cannabis industry would not be a major financial decision to buy, not build. A transaction could even come from a smaller company as was the case when Constellation Brands ([NYSE: STZ](#)) took an interest in Canopy Growth ([USOTC: TWMJF](#))

I conclude the Lexaria train may be leaving the station. Make sure you're onboard.

Disclosure: I/we have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours.

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