

Cannabis at The Trump

✘ The Trump Hotel in Toronto hosted a cannabis conference.

The *Trump* hosted a conference on *cannabis*. That's how socially acceptable cannabis has become.

Sponsored by Jacob Securities and a host of marijuana-related companies, with InvestorIntel as the media sponsor, the one day conference on June 22, 2015 brought together the Licenced Producers, LP applicants, investors, stock exchanges (interesting speech from Richard Carleton of the Canadian Stock Exchange), those desperately seeking capital, and capital seeking a deal.

This feels like 1992 after the deregulation of the telecom industry, with hundreds of companies trying to find their niche in a wide-open undefined market. Valuations then, like today, weren't based on any hard metrics but rather on, "we think we're worth that because we said so".

Wide-eyed true believers compete with jaded promoters to source capital in a nascent naive industry, and as the industry grows and those niches get filled, and as naivete gives way to experienced cynicism, the companies must evolve or die. As the CEO of Abba Medix Corp. Ray Rasouli (CSE:ABA) observed about the Licenced Producers, "Only the efficient firms will survive."

Two themes were repeated throughout the day. First, every company strained to distinguish itself from the others. Second, everyone talked about, "a strategic client acquisition strategy", a very difficult proposition when you can't market to the end-user.

Terry Booth of Aurora Cannabis Inc. (CSE:ACB), whose main distinguishing factor is that it's the only Licenced Producer in Alberta, provided an excellent overview of that company's

operations within the broader context of the regulatory environment. He made the pointed observation that Health Canada is not a proponent of marijuana in any form, but rather is a reluctant participant as directed by Canada's courts. Patience and attention to detail are vital to surviving the application process.

Sometimes the distinguishing factor is a memorable soundbite. Organigram's distinguishing factor is that it's the only Licenced Producer east of Quebec. The Peace Natural Project was the first LP to have a bank account. Hydropothecary sets itself apart as targetting the luxury marijuana market (and having what could be the most unrealistic valuation).

The most popular man at today's conference was Sasha Jacob, the conference's main sponsor. A close second was Bill Fleming, CEO of Abattis Bioceuticals Corp. (CSE:ATT). This isn't Bill's first roll – he has extensive experience in the public markets. What makes Abattis unique is that it has capital and is ready to invest it. Based on a US\$25 million equity line facility agreement with Dutchess Opportunity Fund, II, LP, Abattis is actively searching for intelligent cannabis-related investment opportunities. People trailed Bill like the tail of comet.

With the recent Smith Supreme Court of Canada decision permitting marijuana to be consumed in a format other than smoking, the consumables market could be ready to run. Many companies are looking to sell into this market as it develops.

The next two big events in this industry are the *Allard* decision from the Federal Court of Appeal, and the federal election in October, 2015. Both of these events will affect the "strategic client acquisition strategies". While there may be a small rise in the run-up to the federal election, the market and the publicly traded shares will generally move sideways until those two events give direction.

Conferences like this one are vital to sharing ideas among the believers, the capital, the advisors, the regulators and the next generation of participants. They're also key to shaping public sentiment about medical marijuana, legalized marijuana and hemp. The Trump hosting this conference shows how far that sentiment has come.