

# 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. Hydrothecary 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.

---

## Abattis secures \$25M funding from Dutchess Capital for cannabis M&A and development

February 19, 2015 – Tracy Weslosky, Publisher of  **InvestorIntel** speaks to Bill Fleming, CEO and Director of Abattis Bioceuticals Corp. (“Abattis”) (CSE: ATT | OTCQX: ATTBF) on the recent US\$25 million equity line facility agreement announcement with Dutchess Opportunity Fund, II, LP (“Dutchess”). Further discussions on Abattis initiatives towards investment, incubation and technology partnerships as a fully vertically integrated company in the rapidly expanding botanical drug and product development market.

**Tracy Weslosky:** : Thank you so much for joining us today and congratulations on your new role as CEO. And, of course, you had really big news last week \$25 million dollar line of equity. Can you talk to us about that?

**Bill Fleming:** Absolutely. With Abattis we're pretty excited about working with Dutchess. Dutchess is a global investment firm and we've been working with Dutchess now for the last few months to see how we can move forward with them on some of our initiatives. Again, it's an equity line of credit and it's

something we have the ability to be able to tap into at the right time. Obviously, as we move forward our company we're pretty excited some strategic opportunities that are out there and deal flow being one of them. That's for sure.

**Tracy Weslosky:** Of course, all of the InvestorIntel audiences, I know a lot of us have been scratching our head on the cannabis and medicinal marijuana market. If you could just back us up and explain to our audience who Abattis Bioceuticals is.

**Bill Fleming:** Well, as a company today we've got many lines that from a product side, but we're also involved in the investment. We're involved in incubation. We're involved with technology partnerships. We see ourselves as wanting to be a company that's vertically integrated. As we move forward into certain areas we're going to look at new technologies and new companies to either acquire or partner with on a go forward basis.

**Tracy Weslosky:** What does that mean for Abattis?

**Bill Fleming:** Well, what it means for Abattis is that we've actually got a good portfolio of companies. What we're doing now is we're looking at the realignment of some of these companies to make sure that there's some synergies between them. Ultimately where we see ourselves moving as a company is that we want to move further up the food chain. We see ourselves as moving more into the botanical space. Botanical is what we call the new wave of pharmacy. We see ourselves differentiating ourselves and anyone else that's out there because we have been pretty fortunate in finding some technologies, finding some great people, being able to work with some great financial partners. We foresee ourselves over the next few months as a company that's going to be more strategically aligned to go after the cannabis industry.

**Tracy Weslosky:** So I received a lot of phone calls about your

company when you received this \$25 million dollar line with, who is this company and how did they manage to secure this. Can you talk to me a little bit about this? Does this have to do with management because you do have an impressive executive backgrounds?

**Bill Fleming:** A lot of it comes down to relationships. If I was going to give anybody credit it would have to be our chief operating officer, Rene David. Rene's been the guy that's been out there pounding the streets getting the Abattis message out there. Where we are today is basically as a result of his relationships. Obviously, Dutchess is a great company...to view the rest of the interview, [click here](#)

Disclaimer: Abattis Bioceuticals Corp. is an advertorial member of InvestorIntel.

---

## **Ecclestone provides Double Talk on Deflation**

I heard a boggling thesis this week that went like this: "deflation is upon us devaluing all the currencies and by default favoring the US dollar and subsequently gold and silver". I had to do a double take as I thought that gold was the hedge against inflation. Now it seems to do double duty as a universal cure-all in both inflation and deflation. The relevance of this is that the deflation scenario seems to be the titanic economic struggle of our times... well of the first few months of 2015 in the absence of any other hobby-horse for pundits to ride.

Much of the deflation argument rests upon one commodity alone and that is oil. Never has a major trend argument been based

on such a thin premise. Late last week the benchmark West Texas Intermediate price for March delivery advanced US\$1.21 (2.4%) to settle at US\$51.69 per bbl. This came after a couple of days of strengthening which moved the price up nearly 10% from the previous week's lows.



Across the Atlantic, Brent North Sea crude for March, the European benchmark, ended the week at \$US57.80 a barrel, up US\$1.23 from the previous day. These oil price moves could of course be merely a dead-cat bounce as the growing amount of oil in storage should act as a shock-absorber to any revived demand and slow down a recovery as the stored oil is wound-down. It should also be noted that the fickle markets had been worrying only a week ago that ample supplies and slowing global economic growth would send oil down even further. This should not be discounted. However if rumours that the US engineered the price retreat for geopolitical reasons then it has probably gone as far as it needs to go to inflict maximum pain without shooting its own newly attained oil independence in the foot.

“Slowing global economy” is all in the eye of the beholder as the closely watched US monthly jobs report came in much better than expected with the Labor Department reporting the US economy added 257,000 jobs in January and revised upward already healthy growth in the prior two months. The unemployment rate edged up to 5.7% from 5.6%, but that was in part because more people were actively seeking jobs, in itself another positive.

While Greece did not have much of a tidal pull on markets last week with mainly toing and froing between Athens and Berlin, the market had the chance to digest what is seemingly becoming an irrevocable breakdown. The announcement over the weekend that the government in Athens was going to hike wages and rehire thousands of dismissed public sector workers signals

that there can be no deal. How this plays out is difficult to see with neither side wanting to be the one seen to have pushed the “ejector-seat” button. We suspect the Germans at least have a game plan for remedial action in the event of Greece’s exit we are not so sure that Greece has the same plan. The main concern of the core members of the Euro scheme will be that any Greek-quake does not produce a financial tsunami. If achieved without excessive ructions then markets will be considerably relieved. In any case the chance of contagion developing amongst the other weaker members of the Euro is much reduced from when the crisis started to evolve in the wake of the 2008 crash.

Gold and silver prices had a rough week with silver losing over one dollar per oz. Despite this InvestorIntel member Carlisle Goldfields added over 7% with ongoing positive vibes from its rollback.

So to conclude matters, and to return to the deflation theme, we now have the hardcore goldbugs arguing in the debate on inflation versus deflation that gold is the solution... heads you win and tails you win..