

The Big Green Cannabis Handshake

Regardless of opinion on the subject of marijuana legalization, a booming market is eventually going to have its needs met by someone. iAnthus Capital Holdings, Inc. (CSE: IAN) (“iAnthus”), led by a phenomenal team, is providing a sound option for those of us who wish to get on the cannabis curve early.

The company recently closed a C\$20m bought financing deal, and soon after commenced construction on a state-of-the-art cannabis cultivation and processing center in Holliston, Massachusetts; the 36,000 square foot facility will be able to produce 8,700 pounds of cannabis annually. It may not be the gigafactory, but it’s a seriously big step forward in creating sufficient supply infrastructure to support the burgeoning industry.

The ever-increasing acceptance of recreational marijuana consumption continues to motivate people to join the fray, but a problem exists for legitimate business owners in the United States since they cannot yet access state or institutional capital as a result of the federal ban. While many thought this would keep the market down, the cultural movement is powerful, in full swing, and making big money.

Although the industry is exploding, its expansion has been tentative due to banks and exchanges refusing to lend to or accept listings from cultivators as a matter of fence-sitting policy. This has fostered a great need for capital throughout the market, and Hadley Ford, ex-VP of Goldman Sachs, has enabled legal growers of medicinal marijuana in the US to access vital funds to establish much-needed supply by establishing iAnthus on the Canadian Securities Exchange.

Ford spotted that the federal attitude to the movement has kept the larger companies at bay, awarding smaller companies ample opportunity to flourish. iAnthus provides investors with a chance to catch the market growth as early as possible by offering a comprehensive finance and management solution for licensed cannabis cultivators, processors and dispensaries throughout the United States.

iAnthus sees future decriminalization as inevitable in all fifty states, and with global attitudes shifting for decades now, it's difficult to disagree with them. The North-American market for medicinal marijuana is now so well-established that even Trump is going to have a hard time rolling this one back.

Of course, Justin Trudeau's government takes a firm stance against prohibition, and is committed to the more liberal approach of legalization, regulation and harm reduction, making the Canadian Securities Exchange the perfect place to launch iAnthus and assist the dispensaries further south in meeting escalating demand.

The company's interests are exclusively fully-licensed operations delivering their products through vertically integrated systems funded by investments secured by an expert team. Once the Massachusetts production facility is complete, four separate dispensaries will open to distribute the product locally. The number of patients that have purchased medical marijuana in Massachusetts has tripled over the past twelve months, to approximately 18,000 every month. Total active patient certifications roughly doubled in 2016, and 179 physicians registered anew to certify patients.

My confidence in iAnthus stems from the capabilities of the people in charge; Ford has not only come from Goldman Sachs, but has spent a total of fourteen years on Wall Street, overseeing transactions worth billions. He is accompanied by a management team from investment banking, finance, healthcare services, real estate and construction, business operations

and regulatory compliance, plus a specialist advisory board with in-depth knowledge of every aspect of the cannabis industry. These guys really have made sure that marijuana has the chance to become a credible, and therefore reliable, investment option.

The oil world is “looking up” to the northern hemisphere

Surging demand for technology metals and enough battery-hype to resurrect Alessandro Volta has inadvertently distracted us somewhat from the recent struggles of the oil world. On November 6, 2015, the Obama government rejected the proposed Keystone XL pipeline. This pipeline would have connected the oil sands of Alberta with Nebraska and the northern United States. However Canadian Prime Minister Justin Trudeau has been busy approving new pipelines, and President-elect Donald Trump is keen to revive the Keystone project post-democrat, creating a strong entry point for the would-be investor as markets show signs of recovery.

Hemisphere Energy Corporation (TSXV: HME) (“Hemisphere Energy”) could stand to benefit from Trump’s plan to revive the Keystone project. The deposit sits on two southern-Alberta projects, Atlee Buffalo and Jenner, some 40 kilometers north-east of the famous Dinosaur Provincial Park and the badlands, the source of the bulk of our dinosaur expertise. These core areas provide long-term, stable production and development where Hemisphere targets low to medium risk drilling opportunities for production and reserve growth.

Vertical wells proved the Atlee Buffalo properties in southern

Alberta in the 1970's and 1980's but previous recovery efforts failed, with less than 4% recovered from the 66 million BOE from the Mannville F and G pools. Hemisphere has used a combination of horizontal drilling and waterflooding to successfully extract up to 70 barrels of 100% oil daily; the new techniques have, in fact, boosted well-pressure by three times and stabilised production so that cost-effective reserves can continue to build up.

Canada has a highly sophisticated energy industry and 99% of Canadian oil exports are sent to the United States. Canada is in fact the United States' largest supplier of oil. The Alberta oil sands have the third largest oil reserves in the world, after Venezuela and Saudi Arabia. The Alberta Energy Regulator (AER) estimates the remaining established reserves of conventional crude oil in Alberta to be 1.8 billion barrels, representing about one-third of Canada's remaining conventional reserves.

The price of oil has been in trouble for some years; as global stockpiles reached their highest ever levels, the price of a barrel was within spitting distance of \$20 per barrel. Alberta's more northern sand-based dinosaur-juice market only becomes financially viable when barrel prices are above \$30-40; this is due to the difficulties involved with extracting from what are essentially tar-sands.

Starting in 2010, total crude oil production in Alberta reversed the downward trend that was the norm since the early 1970s. In 2010 and 2011, light-medium crude oil production began to increase because of increased, mainly horizontal, drilling activity with the introduction of multistage hydraulic fracturing technology.

Hemisphere's Attlee Buffalo property offers much cleaner and easier extraction since the company put their money on horizontal drilling methods. Production costs became as low as \$10 per barrel due to the lower sand content of the resulting

extraction thereby reducing the processing time required to achieve oil. Notably, there is no need for hydraulic fracturing at either site, meaning that production costs can be maintained at low levels.

Since 2012, Hemisphere has achieved a smooth and impressive 388% growth in reserves, and all in all, there seems to be a consensus among analysts that 2016 saw the bottom of the depressed stage of the industry cycle and from now on things will start looking up.

Lifton on China's Attitude towards Trudeau's Proposal for Free Trade

✘ *There is no better sign of the fracturing of globalization than Canadian Prime Minister's, Justin Trudeau's, announcement of his goal of negotiating a mutual free trade pact between Canada and the PRC. In fact when viewed through the lens of "free trade" CIC's, China's large and well capitalized foreign investment firm (owned in part and backed by China's enormous sovereign wealth fund), recent closing of its Toronto office makes very good sense. CIC is acting as the vanguard for Chinese investments worldwide in critical natural resources for China's ongoing industrial and technological development. By closing its office in Toronto's de facto mining finance center CIC and China are sending a strong message to Canada about investing in natural resources development under its, China's, current (WTO[?]) relationship with Canada. I think that China by this move is also sending an unofficial vote of no confidence in a Canada that would*

join a US led TPP, the trans-Pacific free trade pact that specifically excludes China.

Note that Chalco's current Molycorp assets bid is primarily targeted at what was Canada's premier rare earth technology utilization company,, the former Neo Materials, and yet it does not involve any revenue producing Canadian operations, but could involve reviving Neo's and the world's formerly largest recycler of gallium perhaps by transferring the technologies to China. If this comes about it will be interesting to see if Neo's Utah, USA, based world-class ultra-purification facility for gallium trichloride used by the chip industry is included as a non-US (Canadian owned) asset.

I believe that Prime Minister Trudeau will receive a warm welcome from the Chinese trade representatives who will be in Davos later this month to hear him speak about his plans and hopes for Canada's economic future.

I firmly believe after reading, for the last year, the commentary on China's new 5-year plan in the Chinese English language press that China's pollution control and switchover from an investment led to a consumer oriented economy places a barrier to any further globalization of natural resources trade and in fact will be the vanguard of a retreat to regional and national resource economics' determinism.

Whether or not China manipulated rare earth prices to topple Molycorp as many conspiracy theorists believe, China will simply not allow foreign markets to restrict its supply of lithium, cobalt, and the other critical materials for alternate energy storage.

You will know if and when China reopens its Toronto CIC office that Prime Minister Trudeau's plan is working.