



Marijuana - Bubble Index

February 6, 2017



Marijuana - Stock Bubble Index

Nov. 15, 2016 - Feb. 6, 2017

Alex Cutulenco | Senior Analyst | Gravitas Financial Inc. | alex@gravitasfinancial.com | 1 (416) 992-6731
Jassie Bhathal | Analyst | Gravitas Financial Inc. | jassie@gravitasfinancial.com | 1 (647) 409-6308

Table of Contents

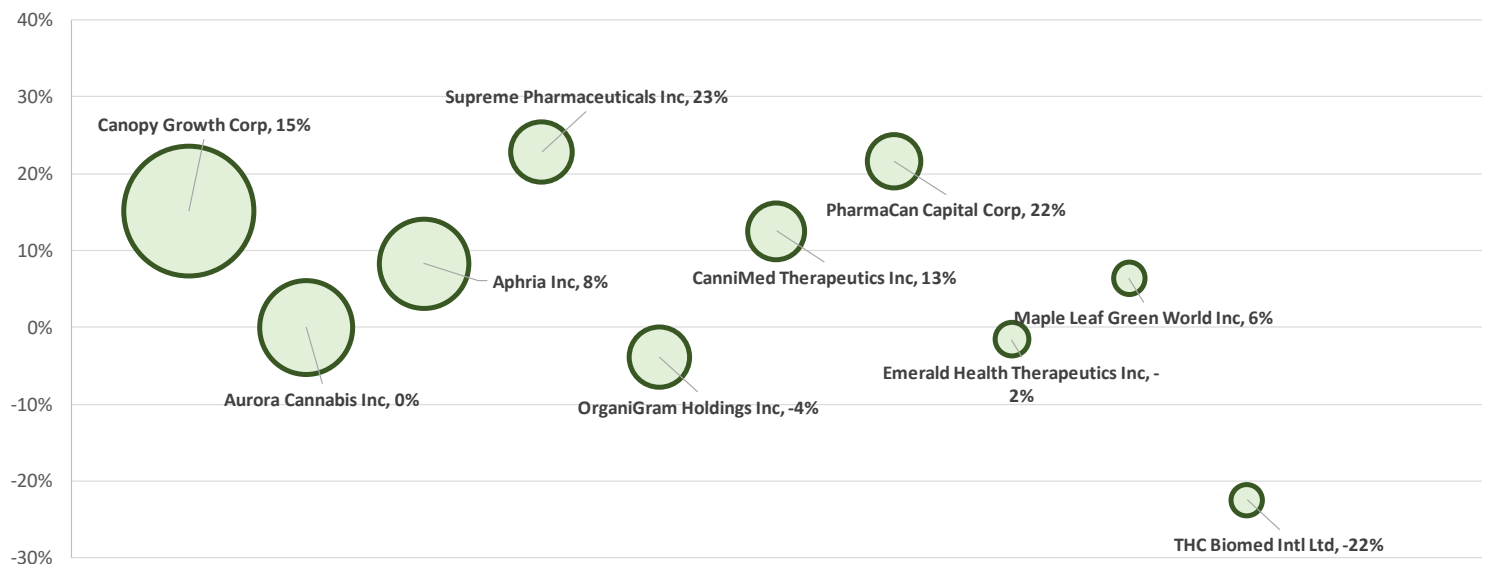
- [Industry Highlights 2](#)
- [Cannabis Industry Regulations 3](#)
 - [Recreational Marijuana 4](#)
- [Notable Performers 6](#)
 - [Canopy Growth Corp. 6](#)
 - [CanniMed Therapeutics Inc. 7](#)
 - [Aurora Cannabis Inc. 9](#)
- [Bubble Radar 10](#)

Canadian Marijuana Industry Stakes Have Never Been ‘Higher’

A recent study by Deloitte estimates legalized recreational marijuana has the potential to spark a \$22.6 billion industry in Canada! Besides recreational use, the cannabis industry has caught the eye of regulatory and pharmaceutical companies, as they race to capitalize on the budding Canadian marijuana market.

The amount of attention the industry has garnered is akin to the dot-com frenzy; pharmaceutical companies and retailers are racing to acquire licenses to grow and sell, while cannabis dispensaries are outnumbering fast-food franchises in some jurisdictions. Since this is a new, growing industry—assuming legalization in the future—investing in the right cannabis stock may result in substantial returns. Cannabis stocks in our Marijuana Stock Bubble 10 Index have rallied over 200% year to date, increasing the risk of overvaluation. In this edition, we take a look at the future of the cannabis industry, the budding Canadian market, as well as the companies best positioned to soar from marijuana legalization.

Industry 2017-YTD Performance



Size of the bubbles represents relative market cap values.



Industry Highlights

- Prime Minister Justin Trudeau is expected to introduce a bill to legalize, regulate, and restrict access to marijuana for recreational use in Canada this coming Spring. However, the bill may not be passed until later this year or early 2018. Federal Health Minister Jane Philpott struck a more dovish tone, stating it will take time to set up systems with all provinces for cannabis to be fully legal and available in Canada, which may not occur prior to the 2019 election.
- Shoppers Drug Mart, a pharmacy chain owned by Loblaw Companies Ltd. (TSX: L), submitted a Health Canada application to become a licensed medical marijuana producer. Although the Company has no intention of producing cannabis, the application is an administrative requirement to be able to distribute the medicine. Nonetheless, the retailer will be unable to dispense cannabis unless the government legalizes marijuana. Now that Shoppers Drug Mart has broken the ice, competing pharmacy chains may follow suit with applications to protect their market share.
- In preparation for the federal legalization of marijuana, Ontario Premier Kathleen Wynne is exploring the role the LCBO will have in the recreational marijuana business. With 650 stores across Ontario, marijuana could be sold alongside wine, beer, and spirits, extending the province's monopoly. If it were approved, the LCBO would benefit from an additional source of revenue. Should this plan come to fruition, the existence of privately-owned dispensaries may be threatened.
- Licensed producer, Organigram, expanded its voluntary product recall announced in December, to now include 69 products. Organigram found trace amounts of Myclobutanil (fungicide) and Bifenazate (pesticide) in their dried marijuana and cannabis oil products, which is not approved for use on medical cannabis. The likely culprit is believed to be contaminated fertilizer from suppliers, not from Organigram using any banned substances.
- Germany has unanimously voted in favour of legalizing marijuana for medicinal purposes under the new 'cannabis as medicine' law, which will come into effect March 2017. The government will allow for distribution through pharmacy and include insurance reimbursement. This past November, Canopy Growth acquired its distribution partner, MedCann CmbH, as there is no local production in Germany and Canopy wanted to take an early stab to establish itself in the German Market.

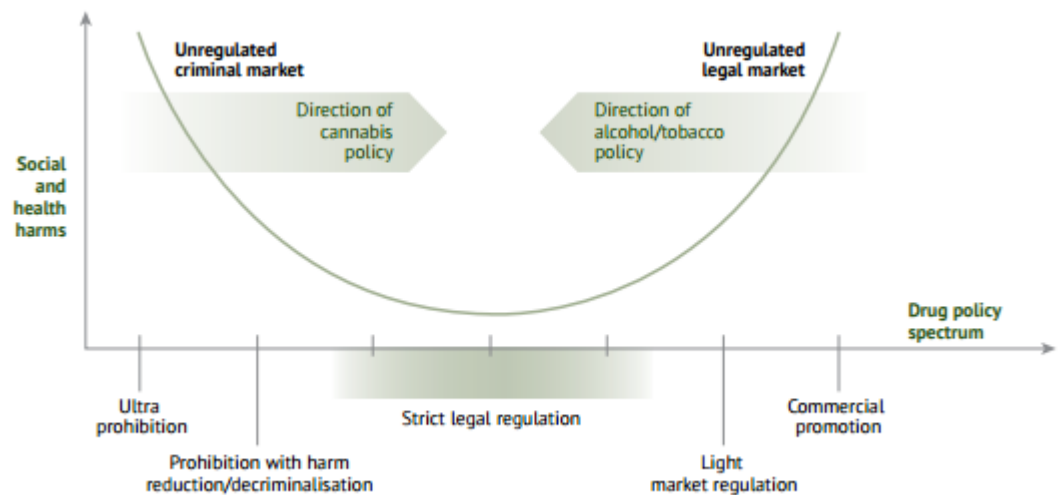
Upcoming Events

- O'Cannabiz Conference & Expo Conference and Expo: April 21st-23rd, hosted by MNP at the Sheraton Centre Toronto Hotel, Toronto, Ontario, Canada.
- Cannabis Life Conference: May 13th-14th, hosted by Cambridge House in partnership with the Cannabis Growers of Canada (CGC) at the Evergreen Brickworks, Toronto, Ontario, Canada.
- Lift Cannabis Expo 2017: May 26th-28th, hosted by Lift at the Metro Toronto Convention Centre, Toronto, Ontario, Canada.

Cannabis Industry Regulations

PM Justin Trudeau has moved one-step closer to bringing his platform promise of legalizing marijuana to reality. Mr. Trudeau had former deputy Prime Minister Anne McLellan lead a ‘marijuana task force’ of specialists to examine how the federal government should proceed. On November 30th, 2016, Ms. McLellan released 80 guidelines to regulate access to cannabis. Key takeaways are discussed below, however the complete report and list of recommendations can be found on the Health Canada website.

Figure 1: Cannabis’ Transition from an Unregulated Criminal Market to Regulated Legal



Source: Government of Canada

The task force recommends a minimum legal age of 18 for cannabis access, but emphasized providing each province the sovereignty to determine the right legal age in their jurisdiction; Quebec has a legal drinking age of 18 whereas Ontario is 19. Additionally, the report made specific recommendations that individuals be allowed to legally possess 30 grams for personal use, or grow four plants in their own home, without having to face any criminal penalties. A key priority for the federal government is to squeeze out organized illegal production and trafficking through the use of disruptive pricing measures to minimize the attractiveness of the black market. However, the report did not outline any specific pricing strategy or plan.

In regards to distribution, the joint task force recommends ‘no co-location of alcohol or tobacco and cannabis sales’. Should the government adhere to this guideline, Kathleen Wynne’s retail LCBO locations in Ontario will no longer be an appropriate distribution channel and local retail outlets such as marijuana dispensaries will continue to thrive. The lack of regulation on availability and the multitude of purchasers and distributors would benefit licensed producers in the industry as they would not be threatened by the LCBO monopoly, which is a price setter. In contrast, the task force is also open to the idea of a direct-to-

consumer mail-order system, which may eliminate the need for retail outlets and distribution channels altogether. In this light, licensed producers may operate as a business-to-consumer enterprise, with some companies, such as Canopy Growth, already exploring this option.

It will be interesting to see the differences in regulations and policies enforced by the provinces, and how the federal government will bridge these gaps. The federal legislation is expected to be introduced with a new bill in Spring 2017, with a chance of possible delays until later this year or early 2018. It appears that 2017 may very well be a volatile year for marijuana stocks.

Recreational Marijuana Market Projections

In partnership with RIWI Corp., Deloitte published a study titled, ‘Recreational Marijuana: Insights and Opportunities,’ after surveying 5,000 Canadians this past summer—1,000 of which were recreational marijuana users. The study found the base retail market alone would be worth \$4.9-\$8.7B annually. Add to this the ancillary market (growers, infused product makers, testing labs), business taxes, licensing fees, and tourism revenue, that amount would increase to over \$22.6B annually (see figure below). The success of the marijuana industry seems to be a win-win for everybody, as cannabis has the potential to generate significant tax revenues for the federal and provincial governments. Colorado, a state one-seventh the size of Canada, generated over US\$52mm in tax and licensing revenues for the government in its first fiscal year of legalization.

Figure 2: Total Marijuana Market Size Potential

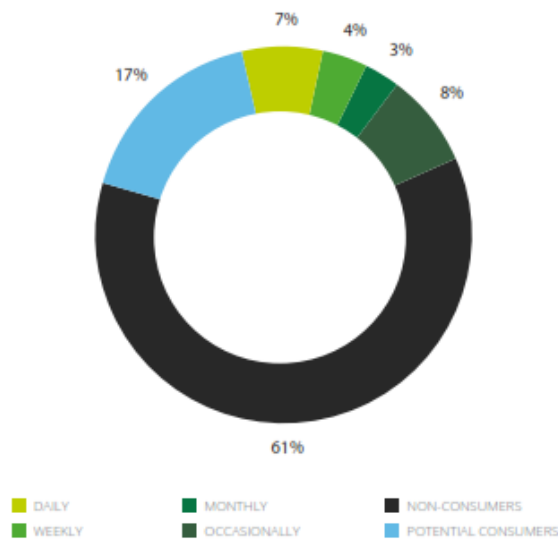


Source: Deloitte and RIWI, 2016

Key findings from the RIWI-Deloitte survey found that 40% of Canadians are pro-legalization vs 36% opposing. This level of division and indecision will make it more challenging to create an accepted regulatory environment that satisfies the majority. Amongst consumers, there appears to be a generational divide as millennials view marijuana much more optimistically than older cohorts. Interestingly, 59% of respondents believe recreational marijuana has the same or less of a health and social impact than alcohol.

Market data results show that 22% of the Canadian adult population consumes recreational marijuana at least occasionally, with 7% consuming it daily (these figures do not include medical marijuana use). Furthermore if cannabis was legalized, an additional 17% of the adult population would try it (see figure below). Altogether, this creates a combined marketplace of 40% of the adult Canadian population, that's over 10 million consumers according to Statistics Canada. In comparison, 80% of the adult Canadian population has consumed alcohol in the prior year.

Figure 3: Consumers by Frequency and Potential



Source: Deloitte and RIWI, 2016

Another finding of the study worth mentioning was that there was no statistically significant difference in consumption amongst gender. This is profound for companies that are seeking to enter the recreational cannabis market, as it presents the opportunity to create and market brands as well as products to both genders. As mentioned before, it may be of value to instead segment marketing campaigns to different generational cohorts, as they have a clear divide in consumption and preferences.

From the supply side, even a conservative estimate of the recreational marijuana market would demand over 600,000 kg of cannabis annually. Combined with licensed medical marijuana users, which Health Canada estimates to grow at a compound annual growth rate of 27% until 2024, the demand is much higher than what the current licensed producers (LPs) are capable of producing. As a result, it appears that Canadian LPs, such as those listed in the Marijuana Bubble Index 10, are best positioned to reap the rewards of the cannabis industry, as the current status of retail and distribution legislation is yet to be determined.

Notable Performers

Canopy Growth Corp. (TSX: WEED)

Canopy Growth Corp. (“Canopy Growth”) is a diversified cannabis company with a multitude of brands and cannabis products ranging in strain varieties and potency. Canopy Growth owns several subsidiaries including Tweed and Bedrocan Canada, which were the first licensed cannabis producers in Canada, as well as Tweed Farms. The Company currently operates three production facilities with a combined total of 500,000+ square feet of indoor and greenhouse production capacity. Recently, Canopy Growth has changed its share ticker to TSX: WEED, literally selling ‘WEED’ on Bay Street!

It is an exciting time for our Marijuana Stock Bubble Index as two of our holdings merged to become one. Canopy Growth announced the closing of its acquisition of Mettrum Health Corp. (TSXV: MT) to become the world’s largest cannabis business with a market cap of over a billion dollars. In this all-stock deal, Canopy Growth has agreed to acquire Mettrum for approximately \$430mm (as of the date of the announcement). Mettrum shareholders are to receive 0.7132 common shares of Canopy Growth for each common share of Mettrum.

From a valuation standpoint, an important cannabis industry measure to consider is production capacity of licensed producers, as production is what ultimately drives sales. This strategic acquisition will significantly add additional production capacity and brand diversification to Canopy Growth. The acquisition will add two additional national brands to Canopy Growth’s portfolio, increasing its production to 665,000 sq. ft. with additional acreage for expansion, furthering its lead as Canada’s largest cannabis company. On the hemp side of the business, the integration of Mettrum Originals with Canopy Growth’s recent acquired hemp.ca platform will solidify Canopy Growth’s position in the hemp market.

The acquisition allows synergies for sharing of best practices and production standards, with the potential to reduce production costs and boost operating margins, realizing revenue synergies. This should come in the form of improved supply chain management and back office efficiencies, cross-selling to customers given the broader product offerings and combined research capabilities. Finally, the Company will benefit from an industry-leading management team, which makes achieving these synergies virtually risk-free.

Figure 4: Canopy Growth Corp. Historical Income Statement

| | 2017 | | 2016 | | | 2015 | | | |
|--|-----------------|-----------------|-----------------|-----------------|----------------|----------------|-------------|-------------------------|-------------------------|
| | ₹ Sep-2016 | ₹ Jun-2016 | ₹ Mar-2016 | ₹ Sep-2015 | ₹ Jun-2015 | ₹ Mar-2015 | ₹ Sep-2014 | ₹ Jun-2014 ^R | ₹ Mar-2014 ^R |
| Earnings Quality Score | 1 | 1 | 1 | 4 | N/A | 1 | 1 | 1 | N/A |
| Period End Date | 30-Sep-2016 | 30-Jun-2016 | 31-Mar-2016 | 30-Sep-2015 | 30-Jun-2015 | 31-Mar-2015 | 30-Sep-2014 | 30-Jun-2014 | 31-Mar-2014 |
| + Revenue | 24,005 | 17,973 | 12,699 | 6,043 | 3,893 | 2,371 | 504 | 188 | 0 |
| + Other Revenue, Total | — | — | — | — | — | — | — | — | — |
| Total Revenue | 24,005 | 17,973 | 12,699 | 6,043 | 3,893 | 2,371 | 504 | 188 | 0 |
| + Cost of Revenue, Total | 43,099 | 39,850 | 32,518 | 16,189 | 10,932 | 8,121 | 321 | 79 | 0 |
| Gross Profit | (19,094) | (21,877) | (19,819) | (10,146) | (7,039) | (5,749) | 184 | 109 | 0 |
| + Selling/General/Admin. Expenses, Total | 24,643 | 20,527 | 17,324 | 13,429 | 11,154 | 9,570 | 3,845 | 2,443 | 1,270 |
| Research & Development | 1,378 | 1,085 | 721 | 397 | 245 | 267 | 118 | 60 | 0 |
| + Depreciation/Amortization | 3,431 | 2,899 | 2,256 | 720 | 268 | — | — | — | — |
| Interest Expense, Net - Operating | — | — | — | — | — | — | — | — | — |
| + Interest/Investment Income - Operating | 326 | 496 | 276 | — | — | — | — | — | — |
| Interest Expense(Income) - Net Operating | — | — | — | — | — | — | — | — | — |
| Interest Exp.(Inc.)Net-Operating, Total | 326 | 496 | 276 | — | — | — | — | — | — |
| + Unusual Expense (Income) | (42,423) | (38,566) | (37,169) | (25,259) | (13,919) | (8,644) | 293 | 293 | 293 |

Source: Thomson Reuters

Canopy Growth has steadily increased its revenues, nearly quadrupling revenues Y/Y for the latest September 30th reporting quarter (Figure 4). Canopy has made strategic acquisitions to enter new markets, such as MedCann CmbH in Germany, which has recently legalized medicinal marijuana. Also, Canopy has entered numerous partnerships to expand its product base, such as with Delivra Inc. for cannabis-infused topical products. Considering that this is a relatively new industry, peers trade at an average forward EV/Sales multiple of 7.0x. Although on the high end, Canopy Growth's valuation doesn't seem completely ridiculous, as it sports a forward EV/Sales of 9.6x. The fact of the matter is, the market is placing a high probability of estimates for the cannabis industry on future market growth as more and more countries legalize marijuana. Post acquisition, Canopy Growth's cash balance is expected in the range of \$68mm, which positions the Company as one of the most financially strong in the industry. This leaves the Company well-capitalized for further growth, be it product development or global expansion.

CanniMed Therapeutics Inc. (TSX:CMED)

CanniMed Therapeutics Inc. ("CMED") is a Canada-based plant biopharmaceutical company specializing in the production of medicinal-grade cannabis, offering a wide range of pharmaceutical-grade products. The Company has 15 years of pharmaceutical cannabis cultivation experience with GMP-compliant plant production processes.

CMED is a newcomer to the list of publically-traded Canadian licensed cannabis producers, having rallied over 20% since its IPO this past December. CMED's strategic advantage stems from its partnership with Creso Pharma Ltd. (ASX: CPH), a distributor of medical cannabis within the European Union. CMED aims to capture the market share of cannabis-savvy baby-

boomers in the European Union, which has a population of 156 million compared to Canada's 9 million. With recent medicinal legalization in Germany and Denmark, CMED has bet on other European countries to soon follow suit. It has given Creso the rights to market CMED's line of medicinal cannabis products to governments, authorized importers and distributors, institutions, pharmacies, and individuals.

With industry experience in drug development, clinical research, and influential contacts in medical centres interested in clinical trials with medical cannabis, Creso aims to increase doctor adoption of medicinal cannabis for chronic pain and market CMED. The impact of an aging population is expected to have a significant impact on EU's population and their need to treat chronic pain. Eurostate projects that by year 2080, citizens aged 65+ will account for 29% of the population, or roughly 50 million people. CMED and Creso are hoping to shift the reliance on prescription opioids in the EU and change long-standing perceptions in the medical communities to use medical cannabis in treating chronic pain.

Results of nine months ended July 31, 2016, saw revenues increase by over 50% Y/Y to \$6.6mm from \$4.3mm the year before. The gains came as a function of the Company expanding its cannabis production by over 25% Y/Y and introducing the production of cannabis oils, which generated new revenues of \$600k (Figure 5). Currently trading at a forward EV/Sales multiple of 5.0x, CMED may be trading undervalued in comparison to other licensed producers. In conclusion, the European Union appears to be a promising and growing market opportunity for CMED to expand its business to provide safe, pharmaceutical-grade medical products.

Figure 5: Selected Annual CMED Financial Information

| | Nine Months Ended July 31, 2016 | Nine Months Ended July 31, 2015 |
|--|---------------------------------------|---------------------------------------|
| | \$000 | \$000 |
| Pro Forma Statement of Operations | | |
| Highlights | | |
| Revenue | 6,635 | 4,297 |
| Unrealized gain from changes in fair value of biological assets ⁽¹⁾ | 4,059 | 2,676 |
| Gross margin, including unrealized gain and changes in fair value of biological assets | 5,578 | 4,482 |
| Expenses | (6,428) | (6,500) |
| (Loss) profit from operations | (850) | (2,018) |
| Net income (loss) before income tax | <u>(1,344)</u> | <u>(2,054)</u> |
| Operating Statistics | | |
| Dried marijuana sold (000 g) | 548 | 425 |
| Revenue per gram | \$ 8.33 | \$ 8.85 |
| Oils sold (000 ml) | 655 | — |
| Revenue per ml | \$ 2.50 | — |
| Total dried marijuana equivalent sold (000 g) ⁽²⁾ | 657 | 425 |
| Revenue per gram | <u>\$ 9.44</u> | <u>\$ 8.85</u> |

Source: Sedar

Aurora Cannabis (TSXV:ACB)

Aurora Cannabis (“Aurora”), a Canadian LP of medical cannabis, appears to have achieved exponential growth in all revenue fronts of its business from cannabis production to patient growth (Figure 6). From September 2015 to October 2016, the Company added 3,700 patients, a Q/Q growth rate of over 80%. However, since Aurora’s current license is limited to 5,400 kg/year, the Company was forced into a bottleneck, and slowed patient additions accordingly.

Figure 6: Selected Quarterly Aurora Cannabis Performance Metrics

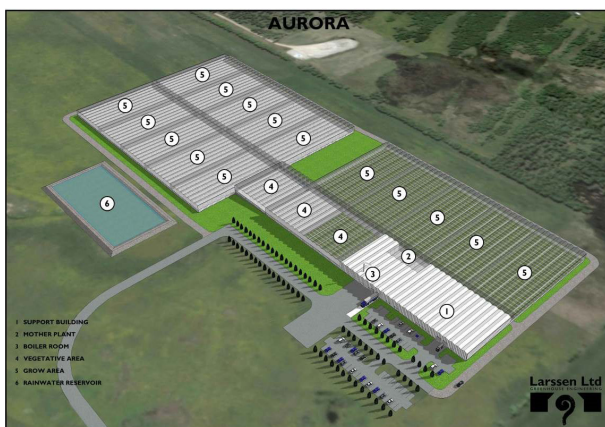
| | Q1 2017 | Q4 2016 | Q3 2016 |
|---|------------|-------------|-----------|
| Active registered patients ⁽¹⁾ | 8,200 | 4,500 | 1,000 |
| Grams sold | 435,720 | 200,310 | 56,770 |
| Revenue | 3,071,422 | 1,220,041 | 219,230 |
| Adjusted gross margin | 86,265 | (184,819) | (617,062) |
| Working capital | 23,212,674 | (2,751,400) | 2,365,255 |
| Investment in capital assets | 645,101 | 278,414 | 1,606,419 |

⁽¹⁾ As of the date hereof, the Company has 10,700 active registered patients.

Source: Sedar

Aurora is one of the lowest cost-per-gram licensed producers in Canada thanks to its location in Alberta. Aurora has been able to benefit from low corporate tax rates and power rates, as well as the abundance of Alberta’s farm credit programs. Its Alberta assets also benefit from no cost, fresh, mountain-fed water that is used in its technologically-advanced facility. The Company has recently announced construction of its expansion project, the 800k sq. ft. Aurora Sky greenhouse, which is expected to be operational in late 2017. The Company is planning to expand 250k-300k sq. ft., and increase volume contingent on the progress of federal legislation. The Aurora Sky greenhouse has annual production capacity of 100k kg, over 30x its current annual production capacity (Figure 7).

Figure 7: Aurora Sky Greenhouse



Source: Company Website

Last week, Aurora received its license by Health Canada for the sale of cannabis oils, which will further expand the Company's product offerings and generate new revenues. Upon anticipation of the news, management had already dedicated a portion of its production output towards stockpiling cannabis oils and concentrates, allowing Aurora to rapidly deploy product to awaiting customers.

Aurora Cannabis has a strong revenue growth trajectory and has achieved significant milestones since beginning commercial operations just one year ago. The Company intends to transition its current operations to full capacity production now that it has been licensed to sell cannabis oil, and is on route to profitable operations and positive earnings per share. Technology and innovation has been a cornerstone of Aurora's competitive strategy, as evidenced by Aurora's same-day delivery offering and its mobile app for purchasing legal cannabis. Recently, Aurora has further strengthened its balance sheet with a cash position of \$50mm from \$34mm in new equity and debt financings.

Trading at a forward EV/Sales multiples of 9.2x, Aurora Cannabis trades at a premium to industry comps, and in line with Canopy Growth.

Bubble Radar

The sharp rise in marijuana stock valuations of 2016 serves as a stark reminder for investors to remain cautious and execute due diligence on any potential cannabis investment. As of this report, there are 36 licensed producers (LPs) operating under the federal regulatory authority of Access to Cannabis for Medical Purposes Regulations (ACMRR). In addition, there are currently 416 applications in queue and approximately 20 new applications for licenses each month according to the ACMRR. As with any commodity, be it oil or corn, supply and demand dictate price and therefore, profits for licensed producers.

Although we believe that LPs in the industry have the best chance of capturing the growth in demand for cannabis, be it medicinal or recreational, there are inherent risks. As this is a relatively new industry, LPs will go through a learning curve as they improve their operations. Although there is a bottleneck in supply at the moment, future capex intensive projects will bring upon much more supply. Current retail distribution channels of medical marijuana are supplying medical marijuana at roughly \$8.00/g, which may decrease by as much as 50% as the industry shifts into a more wholesale framework. Additionally, there is also the threat of home cultivation for personal consumption, which may be brought into legislation. Should the home grown trend come to fruition, it can affect the market size for licensed suppliers.

Given the regulatory framework, you might presume that only LPs are competitors, but there lies a black market. To maintain a competitive advantage and its market share, organized crime could be expected to produce high potency strains of dried marijuana products that are not permitted under the new legalized regime. These products may be more attractive to users and then sold illegally, dwindling recreational sales. These products would be produced to entice marijuana consumers to the black market. As an unregulated market, organized crime

may be better positioned for a price war due to its lower costs from lack of licensing savings, overhead, taxes, and other requirement regulatory investments.

As with all investments, past performance is not a reliable measure of future returns. The cannabis stocks in our Marijuana Stock Bubble Index have enjoyed substantial gains over the past year. Looking forward, being a relatively new industry, the high evaluations and forward revenue expectations from a speculative high-growth industry are unprecedented. Compounded with political, legal, health, and social risks, the future appears volatile for the cannabis industry. By focusing on fundamentals, Canopy Growth Corp. appears to be ahead of the budding race with industry leading management, top quality assets, product diversity (hemp), strategic growth acquisitions and partnerships, as well as a strong balance sheet.

Figure 8: Marijuana Stock Bubble 10 - comparison table

| Ticker | Company Name | Price | YTD Price % Change | Market Cap (CAD mm) | Cash | Debt | EV | Revenue (LTM, CAD mm) | Revenue Projections (CAD mm) | EV/LTM Rev | EV/Fwd Rev |
|-----------------|---------------------------------|-------|--------------------|---------------------|------|------|-------|-----------------------|------------------------------|--------------|-------------|
| WEED.TO | Canopy Growth Corp | 10.52 | 15% | 1,314 | 45 | 7 | 1,276 | 24.0 | 132.8 | 53.1x | 9.6x |
| ACB.V | Aurora Cannabis Inc | 2.28 | 0% | 676 | 23 | 14 | 666 | 4.5 | 192.3 | 147.7x | 3.5x |
| APH.V | Aphria Inc | 5.50 | 8% | 617 | 99 | 8 | 526 | 15.1 | 44.8 | 34.9x | 11.7x |
| SLCD | Supreme Pharmaceuticals Inc | 1.76 | 23% | 283 | 16 | 4 | 271 | 0.0 | 29.5 | - | 9.2x |
| OGLV | OrganiGram Holdings Inc | 2.79 | -4% | 281 | 25 | 4 | 260 | 7.3 | 34.7 | 35.4x | 7.5x |
| CMED.TO | CanniMed Therapeutics Inc | 12.10 | 13% | 249 | 6 | 32 | 275 | 0.0 | 55.1 | - | 5.0x |
| MJN.V | PharmaCan Capital Corp | 1.80 | 22% | 220 | 6 | 4 | 219 | 0.1 | n/a | nm | - |
| EMH.V | Emerald Health Therapeutics Inc | 1.28 | -2% | 87 | 1 | 0 | 86 | 0.2 | n/a | nm | - |
| MGW.V | Maple Leaf Green World Inc | 0.66 | 6% | 81 | 0 | 0 | 81 | 0.0 | 30.9 | - | 2.6x |
| THC.CD | THC Biomed Intl Ltd | 0.77 | -22% | 78 | 0 | 1 | 78 | 0.1 | n/a | nm | - |
| Average: | | | | | | | | | | 67.8x | 7.0x |

Source: Ubika Research

Important Disclosure

Smallcappower.com is owned and operated by Ubika Corporation whose divisions include Ubika Research and Ubika Communications. Ubika Corp. is a wholly owned subsidiary of Gravitas Financial Inc. The following terms and conditions ("Terms of Use") govern the use of this website ("site") www.SmallCapPower.com. By accessing this site, you agree to comply with and be legally bound by the Terms of Use as set out herein. Ubika reserves the right to seek all remedies available at law and in equity for violations of these Terms of Use, including the right to block access from a particular internet address to our site.

Disclaimer

Ubika Corporation and its affiliates or partners will seek to provide services to companies mentioned on the smallcappower.com website. Hence, all information available on smallcappower.com should be considered as commercial advertisement and not an endorsement, offer or recommendation to buy or sell securities. Ubika Corporation and its related companies (including its directors, employees and representatives) or a connected person may have ownership/stock positions in, or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time.

Ubika and/or its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities and/or commodities and/or commodity futures contracts in certain underlying companies mentioned in this site and which may also be clients of Ubika's affiliates. In such instances, Ubika and/or its affiliates and/or their respective officers, directors or employees will use all reasonable efforts to avoid engaging in activities that would lead to conflicts of interest and Ubika and/or its affiliates will use all reasonable efforts to comply with conflicts of interest disclosures and regulations to minimize the conflict.

Specifically all companies mentioned or listed as "Analyst Covered Companies" at smallcappower.com and which are shown under the heading "Analyst Covered Companies" on the page: <http://www.smallcappower.com/companies> have entered into a commercial relationship with Ubika Corporation or our affiliates for capital market services and have paid fees and/or shares or stock options or warrants for being featured and mentioned in smallcappower.com. Hence these "Analyst Covered Companies" at smallcappower.com are shown at the website as an advertisement only and any mention of these companies does not and will not constitute an offer to buy or sell securities in the featured companies. Ubika Corporation, its affiliates or partners will seek to provide services to companies mentioned in smallcappower.com website. Hence, all information available on smallcappower.com should be considered as commercial advertisement and not an endorsement, offer or recommendation to buy or sell securities.

Ubika Corporation and its divisions Ubika Communication and Ubika Research (collectively, "Ubika") are not registered with any financial or securities regulatory authority in Ontario or Canada, and do not provide nor claims to provide investment advice or recommendations to any visitor of this site or readers of any content on this site.

The information on this site is for informational purposes only. This site, including the data, information, research reports, press releases, findings, comments, views and opinions of Ubika's analysts, columnists, speakers or commentators, and other contents contained in it, is not intended to be: investment, tax, banking, accounting, legal, financial or other professional or expert advice of Ubika or its affiliates, or a recommendation, solicitation or offer by Ubika or its affiliates to buy or sell any securities, futures, options or other financial instruments, and such information should not be relied upon for such advice. Every user of this site is advised to seek professional advice before acting or omitting to act on any information contained in the site.

Research reports and newsletters have been prepared without reference to any particular user's investment requirements or financial situation. Where reference is made to estimate of value or relative value of a specific company, there is no guarantee that these estimates are reliable or will materialize. Readers of these reports and newsletters are advised to conduct their own due diligence before making any investment decisions. Ubika does not make independent investigation or inquiry as to the accuracy and completeness of any information provided by the Analyst Covered companies. Although the content has been obtained from sources believed to be reliable, this website could include technical or other inaccuracies or typographical errors and it is provided to you on an "as is" basis without warranties or representations of any kind. Ubika and its affiliates make no representation and disclaim all express and implied warranties and conditions of any kind, including without limitation, representations, warranties or conditions regarding accuracy, timeliness, completeness, non-infringement, satisfactory quality, merchantability, merchantable quality or fitness for any particular purpose or those arising by law, statute, usage of trade, or course of dealing. Ubika and its affiliates assume no responsibility to you or any third party for the consequences of any errors or omissions.

Information in this site is subject to change without notice. Ubika assumes no liability for any inaccurate, delayed or incomplete information, nor for any actions taken in reliance thereon.

Ubika, its affiliates and their respective directors, officers, employees, or agents expressly disclaim any liability for losses or damages, whether direct, indirect, special, or consequential, or other consequences, howsoever caused, arising out of any use or reproduction of this site or any decision made or action taken in reliance upon the content of this site, whether authorized or not. By accessing this site, each user of this site releases Ubika, its affiliates and their respective officers, directors, agents and employees from all claims and proceedings for such losses, damages or consequences.

Ubika and its affiliates do not endorse or recommend any securities issued by any companies identified on, or linked through, this site. Please seek professional advice to evaluate specific securities or other content on this site. Links, if any, to third party sites are for informational purposes only and not for trading purposes. Ubika and its affiliates have not prepared, reviewed or updated any content on third party sites and assume no responsibility for the information posted on them.

Ubika and/or its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities and/or commodities and/or commodity futures contracts mentioned in this site.

This site may include forward-looking statements about objectives, strategies and expected financial results of companies featured in this site or where research reports are available on companies displayed and/or featured on this site. Such forward-looking statements are inherently subject to uncertainties beyond the control of such companies. The users of this site are cautioned that the company's actual performance could differ materially from such forward-looking statements.

World Wide Web sites accessed by hypertext links ("hyperlinks") appearing in this site have been independently developed by parties other than Ubika and Ubika has no control over information in any hyperlinked site. Ubika is providing hyperlinks to users of this site only as a convenience. Ubika makes no representation and is not responsible for the quality, content or reliability of any information in any hyperlinked site. The inclusion of any hyperlink in this site should not be construed as an endorsement by Ubika of the information in such hyperlinked site and does not imply that Ubika has investigated, verified or monitored the information in any such hyperlinked site. Should you wish to inquire about creating a link from your World Wide Web site to this site, contact SCP marketing via e-mail at: info@smallcappower.com. for written authorization.

[See our full disclaimer here.](#)