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Know when to hold-em!
Know when to fold-em!
Know where to set stops!
Know when to run!
Never count your portfolio
Until the sells are done..

Cannabis Wheaton TSXV:CBM OTC:KWFLF Recent Price C\$1.37

Shares outstanding 166 million approx.

CBW was subject to a short attack just before the long weekend driven by misleading and false so called facts in a report issued by a trader at Pacific International (PI).

Basically the hype was that a large amount of shares in a private placement would become free trading on May 26th and drive the stock price down.

This was completely false as the said shares were free trading since mid February, PI ended up issuing an apology, however, it drove the stock down from around \$1.70 to \$1.10 and then recovered. I managed to buy a position near the bottom. **I would have put out an alert but I was in a middle of a move and the office was packed up. I got most everything unpacked over the long weekend and back to normal.**

That said, it now looks like there is a 2nd chance to buy the stock at a good price.

Yesterday a \$80 million financing was announced at \$1.15 per share with a full warrant at \$1.60 good for 2 years.

It is open to Canadian accredited investors and if interested let me know and I can forward placement documents. I expect this will sell out fast so please indicate amount your interest by end of day tomorrow so it can be reserved.

You may also be able to buy this if you have an account at one of the brokerages raising the financing, Canaccord, Eight Capital, Cormark, Haywood and Mackie Research.

The stock has also sold off some on the financing announcement so a better price to buy in the market too.

As mining investors you might have surmised by the name that CBW is the first Cannabis streaming company like the Silver Wheaton model.

There are more and more Cannabis producers/cultivators starting up and currently CBW has 14 stream agreements with various producers at different stages of development.

These companies are seeing quite high valuations. The leader here and among the first to start up is [Canopy Growth TSX:WEED](http://www.canopygrowth.com), formally Tweed. That stock has been up to \$18 and at the **current \$8 price sports over a \$1.3 billion market cap.**

A co-founder of Canopy and former CEO is now running CBW.

Chuck Rifici, is Chairman and CEO

He is a true pioneer of the North American cannabis industry having co-founded Canopy Growth Corp. (formerly Tweed Marijuana) and building it into 500,000 square feet of thriving marijuana grow capacity as its CEO.

He is currently CEO of Nesta Holding Co., a private equity firm focused on building partnerships and brand within the cannabis space, and chairman of National Access Cannabis, a clinic chain helping patients access the Canadian federal medical cannabis program.

Also from Canopy Brad McNamee is chief infrastructure officer

He is a second-generation mechanical contractor specializing in HVAC (heating, ventilation and air conditioning) design and design build services.

Most recently, he has focused his efforts in the cannabis industry after having been introduced to Canopy Growth (formerly Tweed Marijuana) in 2013. He was a key member of the original groundbreaking team tasked with pioneering a large-scale indoor environmental production platform, capable of delivering high-yield, high-quality product. He went on to help design and develop postproduction environments for trimming and processing, drying and curing, and encapsulating and storing medical marijuana. Since then, He has worked alongside, and led, a group of highly qualified design and build experts in the medical marijuana industry.

And Kevin Furet chief cultivation and genetics officer.

Until May, 2017, Mr. Furet served as the master grower for Canopy Growth Corp., and he brings more than 17 years of production technique, plant breeding and strain development experience to his new role with Cannabis Wheaton. At Canopy Growth, he oversaw cultivation for Tweed, Tweed Farms and Mettrum. While with Tweed, he also served as its first master breeder, where he led a team of researchers in the creation of its cannabis breeding facility, the first of its kind in Canada and the foundation for Tweed's Canadian-bred genetics. Prior to this, Mr. Furet founded several successful operations, including Indoor Garden Solutions.

As well as Ian Rapsey - chief creative officer, who started all the Canopy brands that are the largest brands in the space.

[Management is comprised](#) of other first movers in the industry.

From a recent news release

Chuck Rifici, incoming chairman and CEO of Cannabis Wheaton, stated: *"Cannabis Wheaton is changing how the industry works together. We are focused on creating value for our partners by offering a platform that promotes new opportunities for success while licensed producers and ACMPR applicants maintain their autonomy.*

"We will invest in and support a wide range of cannabis cultivation companies -- each with a different vision, voice and brand identity, but all sharing the common goal of creating and delivering top-quality products through industry-leading best practices. Cannabis Wheaton was formed to enable its partners to achieve that goal and to create the evolution of the traditional licensed producer -- LP2.0.

"I have been profoundly humbled at the resounding response to my efforts in assembling a management team and advisory board that is comprised of cannabis sector first-movers, visionaries and experts that are dedicated to helping our streaming partners. We are extremely excited about the future of our industry and intent on ensuring that Canadian companies remain at the forefront of the global cannabis economy."

Along with streams from Cannabis producers, CBW also has Patient access:

Through its patient service agreements, the company also has access to patient service companies' platforms, which collectively operate 39 physical cannabis clinics and/or resource centres across Canada, as well as multiple virtual clinics. The patient service companies service more than 30,000 medical cannabis patients registered under the access to cannabis for medical purposes regulations.

Here is some detail on the current stream agreements

CBW's streaming agreements include future capacity of approximately 1.3 million equivalent square feet of cannabis cultivation and production capacity net to Cannabis Wheaton by the end of 2019, according to industry recognized production averages.

ESTIMATED FUTURE PRODUCTION NET TO CW AT FULL CAPACITY AND CW EQUITY OWNERSHIP

Stream name	Province	Licensing stage	Annual expected production for C/W (kg)	Ownership % (1)
2368523 Ontario Ltd. (Curative Cannabis)	ON	Preaffirmation	15,000	46%
Artiva Inc.	ON	Early Stage	17,800	16.70%
Beleave Inc.	ON	Cultivation licence	15,000	49% (2)
Broken Coast Cannabis Ltd.	BC	Sales licence	15,000	10%, 49% (2)
Cannabco Pharmaceutical Corp.	ON	Preaffirmation	5,300	15.30%
Cannahort Agriculture Ltd.	NS	Preaffirmation	10,400	18.20%
CannTx Life Sciences Inc.	ON	Affirmation letter	1,980	16%
Evergreen Medicinal Supply Inc.	BC	Cultivation licence	6,600	6.60%
Great White North Growers Inc.	QC	Affirmation letter	8,300	17.60%
Green Relief Inc.	ON	Sales licence	115,500	24.45%
Harvest One Cannabis Inc.	BC/SK	Cultivation licence	18,000	49% (2)
Lotus Ventures Inc.	BC	Preaffirmation	6,000	15.60%
PlanC Biopharm Inc.	BC	Affirmation letter	7,000	49%
Sundial Growers Inc.	AB	Affirmation letter	5,500	18.35%

(1) These are estimates based on current financing commitments. Some agreements have floating valuations which can impact ownership percentages at time of financing.

(2) Represents equity in a new applicant.

Preaffirmation indicates that the LP applicant has yet to successfully proceed past the review stage of the licensing processing. Once an LP applicant completes the review stage of the licensing process, Health Canada will issue an affirmation letter which requires, among other things, the LP applicant to provide an affirmative response to Health Canada that all necessary security features are present, installed and operational at the proposed facility. Upon providing an affirmation response to Health Canada, a prelicensing inspection will be scheduled for the proposed facility.

Summary

Streaming companies achieve a much higher valuation than a producer/cultivator as we know in other resource sectors and I would expect the same with Cannabis. This is because there is less risk as they do not operate bricks and mortar, are diversified among many producers and have higher operating margins because of far less costs. Basically streams provide financing only and have no production operations.

This is a fast growing industry and targets are moving fast

To give an idea of valuation and upside potential it is very valid to compare to the leader Canopy Growth which harvested 5,264 in the latest reported quarter. If we assume this rate over 1 year it would be 21,056 kilograms per year.

If you calculate CBW's percent interest on their streams at estimated full annual production it works out to 79,000 kilograms per year, **more than 3 times Canopy's production.**

Yes this total production number is 2 to 3 years down the road, but will probably increase with further streams.

That said, two of their most advanced streams that already have their sales license is [Broken Coast Cannabis Ltd.](#) with 15,000 Kgs estimated annual production that CBW has a 10% stream and also a 49% equity interest.

And [Green Relief Inc.](#) an advanced and unique leader in the field with 115,500 Kgs expected annual production and CBW has a 24.45% stream.

The Green Relief interest alone at 28.2 Kgs/year is more than my Canopy Growth estimated number.

There are many private Cannabis growers and start ups. They don't need to go public because this industry is very lucrative, but now they have access to funding with Cannabis Wheaton.



This is a new deal that just became known in the market in early May so there is not much trading history. At this time it appears there is support just over \$1.00 and resistance around \$1.60.

One could make an argument that CBW could already be valued as high as Canopy Growth and a lot higher in the future with the expected annual production growth and higher multiple with the streaming model.

As I mentioned above Canopy has a \$1.3 billion valuation.

CBW has about 166 million shares out and we can assume about another 80 million for the current financing and lets add another 80 million for warrant exercise. That brings the total to 326 million and we can round up to 330 million shares.

At a \$1.3 billion valuation it would equate to \$3.94 per share with 330 million shares outstanding.

This does not take into effect the likely hood that CBW could have more accredited production than Canopy nor a higher multiple as a streaming company.

A \$5 to \$10 share price is not an unrealistic target in the next year or two.

<http://cannabiswheaton.co/>

CBW has a banner ad [at playstocks here](#)

I also started a topic in [the \\$\\$Lounge here](#)

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