

HEMP OIL CAPITAL INVESTMENT



Why Hemp

- Hemp can help resolve the opioid crisis by providing alternative, non-addictive body positive help for pain
- CBD (Cannabidiol) extracted from hemp has enormous and proven medical benefits it can change people's lives.
- Hemp is a Business to Business focused marketplace vs. marijuana which is Business to Consumer focused
- Hemp has 50,000 industrial uses, including CBD extract, electronics, fiber, textiles, building material, etc.
- The hemp oil and hemp product market has grown by 10X in the last year and is expanding exponentially.
- CBD oil from hemp is the most expensive oil in the world at \$4,500/liter - \$8,000/liter.



our business

Industrial hemp banking is legal and available in All 50 states including retail POS – CBD Oil sales are legal in all 50 states
Industrial Hemp has ~0% THC (the psychoactive component in marijuana)

• Investment Business Structure - Vertical Integration

4 segments (seed to sale): [1] Real Estate – [2] Cultivation/Processing – [3] Manufacturing – [4] Distribution/Retail

- [1] • Real Estate (Greenhouses/Processing Facilities/Manufacturing)
- [2] • Seeds & Clones (Revenue sharing with Farmer – insures material supply)
 - Cultivation/Harvesting – By Farmers
 - Drying (Dryers distributed within 2 hour drive of farmers)
 - Extraction (Co-located with Dryers - centralized)
 - CBD Oil/Distillates/Isolates/Terpenes
 - Testing/Quality Control (At every extraction facility)
- [3] • Manufacturing (Co-located with Extraction - centralized)
 - Scientific Quality Control
 - Testing
 - Dosage & Treatment Control
 - Patented Products (Primary Laboratory)
- [4] • Distribution/Retail (White label & proprietary branding)
 - Global Sales Channels

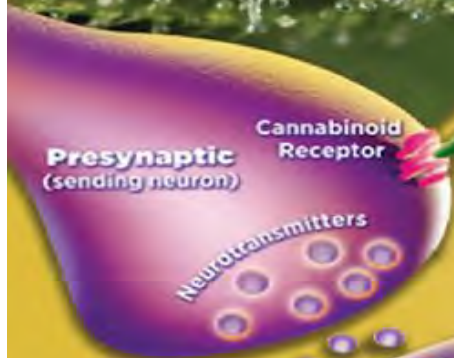
our bodies

The Human Endocannabinoid System

CBN is known to "fit" like lock and key into a network of existing receptors. The Endocannabinoid System exists to receive cannabinoids produced inside the body called "Anandamine" and "2-Arachidonyl-glycerol." Stimulating the ECS with plant-based cannabinoids restores balance and helps maintain symptoms

CB1 receptors are concentrated in the brain and central nervous system but also sparsely populates other parts of the human body.

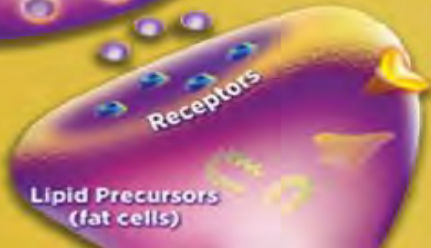
Receptors are found on cell surfaces



Presynaptic (sending neuron)

Cannabinoid Receptor

Neurotransmitters



Lipid Precursors (fat cells)

Receptors



CBD

CB1

CB2

CBD does not directly "fit" CB1 or CB2 receptors but has powerful indirect effects still being studied.

CB2 receptors are mostly in the peripheral organs especially cells associated with the immune system.



50,000 uses

HEMP SEED

SAMPLE COMMERCIAL USES



Oil



cosmetics
foods
lubricants

paint
resins

Seed / Seed Cake



beer/liquor
birdseed
cosmetics

gluten-free flour
non-dairy milk
protein powders

HEMP STRAW

SAMPLE COMMERCIAL USES

Bast / Fibre



automotive parts
bio-composites
canvas
carpets
caulking
containers

geo-textiles
insulation
packaging
paper
rope/twine
textiles (apparel)

Shive / Hurd



animal bedding
building materials
fibreboards

insulation
stucco/plaster

market

- Hemp is targeted to expand to a \$22 billion market segment by 2020 according to the Chicago Board of Trade
- Presently the Canadian market which has just allowed cannabis companies to go public is putting multiples of 120x – 180X earnings - the US market is 10X that of the Canadian market
- Bayer just bought Monsanto for \$65 Billion principally for its Hemp business



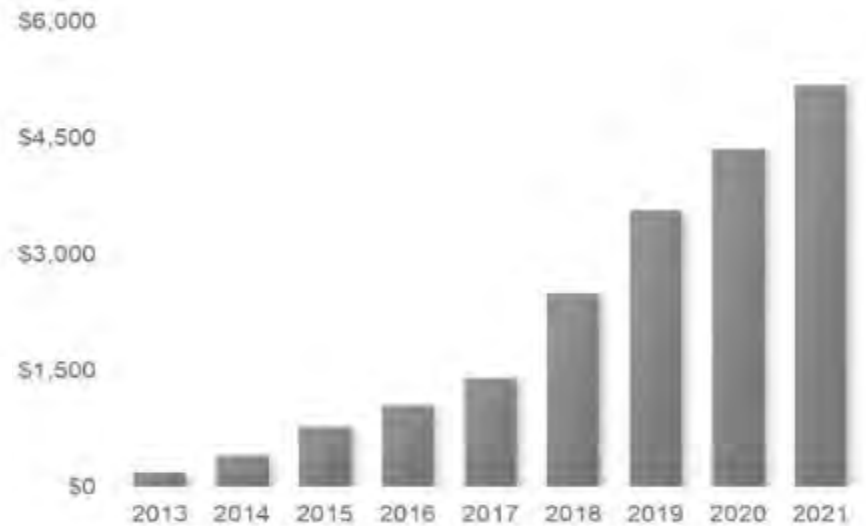
market

- US and Global Cannabis markets are projected to reach \$20B and \$31B

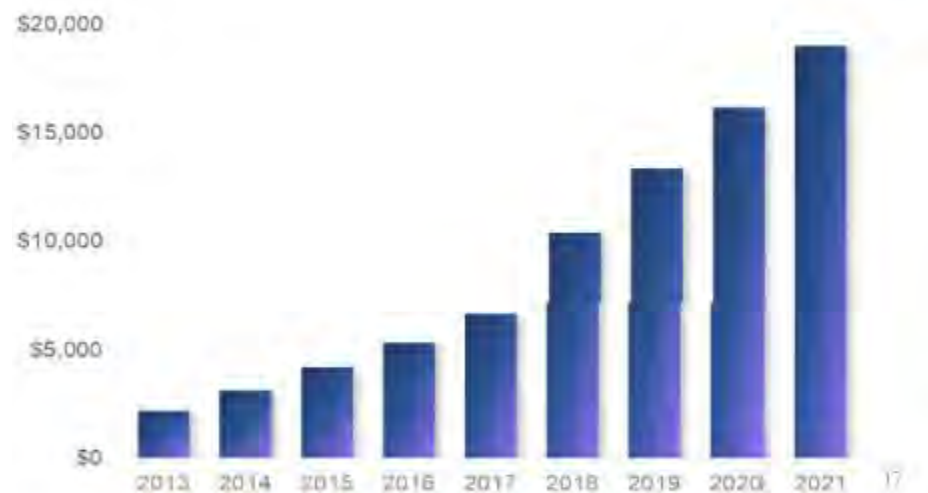
by 2021, respectively

- 92% of states have some form of legalized cannabis

California
Market Size



US
Market Size

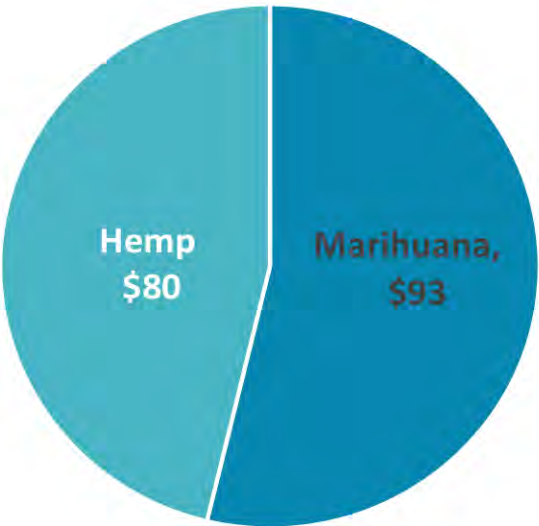


hemp market

Grown and Sold through a **Marihuana** Supply Chain

Vs.

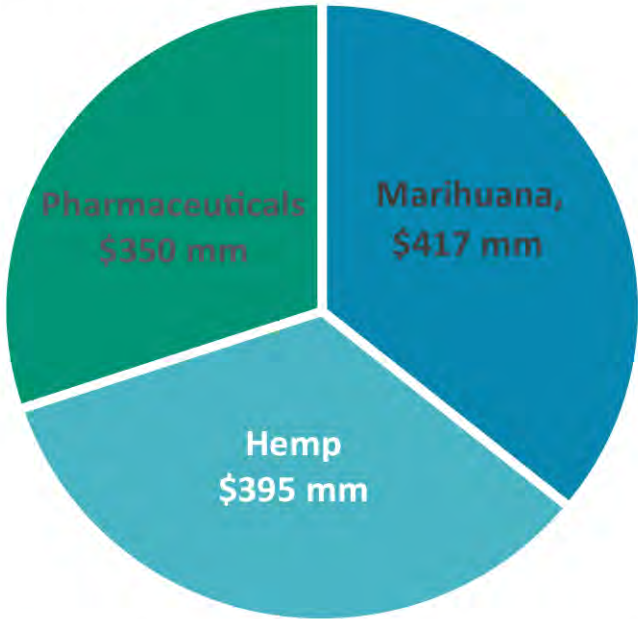
Grown and sold through a **Hemp** Supply Chain



■ Marihuana ■ Hemp
2015



■ Marihuana ■ Hemp
2016



■ Marihuana ■ Hemp ■ Pharmaceuticals
2020(e)



50

States & DC
where CBD
(no THC) is

15

States & DC
where
Medical CBD

20

States & DC
where
Medical

9

States & DC
where Audit
Use Cannabis

prohibition ends

The sale and distribution of CBD Oil from hemp is legal in all 50 states (if it contains, no THC) – if it contains THC it is legal in 15 states.

The FDA has moved Hemp to a Level 5 drug making it an equivalent to Motrin AC .

existing markets

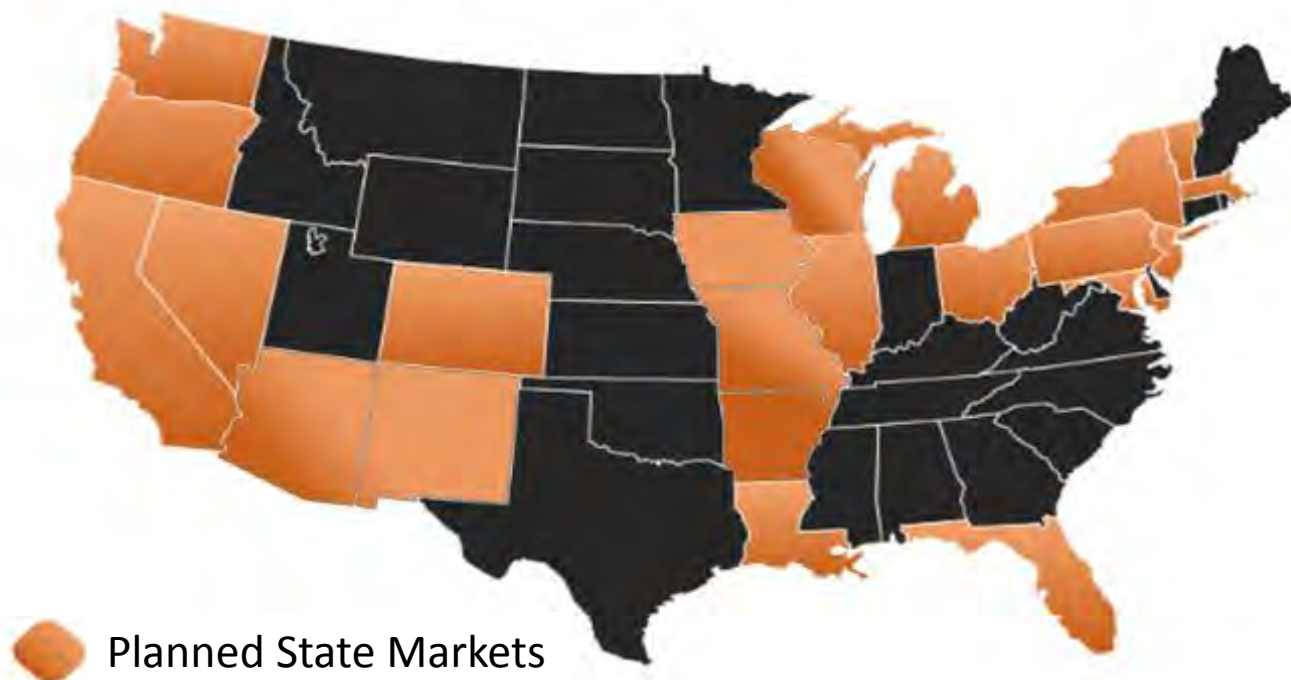
Currently operating in three states with leased facilities awaiting licenses or permits in additional markets.



Current Dispensary Market	Expected Dispensaries At Maturity	Expected Market Size
450 dispensaries	2,500 dispensaries	\$8.0 billion
562 dispensaries	600 dispensaries	\$0.5 billion
54 dispensaries	1,000 dispensaries	\$2.5 billion
31 dispensaries	800 dispensaries	\$1.5 billion
6 dispensaries	1,000 dispensaries	\$2.0 billion
215 dispensaries	1,200 dispensaries	\$2.0 billion

growth
by 2020

Planned State Penetrations by Direct Operations, LBO or Acquisition



	Adult Population	Tourist Population	License Market
 New York	15 million	173 million	Limited Licenses
 Nevada	2 million	32 million	Limited Licenses
 Michigan	7 million	10 million	Limited Licenses
 Florida	16 million	83 million	Limited Licenses
 Ohio	8 million	43 million	Limited Licenses
 Pennsylvania	9 million	128 million	Limited Licenses

highlights



- 1 Technology Driven**
Proprietary 28 patents (4 issues, 24 pending issues) that allow the creation of proprietary extracts and CBD Oils
- 2 Partnering with N.A. Largest Hemp Grower**
Working partnership will deliver about 30 million pounds of hemp to processing facilities in 2018
- 3 Experienced Leadership Team**
Seasoned leadership team for large scale technology driven Companies
- 4 Scalable Operating Platform**
Operations are completely scalable in all states and market sectors
- 5 Biopharmaceutical product development in CBD**
Our technology can run 215,000+ tests in 1 hour allowing us to test new innovations and assure high product quality

facilities

Farms/clones/seed: OR, CO,
largest hemp farm/greenhouse in AZ (UC)

Processing facilities – OR, AZ (UC)
550,000 sf - 75,000 sf

Extraction facilities – AZ
15,000 sf (UC)



pick & shovel

services

hemp drying

hemp extractions & proprietary formulations
utilizing patented software & technology

215,000 data points - Total Analysis Time:

1 hr./sample/screen



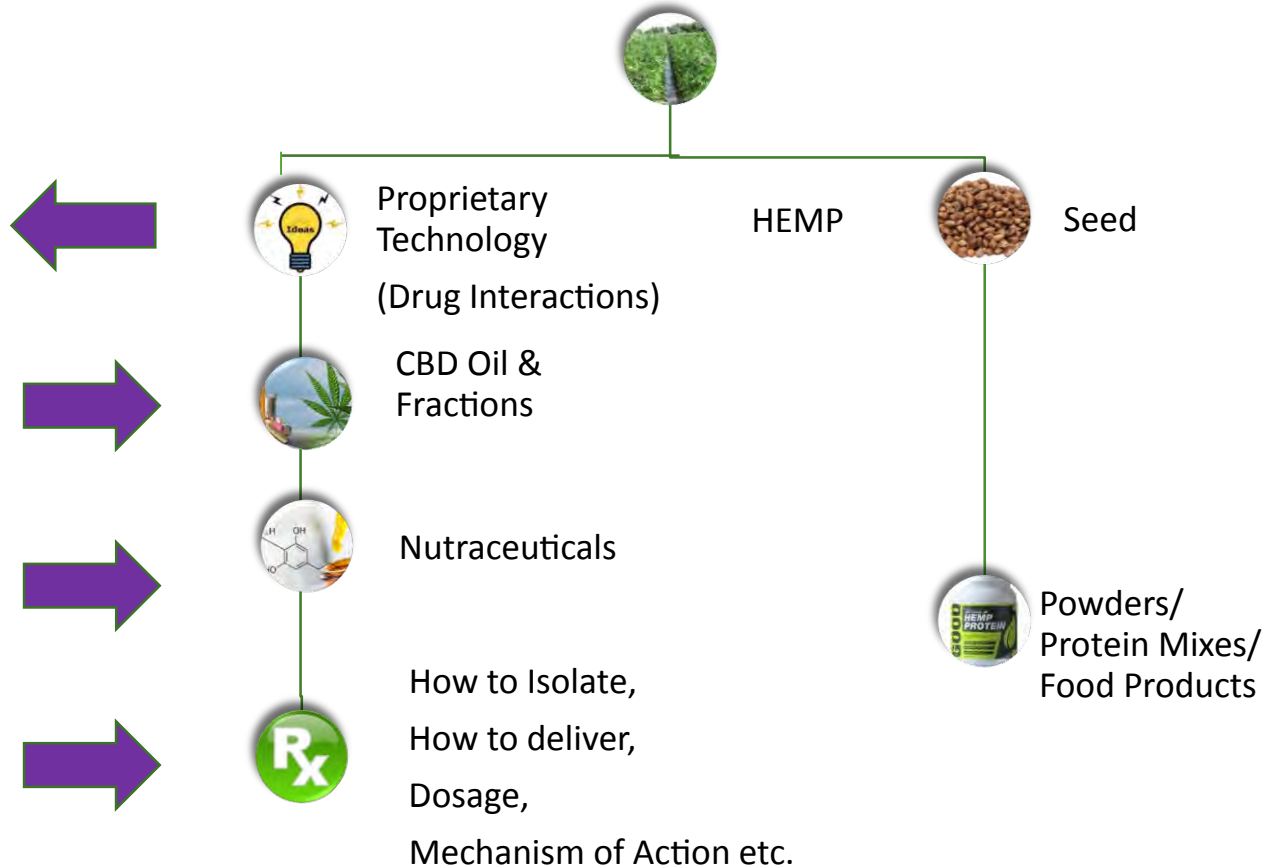
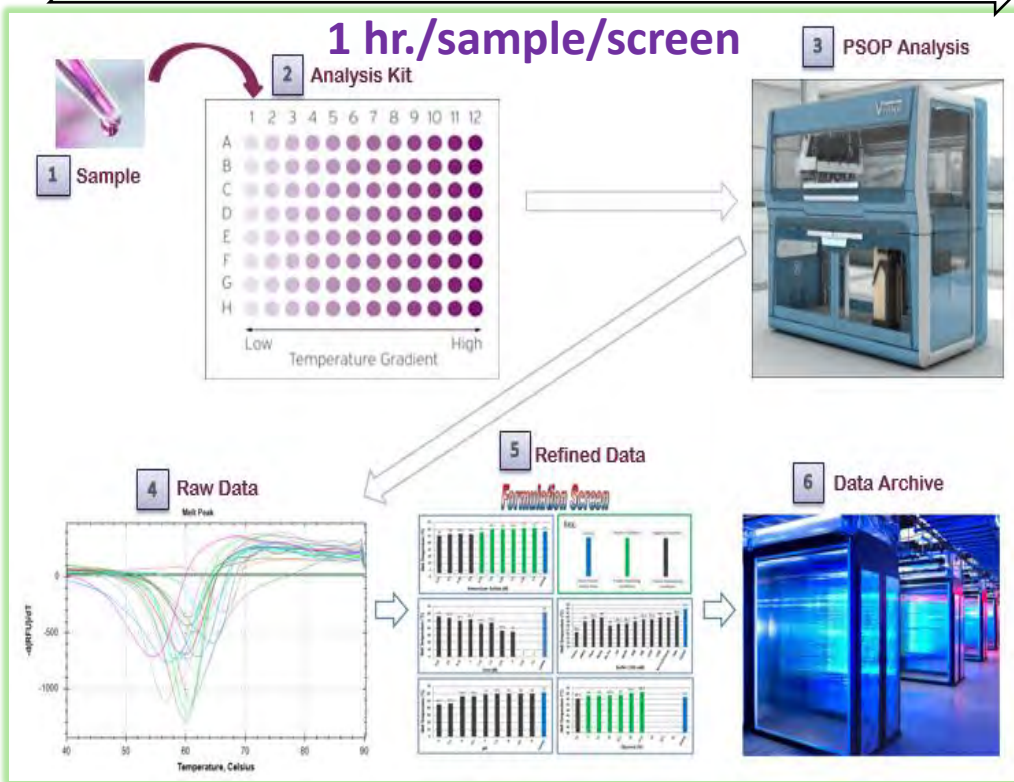
laboratory

patentable products

Unique Hemp Products - Consistent Purity & Quality Control

Protein level analysis
215,000 data points - Total Analysis Time:

1 hr./sample/screen



technology



- Real time algorithm data services
- 63 variables to farmers and buyers offset volatility in the market
- Increases profitability
- Provides on-going data gathering/mining
- Developed by a member of the California Department of Food and Agriculture for over 20 years



Optimum AI

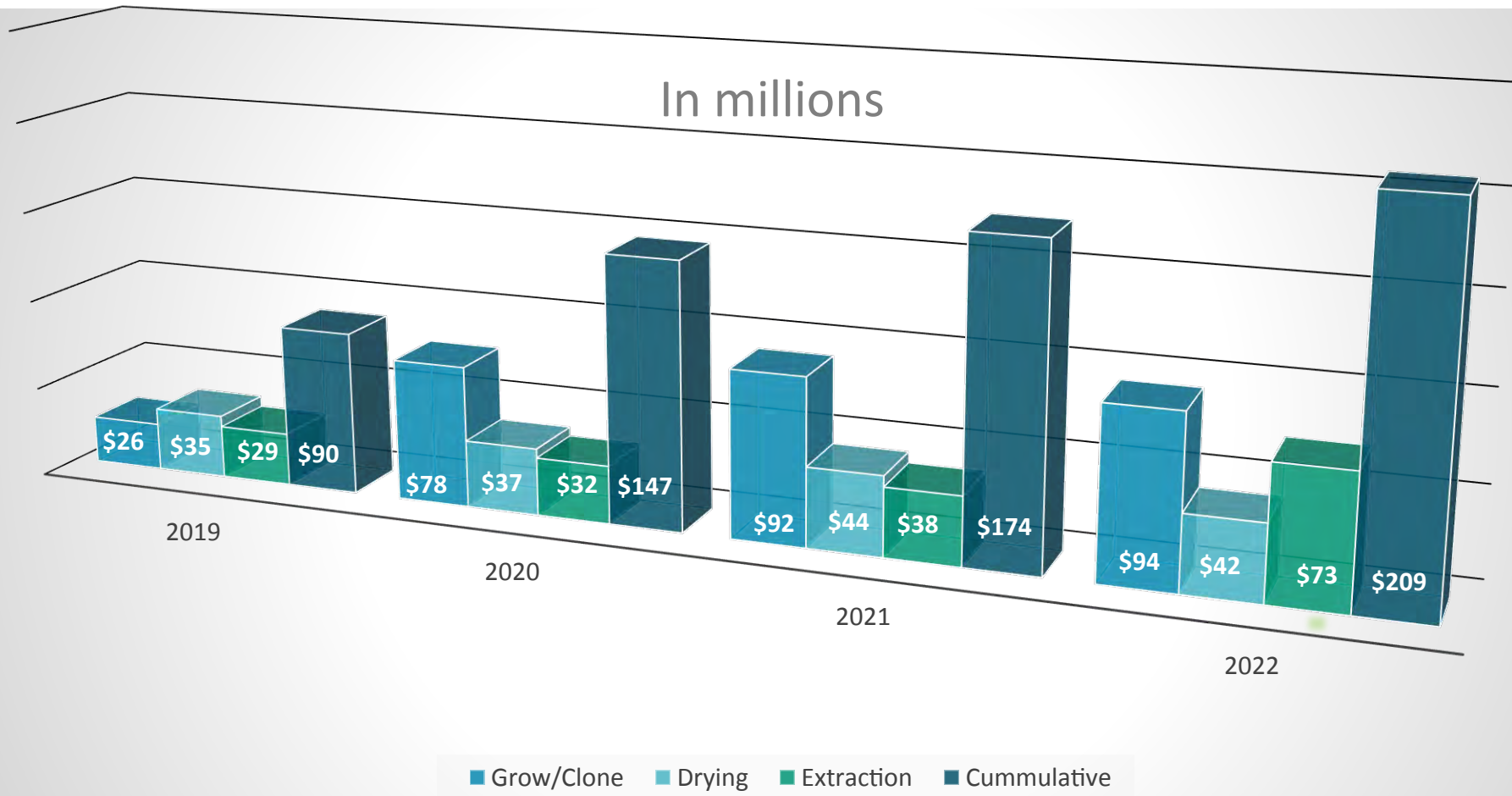
Adding Intelligence to Search

- High speed search engine
- Massive database analysis
- Multiple key data searching 12 keys
- Real time indexing and
- Reduces index size by 2-12 orders of magnitude
- Self-learning can infer results outside data
- Mimics the human brain
- Proprietary CBD/Drug Interaction analysis
- Pre-FDA drug search analysis data developed
- Protein database & patient analysis
- studies expedited

revenues

Capital Raise - \$100M

In millions



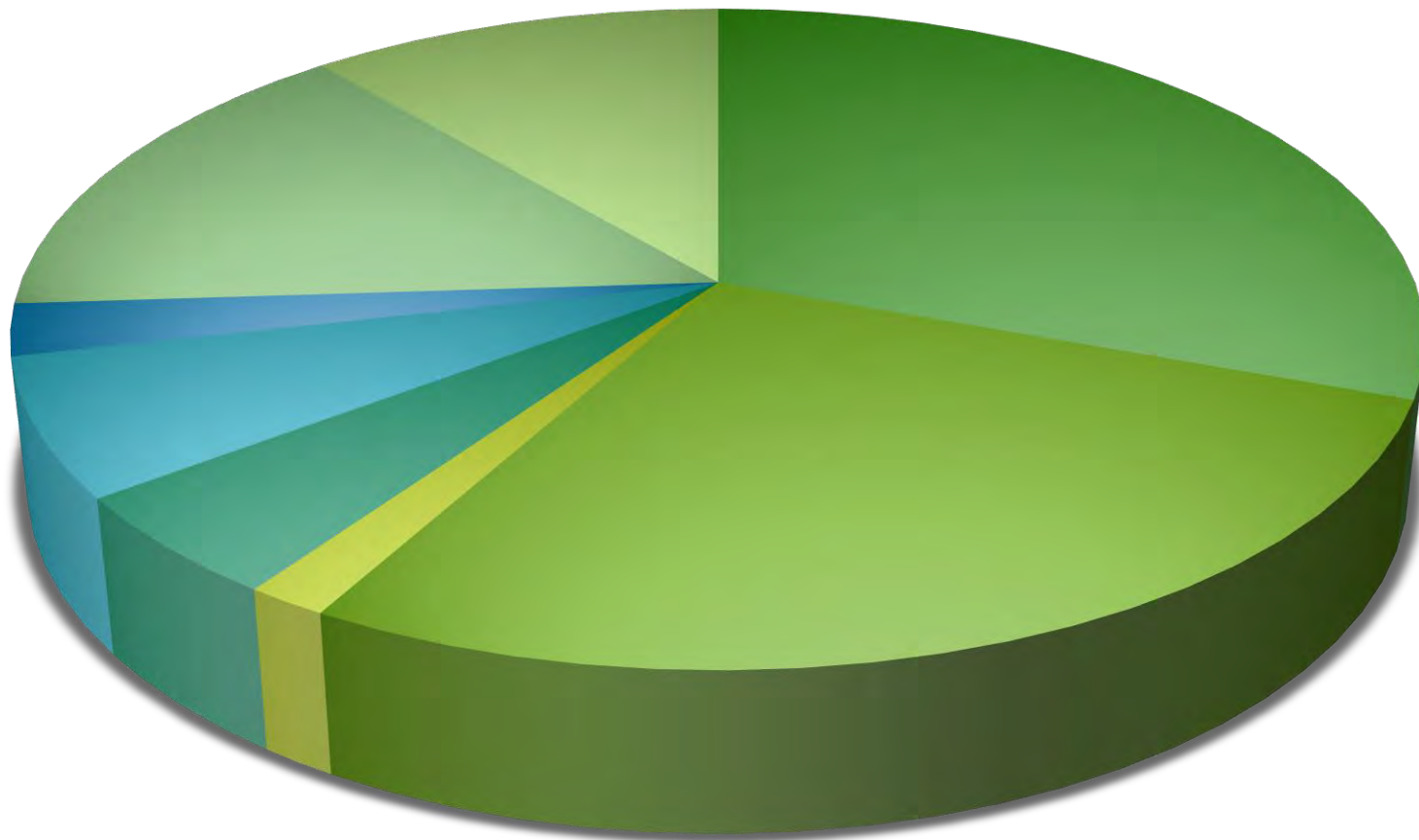
target

Stable and Consistent Margin growth with 93% GM



Clones are taken from another 'mother' plant and thus the primary cost of the clone is water/sunshine/time and small amount of amortized building/labor costs

Use of Funds



- Equipment 30.6%
- Cost of building facility 27.4%
- Set up costs/ramp up time 1.6%
- Buildout 5.0%
- Repairs 6.8%
- Vault build 2.5%
- Production Cost 14.9%
- Office/Admin/Staff/Legal/Mktg 11.1%

proforma

		End Of 1st Year	End Of 2nd Year	End Of 3rd Year	End Of 4th Year
	Investment	\$100,000,000			
Revenue	Capital	(\$100,000,000)	(\$0)	(\$0)	(\$0)
Growth driven by acquisition, cloning and expansion of drying/extraction/product specialization	Production	\$9,379,488	\$9,379,488	\$10,910,976	\$10,910,976
	Operating	\$4,707,626	\$6,385,583	\$8,679,485	\$11,823,705
	Real Estate	\$16,650,000	\$0	\$16,650,000	\$0
Gross Margin	Real Estate	\$5,300,000	\$0	\$5,000,000	\$0
Growth driven by acquisition, cloning genetics, expansion of drying/extraction/product specialization	Equipment	\$21,200,000	\$0	\$18,200,000	\$0
	Production	\$9,379,488	\$9,379,488	\$10,910,976	\$10,910,976
	Seed/Clones	\$10,792,002	\$2,011,872	\$2,011,872	\$2,011,872
EBIT	Total	(\$68,029,116)	(\$17,776,943)	(\$61,452,333)	(\$24,746,553)
Ebit before capital					
	Gross Revenue	\$376,932,329	\$622,574,442	\$768,370,015	\$1,031,156,508
	Operating Profit	\$308,903,213	\$604,797,499	\$706,917,682	\$1,006,409,955
	Valuation x15	\$4,633,548,195	\$9,071,962,485	\$10,603,765,230	\$15,096,149,325
	Valuation x40	\$12,356,128,520	\$24,191,899,960	\$28,276,707,280	\$40,256,398,200
	Valuation x100	\$30,890,321,300	\$60,479,749,900	\$70,691,768,200	\$100,640,995,500

comparisons

comparison valuations

<i>(In \$millions)</i>						
Company	Market cap	Enterprise value	LTM Revenue	EBITDA	EV / revenue	EV / EBITDA
Canopy Growth	9,105	8,925	70	(26)	127.9x	nmf
Aurora Cannabis	5,652	5,584	42	(40)	133.0x	nmf
MedReleaf ¹	2,877	2,671	44	3	61.2x	1027.8x
Aphria	2,615	2,489	31	1	81.3x	1742.3x
Cronos Group	1,700	1,674	7	(2)	257.0x	nmf
The Green Organic Dutchman Holdings	1,613	1,506	-	(19)	nmf	nmf
Hydrophocary	953	688	4	(4)	159.0x	nmf
CannTrust Holdings	921	911	26	22	35.7x	40.7x
OrganiGram Holdings	717	635	10	(2)	60.8x	nmf
Emerald Health Therapeutics	570	483	1	(12)	434.8x	nmf
Supreme Cannabis	432	384	5	(7)	72.3x	nmf
Newstrike Resources	370	283	-	(10)	nmf	nmf
Maricann Group	261	235	3	(28)	87.9x	nmf
WeedMD ¹	196	156	3	(6)	60.0x	nmf
Emblem	175	115	3	(11)	37.5x	nmf
Sum	28,158	26,738	248	(141)	N/A	N/A
Mean (excl. low and high)	1,452	1,361	14	(9)	103.4x	1027.8x
Median	921	688	5	(7)	81.3x	1027.8x

competition

What products do competitors offer? Are competitors making money?

7 distinct areas involved with Hemp-CBD oil(23%), Personal Care(23%), Industrial Applications(18%), Food(17%), Consumer Textiles(13%), Supplements(5%), and Other Consumer Products(2%).

(Hemp Business Journal estimates)

Total sales for the U.S. Hemp industry in 2017 was \$820mm

- \$190mm for Hemp-Derived CBD products, \$181mm was for personal care products*
- \$137mm was for Hemp Food products- snack food*
- \$144mm was for Industrial Products led by the Automotive Industry*

Growth is expected to be \$1.9 billion for 2018, with a 5 year CAGR of 14% (2018-2022)

The U.S. is the largest importer of hemp products, which includes textiles from China, food and seed from Canada, and Industrials from Europe. So, it is fragmented, and subject to geo-political risk

Hemp seed imports decreased 57% in 2017 from the all-time high of 39mm pounds in 2016. Estimates show a decrease of 20% in 2018.

Major competition

Hemp Only (Small)	Hemp, Inc (HEMP)	Charlotte's Web (CWEB)	Isodiol (ISOL)	CV Sciences (CVSI)
Financials	52 wk. Range 0.0162 - 0.212 Revenue- negative \$5.1mm thru 6/18 EPS-N/A Shares Outstanding 3.3 bil (yes, 3.3 bil weighted out of 10.5bil authorized) Stock sits at 0.0286	52 wk Range 9.05 - 18.5 EPS 0.16 Volume 352,285 Market Cap 1.56B P/E Ratio 105.04 Shares Outstanding 92,846,395 Next Earnings Date Nov 28, 2018	Revenue 25.61M 52 wk. Range 2.4 - 21.4 EPS- 1.31 Volume 377,499 Market Cap 104.8M Average Vol. 5,264,041 Beta 0.72 1-Year Change- 7.14% Shares Outstanding 40,309,211	Prev. Close 5.6 Day's Range 4.91 - 5.75 Revenue 33.25M 52 wk Range 0.1575 - 9.2 EPS 0.03 Volume 1,485,625 Market Cap 509.3M Average Vol. (3m) 860,454 P/E Ratio 176.6 Beta 1.19 1-Year Change 2287.04% Shares Outstanding 90,945,896
Market Cap	Unknown	\$1.5 billion	\$121.33	\$509.3 mm
Hemp/Cannabis	Aurora (ACB)	Canopy (CGC)	Tilray (TLRY)	Cronos (CRON)
Hemp/Cannabis	Medical Marijuana, Inc. (MJNA)	Cannabis Sativa (CBDS)	The Green Organic Dutchman (TGODF)	Aurora (ACB)

investment

term sheet

- S.A.F.E structured simple agreement for future equity
- MFN Provision to Investor
- Pro Rata rights
- Specific term sheet available electronically
- Safe: MFN, no Cap, no Valuation discount detail sheet
- Safe: Pro Rata Right Side Letter