

**CannTrust Holdings Inc.
CNTTF
Investment Notes**

Please read Disclaimer at bottom of these notes!



CannTrust Holdings Inc is a Canada-based company, which produces pharmaceutical-grade medical cannabis for patients. The Company is a federally regulated licensed producer of medical cannabis products. The Company operates a hydroponic facility and an onsite laboratory for testing and research on the medical use of cannabis. The Company's exclusive pharmaceutical partner is Apotex. CannTrust Holdings Inc's products are divided into the following: Products Type, such as oil, dried cannabis, accessories and patient ready; Strain Type, such as hybrid, sativa dominant and indica dominant, as well as Strength, such as strong, mild, and moderate. The Company's products are sold online through its Website.

<https://cantrust.ca/>

All amounts are in CAD unless mentioned otherwise:

WHO WE ARE



- Founded by pharmacists in 2013
- CannTrust is one of Canada's most successful and trusted brands in cannabis 
- Standardized products that enable physicians to provide accurate dosage to patients similar to pharmaceuticals
- Rapidly building capacity and capability to expand into new categories: adult use market, over the counter, natural healthcare products, health & beauty, pet care



67,000 +
Patients



\$16.2M
Q4 2018 Revenue



6
Brands in market
and growing



579
Employees
Nationwide

July 16, 2019 (\$2.75) Some updates

I have spent a bit of time on this atrocity. End of the day, CannTrust perhaps should be labeled "Can'tTrust." There is a total unknown to the future, with product no longer being sold. The best-case scenario I could think of would be a fine of less than \$25M CAD, a delay of upwards of one year to execution of prior targets, and eventual repairs of investor confidence.

If the allegations are true, this is Enron like and disgusting. Nevertheless, if the company is not severely punished, others might continue their ways. Perhaps Canada should claw back the insider sales. Public hanging if guilty!

I'm not sure they will get closed down, but an example must be set. There is certainly a concern with trust in the company's financial accounting. There is a question if the unlicensed product showed up in inventory or biological assets. There was also shipping of "some" unlicensed goods to Canada and their Danish partner, Stenocare. We are also concerned that their outdoor cultivation license could be jeopardized.

Worst case scenario the stock could go to zero. The company raised \$160M USD on May 6, 2019. Yet, I would imagine there was material cash burn in 2Q19. At 1Q19 they had \$65M CAD in long-term assets. If there was a sale, should CannTrust expect to receive dollar to dollar for these long-term assets? I would think not, as if you want to sell your house, you get a much different price if you are trying to sell it when it is on fire. The company also has \$66M CAD in commitments, which with a lack of revenues could be devastating.

14. COMMITMENTS

The Company's commitments consist of the following:

	Leases	Marketing	Total
2019	\$ 3,289,072	\$ 973,865	\$ 4,262,937
2020	3,539,474	-	3,539,474
2021	3,510,837	-	3,510,837
2022	3,487,971	-	3,487,971
2023	3,382,177	-	3,382,177
Beyond	47,772,920	-	47,772,920
Total	\$ 64,982,451	\$ 973,865	\$ 65,956,316

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CannTrust Holdings Inc.

Notes to the Condensed Interim Consolidated Financial Statements
For the Three Months Ended March 31, 2019 and March 31, 2018
(in Canadian dollars) (unaudited)

14. COMMITMENTS (continued)

On March 7, 2018, the Company executed a long-term non-cancellable lease agreement with Envest Corp. to provide cogeneration derived heat and power at its 450,000 square foot Greenhouse Facility. As part of the agreement, the Company is committed to \$61,975,680 in aggregated lease and maintenance payments for a 20-year term to secure the rights to the Cogen equipment. The Company is currently utilizing temporary Cogen equipment system to provide heat and power while the long-term Cogen solution is being installed. The installation, once completed, will constitute a lease under IFRS 16 and the Cogen equipment will be presented as Right-of-Use assets, with a corresponding lease liability recognized. Embedded service costs pertaining to maintenance will be separated from the lease and expensed as incurred. Additionally, the Company has a lease commitment until November 30, 2023 for the rental of the head office and production facilities.

The Company entered into service contract with Breakthru to provide development of a route-to-market platform for the Company's products in the wholesale market. Additionally, the Company has entered into a service contract with Adobe to provide advertising cloud services for a one-year term.

I have heard several analysts and investors speculate that CannTrust is insured for such an event, yet, I'm not familiar with insurance for fraud. I think negligence is considered fraud. I could be wrong. I think worst case is zero for shareholders. Best case could be much higher than current levels.

July 9, 2019 (\$3.55) CannTrust in hot water with Health Canada – Yet, we increased our position to a 1.75% portfolio allocation, purchasing an additional ~79K shares at \$3.5853

CannTrust Holdings Inc. has received a compliance report from Health Canada notifying the Company that its greenhouse facility in Pelham, Ontario is non-compliant with certain regulations. The non-compliant rating is based on observations by the regulator regarding the growing of cannabis in five unlicensed rooms and inaccurate information provided to the regulator by CannTrust

employees. Growing in unlicensed rooms took place from October 2018 to March 2019 during which time CannTrust had pending applications for these rooms with Health Canada.

It is my understanding that 12,700kg of cannabis has now been placed on hold (part-voluntarily) while HC conduct quality checks of product samples with results expected in 10-12 business days.

Merrill Lynch issued a sell-rating and lowered their already below consensus 2019/2020 sales estimates to C\$78/160mn from C\$104/259mn, respectively. Merrill clearly stated this is a work-in-process.

We are very unsure of this company at the moment. We actually were attempting to purchase more last week, and luckily held off. We have purchased again today. Our current thesis is the potential that this material setback is a one-time event, and that the recent price decimation gives us the ability to own what we hope is a future quality company.

Unfortunately, and a dollar short and a day late, I think CannTrust now take regulators seriously. Perhaps a hubris is formed for companies like this. The craziest part for me is the insider selling, which I identified below. I am familiar with a private vertically integrated cannabis company in OR. Their situation reminded me of the CTST issues. This company was prohibited from cultivating and selling product for 3 months after their selling of unlicensed product occurred. Several of the principals were fined as well for lying to the regulators. To me, this is really similar to CTST. Primarily the similarity to me was both companies, were licensed to sell at the time of the allegation, but both were selling pre-license. Or, we have an Enron. Here is an Enron page I have, and you can see many of the brokerage reports from peak to death. <https://rbcpa.com/enron-collection/>

It looks like they thought compliance is a joke. Internal collusion. Not good. This doesn't seem like an innocent growing pain. Throw some of the mofo's in jail if guilty. Charles Munger would recommend a public hanging of the CEO if guilty and compliant with the situation which led to this. What a disservice they have done to many.

Our investment thesis is based on their cannabis license not being revoked. I don't know the answer, but a material, flagrant and fraudulent violation by a company might be spelled out in their license. Perhaps Canada wants to set an example as well. I wouldn't rule out jail time either. Lastly, I also have concerns of investment regulators stepping in.

This of course is an incredibly risky and speculative situation.

“Looking ahead, we think that CannTrust will eventually right the ship, and we remain bullish in regard to the company's long-term business prospects. Thus, patient, speculative investors may want to take advantage of the significant price decline and establish a position at these depressed levels. That said, more-conservative investors are encouraged to avoid this equity entirely.” **Value Line 7/8/19**

In my opinion, the situation presents a material, flagrant and fraudulent violation. I would think that Health Canada will need to set an example, at a minimum to prevent other companies from operating in a dirty fashion as CannTrust has. I wouldn't rule out and would actually welcome jail time to any executives that were involved with perpetrating this apparent fraud. Perhaps Canada should claw back the insider sales. I am incredibly bothered by the insider selling from May 2019:

May 15/19	May 14/19	Litwin, Mark	Indirect Ownership	Common Shares	15 - Disposition under a prospectus	-204,545	\$5.50 USD
May 14/19	May 14/19	Paul, Eric	Control or Direction	Common Shares	15 - Disposition under a prospectus	-409,091	\$5.50 USD
May 7/19	May 6/19	Sanders, Mitchell J.	Indirect Ownership	Common Shares	15 - Disposition under a prospectus	-250,000	\$5.50 USD
May 7/19	May 6/19	Paul, Eric	Control or Direction	Common Shares	15 - Disposition under a prospectus	-2,602,273	\$5.50 USD
May 7/19	May 6/19	Litwin, Mark	Indirect Ownership	Common Shares	15 - Disposition under a prospectus	-484,655	\$5.50 USD
May 7/19	May 6/19	Litwin, Mark	Indirect Ownership	Common Shares	15 - Disposition under a prospectus	-788,560	\$5.50 USD

July 3, 2019 (\$5.08) Outdoor Cultivation Update and Citi initiates coverage

Outdoor Cultivation Update:

After closing the purchase of its first 81 acres of land in British Columbia for outdoor cannabis cultivation, CannTrust immediately invested in fencing, security, irrigation and other land preparation activities and applied for Health Canada approval to plant and cultivate on the land. Based on its estimate of yields and projected date of permitting at the time, CannTrust estimated 75,000kg of cannabis could be produced from this property in 2019. As CannTrust has yet to receive its Health Canada permit at this stage of the growing season, it is now estimated that production from this operation could range from 0 to 15,000kg in 2019, subject to the timing and receipt of regulatory approvals. A crop of up to 15,000kg is expected if planting is completed in the first half of July 2019 and yields will diminish if a crop is planted in the second half of the month. If a crop is not planted by August 5, 2019, there will be no outdoor harvest in 2019.

CannTrust expects to reach a definitive agreement for a long-term lease for an additional 160 acres in the near term and that all properties, representing over 240 acres of land, will be prepared for planting at the beginning of the growing season in 2020. Between these two properties, CannTrust continues to expect that it can produce between 100,000kg to 200,000kg of cannabis in British Columbia in 2020, subject to regulatory approvals.

First Shipment to Australia -- Last week, CannTrust completed its first shipment of CBD, THC and 1:1 CBD: THC vegan capsules and dry flower products to Australia. These products will be resold by its partner Cannatrek Ltd. to medical patients in Australia. These shipments are expected to continue until Cannatrek's operations achieve commercial production. CannTrust now has nine products available to medical patients in Australia.

Citi initiates coverage:

“Through its state-of-the-art cultivation and growing operations (which will soon include an outdoor growing operation), CTST is focused on producing consistently high-quality and increasingly low-cost cannabis.”

“We expect CTST’s sales to nearly triple in 2019 and nearly double again in 2020, to CAD\$228 mm.”

“We believe CTST should trade on par with revenue multiples that we see for other high-growth Consumer Staples companies (which average 5x for both U.S. HPC and beverages companies under our coverage), which leads us to our USD\$7 target price.”

“While we had originally hoped that CTST would be able to start to sell certain new cannabis-based products in 4Q19 (including vape pens and BrewBudz), we now expect CTST to begin selling these products in 1Q20 (and hence our below consensus forecasts for 2019).”

“On May 1, 2019, CannTrust priced a USD\$170 mm equity offering (at \$5.50 per share), for which Citi was an underwriter. CTST is the only cannabis company that Citi covers in equity research at this time.”

They project revenues of \$124.7M CAD for 2019, \$228.0M CAD for 2020, and \$341.1 for 2021. They project eps of (\$0.17) CAD for 2019, \$0.05 CAD for 2020, and \$0.08 for 2021.

They also project BVPS of \$2.90 for 2019, \$2.94 for 2020, and \$3.13 for 2021.

They also project weighted shares outstanding of 146M in 2021.

July 1, 2019 (\$5.02) Value Line initiates coverage

“We think that the equity is now undervalued. We agree with management’s strategy of issuing more shares. The cash generated will help the company expand its operations and market reach.”

Safety rating of 4, projected price in 2022-2024 of \$12 on the low, and \$20 on the high. Keep in mind this is rather meaningless and is a quarterly road map of sorts. Projected F2019 revenues of \$100M USD, and F2020 revenues of \$205M USD.

Yield is 0.00% (\$0.00). Earnings expected at \$0.15 which would give a P/E of 33.47X. Dividend payout has averaged NMF% for the last 10 years. The payout ratio was NMF% in F2017, and NMF% in F2018. Dividend payout ratio expected to be NMF% and NMF% for F2019 and F2020 respectively. ROE has averaged NMF% for the last 1 years (as they had their first full year in 2018). ROE was NMF% in F2017, and NMF% in F2018. ROE is expected to be 11.5% for F2019 and 15.5% for F2020. ROTC has averaged NMF% for the last 1 years (as they had their first full year in 2018). ROTC was NMF% in F2017, and NMF% in F2018. ROTC is expected to be 11.5% for F2019 and 15.5% for F2020. Average P/E for the last 1 years was NMF (as they had their first full year in 2018). Projected eps for F2020 is \$0.25 which equates to a forward P/E of 20.08X. VL gives it ‘B’ financial strength, and a Safety rating of None. VL projects a price between \$12 - \$20 between 2022 – 2024 (7/5/19).

Shares outstanding projected to be 145 at December 31, 2019, and 155 at December 31, 2020.

There are no credit ratings agencies that offer a rating.

May 28, 2019 (\$5.85) Added to our core last week. We now own 190,425 shares at an average cost per share of \$6.70.

We added to our position on May 23, 2019, by purchasing 63,779 shares at \$5.59 per share.

Another mention:

On May 23, 2019 Paradigm Capital reduced their target to \$15.00 CAD, from \$17.00 CAD (~\$11.13 USD). They project revenues of \$122.3M CAD for 2019, \$262.6M CAD for 2020, and \$356.9 for 2021. They project eps of (\$0.08) CAD for 2019, \$0.01 CAD for 2020, and N/A for 2021.

May 15, 2019 (\$6.23)

On May 15, 2019 Bloom Burton Securities maintained their target of \$11.00 CAD (~\$8.25 USD). They project revenues of \$157.6M CAD for 2019, \$257.1M CAD for 2020, and \$332.5 for 2021. They project eps of \$0.28 CAD for 2019, \$0.64 CAD for 2020, and \$0.92 CAD for 2021.

Mackie Research lowered their target to ~\$9.00 USD. They project revenues of \$146.1M CAD for 2019, \$257.0M CAD for 2020, and \$307.4 for 2021. They project eps of (\$0.04) CAD for 2019, \$0.38 CAD for 2020, and \$0.51 for 2021.

May 14, 2019 (\$6.08) Not digging the insider selling!

Granted Eric Paul is 77 years old. He is still the Chairman of the Board. Any insider is allowed and usually entitled to sell shares. Here is a quote of his Quote from Globe & Mail from July 2018, where he claimed to stop selling shares. I also don't concur with his excuse of shares were concerned with the float. <https://www.theglobeandmail.com/cannabis/article-whos-getting-rich-off-cannabis-insider-trading-data-reveal-the-big/> "Relative to our holdings – because we were major investors – our group sold down less than 10 per cent of our total holdings," said Eric Paul, the CEO of CannTrust Holdings Inc. who sold \$4.5-million worth of his company's shares in the 12-month period, in part because investors were asking for more shares to be in the public "float" to satisfy demand. "I'm the largest holder. I had 12-and-a-half million shares, I sold half a million, and I'm not selling anymore because I can see where we're going ... No more for me, I'm done."

If any of you reading this thought your shares were worth a materially sum more than they are currently trading, unless you had cash flow commitments, you would not sell a share. Don't forget the taxes as well. Perhaps the insiders are getting out while they can, or perhaps not. If I was sitting on a future 10 bagger, I wouldn't sell a share, especially if I had to give the Government's 30%. These guys put more than \$24.9M in their pockets. That is excessive!

Inverting, if I was sitting on shares, and lots of them, and I was concerned with lots total excessive over-valuation, I too would try and sell in size.

Filing Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
May 14/19	May 14/19	Paul, Eric	Control or Direction	Common Shares	15 - Disposition under a prospectus	-409,091	\$5.50 USD
May 7/19	May 6/19	Sanders, Mitchell J.	Indirect Ownership	Common Shares	15 - Disposition under a prospectus	-250,000	\$5.50 USD
May 7/19	May 6/19	Paul, Eric	Control or Direction	Common Shares	15 - Disposition under a prospectus	-2,602,273	\$5.50 USD
May 7/19	May 6/19	Litwin, Mark	Indirect Ownership	Common Shares	15 - Disposition under a prospectus	-484,655	\$5.50 USD
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May 14, 2019 (\$6.08) 1Q19 results released

Our thesis from April 4, 2019 remains relatively unchanged.

"With the successful closing of our equity offering providing gross proceeds of US\$170 million (before exercise of the over-allotment option), we are well positioned to execute on our growth plans. Our fully permitted Phase 2 expansion is expected to reach its full capacity of 50,000kg on an annual basis in the third quarter of 2019, and our 81 acres of land for outdoor cultivation has been prepared and we are awaiting regulatory approval to start planting. We have commenced work on our Phase 3 expansion in Niagara, which we expect will add a further 50,000kg of annual capacity. All told, we continue to expect to exit 2020 at a production rate of between 200,000kg to 300,000kg per year. This is a very exciting time for CannTrust, and we plan to continue executing on our vision of becoming a global provider of innovative cannabis products and brands." **Peter Aceto, Chief Executive Officer.**

Record quarterly revenues of \$16.9 million, a 115% increase versus the first quarter of 2018. 67% of revenue was from medical sales and 33% of revenue from wholesale in international and recreational sales.

Sold 3,000 kg of dried Cannabis and dried Cannabis equivalent at an average net price of \$5.47 per gram.

41 % of dried cannabis sales were derived from Canadian medical and 59% was derived from wholesale in international and recreational markets.

Cost of sales per gram sold and cash cost per gram sold were \$3.03 and \$2.77, respectively, compared to \$3.08 and \$2.94, respectively, in the fourth quarter of 2018.

As of March 2019, the Company had approximately 68,000 active patients, an increase of 17% from the beginning of the year.

136.6M shares outstanding, with a market cap of ~\$831M USD. If you use fully diluted and exercised (and remember when and if exercised cash is increased) the market cap would be ~\$913M.

Shares outstanding May 13, 2019	136,563,951
Options all in the money as of May 13, 2019	4,331,328
Warrants all in the money as of May 13, 2019	9,167,776
Total Shares	150,063,055

Financial Data	2019	2018	2018
	Q1	Q4	Q1
Net Revenue: Medical	11,371	9,643	7,236
Net Revenue: Wholesale ⁽¹⁾	5,482	6,523	604
Total Revenue	16,853	16,166	7,840
Gross profit before biological assets	7,711	5,677	4,963
Gross margin before biological assets	46%	35%	63%
Net Income (loss)	12,603	(25,522)	11,442
Earnings (loss) per share (basic)	0.12	(0.26)	0.12
Earnings (loss) per share (diluted)	0.12	(0.26)	0.12
Adjusted EBITDA ⁽²⁾	(3,769)	(6,547)	14
Operating statistics			
Patient Count	66,000	58,000	40,000
Harvest Production (kgs)	9,424	4,816	1,749
Cost of sales per gram ⁽³⁾	3.03	3.06	2.84
Cash cost per gram ⁽³⁾	2.77	2.94	2.60
Medical: Dried grams sold (kgs)	416	376	304
Medical: Dried equivalent extracts sold (kgs) ⁽⁴⁾	1,404	1,639	600
Wholesale: Dried grams sold (kgs)	980	1,286	110
Wholesale: Dried equivalents extracts sold (kgs) ⁽⁴⁾	234	104	-
Total Dried equivalent grams sold (kgs) ⁽⁴⁾	3,014	3,407	1,014
Medical: Dried Revenue per gram ⁽³⁾	7.33	7.10	7.94
Medical: Extracts Revenue per ml ⁽³⁾	1.99	1.71	1.94
Wholesale: Dried Revenue per gram ⁽³⁾	4.54	4.24	5.47
Wholesale: Extracts Revenue per ml ⁽³⁾	1.69	1.55	N/A
Dried Equivalent Ratio	2.85	2.46	3.85

Weighted average fully diluted shares at March 31, 2019 was 108,230,636.

Current assets of \$139.5M. Current liabilities of \$24.7M. Current ratio (CA/CL) very strong. This isn't necessarily meaningful because of large cash burns. Cash was \$3M, compared to \$9M at December 31, 2018, Inventory \$55.8M, and Biological assets of \$21.8M.

On May 6, 2019, the Company completed an underwritten public offering of 30,909,091 common shares at a price of US\$5.50 per share for gross proceeds to the Company of approximately US\$170 million before deducting underwriting discounts and commissions and estimated offering expenses, and net proceeds of approximately US\$160 million. In connection with the offering, the underwriters have an option to acquire up to 4,636,363 additional common shares within 30 days of May 1, 2019 at a net price to the Company of US\$5.19 per share.

Shareholders' Equity of \$190M. Shareholder's equity increased by \$160M due to capital raise on May 6, 2019. Adjusted Shareholders' equity is \$350M USD.

Conference call notes and quotes:

“With our additional 160 acres, which we have under letter of intent, which will close in the near term, we expect that outdoor cultivation can contribute between 100,000 kilograms and 200,000 kilograms of production capacity on annualized basis. We expect to be producing at that level in 2020.”

April 3, 2019 (\$7.49) - Quick thesis and 2-minute drill:

Increased our position by ~1.0% at \$7.47 per share. We now own 125,605 shares. A portfolio that allows for cannabis investments will typically own 1.75% to 2.00% of CTST.

Quick thesis and 2-minute drill:

This is a speculative investment, as are most pure play cannabis companies currently. Our thesis is basically a pure play cannabis investment, with a company that is generally recognized as an up and coming leader in the Canadian cannabis space. They were recently listed on the NYSE. The company hopes to become a major revenue producer in Canada, as they supply both the medical and recreational markets. Our portfolio allocation of < 2% is small relative to other holdings, but still CannTrust is our largest cannabis pure play. If we had greater conviction of future revenues and earnings, our allocation would be larger.

Insiders own about 12% of the common stock. I like seeing management have skin in the game. If you look in my notes below from April 5, 2018, you will see officers and directors owned 24.4% of the common stock. There was insider selling during 2018 (mentioned below), yet they still have a large ownership.

They have a big 4 auditor with KPMG, and I do like to see a company commitment to quality. Unlike other companies in the space, CannTrust doesn't have a going concern opinion. It has quite a bit of tangible equity of \$1.65 USD per share, and currently a strong balance sheet. The company reminds me (perhaps incorrectly on my part) of Canopy Growth in the early days.

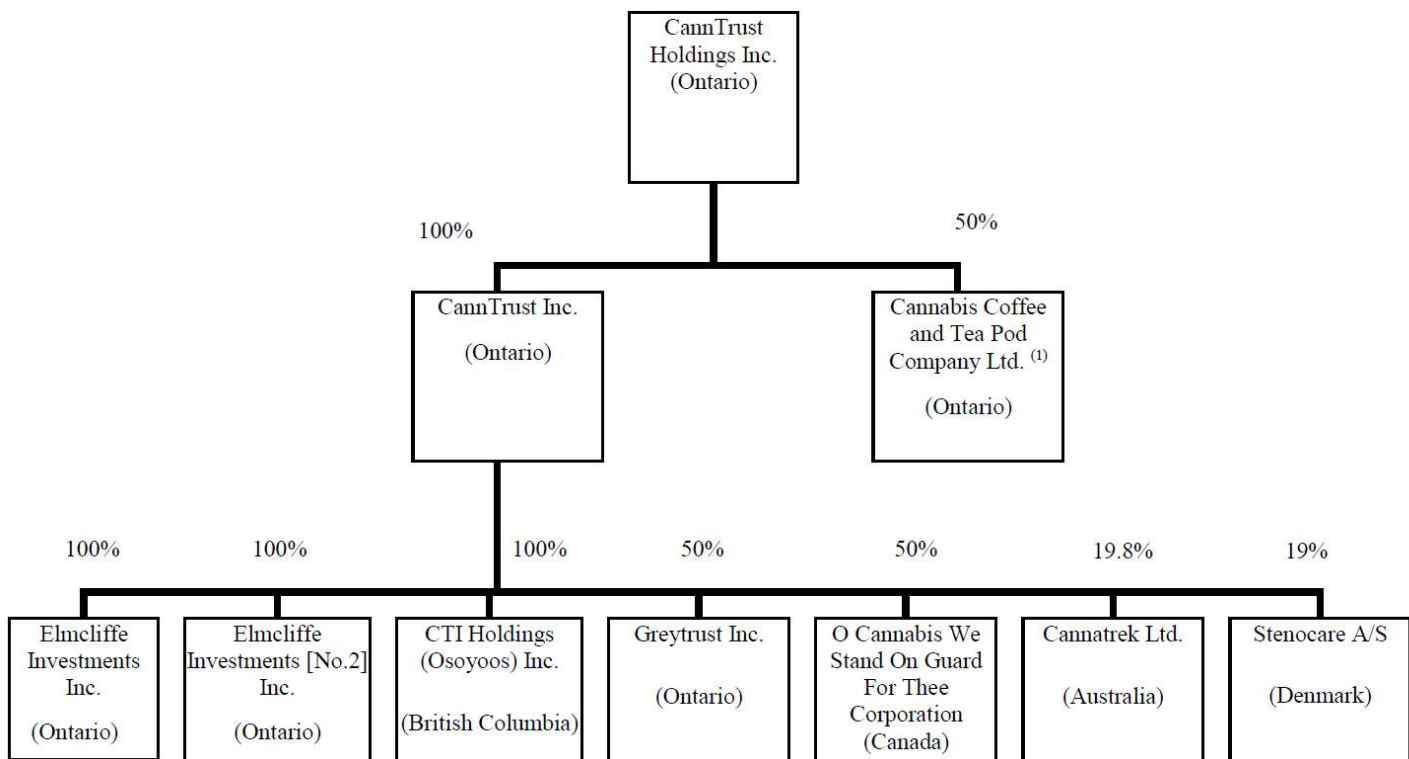
Projected revenues for F2020 are in the range of \$250M CAD, or \$187.5M USD, and for F2021 are in the range of \$300M CAD, or \$225M USD. The USD is based on a 75% currency conversion rate. The company has the potential of earning \$0.75 CAD or \$0.563 USD per share in F2021, whereas one analyst projects \$1.08 CAD per share, or \$0.81 USD for F2021.

If we use F2020 projected revenues of \$187.5M USD, and a current market capitalization of \$791M USD, the forward F2020 price to sales ratio would be 4.22X. If we use projected earnings in F2021 of \$0.81 USD, the F2021 Price earnings ratio would be 9.25X. This is a low P/E, granted almost 3 years out, and really no one would ever have any idea at this point if earnings will ever turn into fruition.

As in all our cannabis research, we expect eventual world-wide legalization of cannabis, like the alcohol industry today. Canada is the first G-7 nation to legalize cannabis, and we expect other G-7's to follow suit, including the USA.

Again, this is a speculative investment, in a speculative industry, and cannabis is Federally illegal in the USA. The company could have execution risks, which are also inherent in the industry. The industry is in its infant stages, and there could be several catalysts to increase the share price over time. These catalysts could include legalization in the USA, changes in laws of a Canadian company selling to States in the USA, greater acceptance of cannabis as a long-term future industry in the USA and the world.

April 3, 2019 (\$7.75) Review of year end 2018 filings and other stuff



“As of December 31, 2018, the Company had over 2,400 active physicians prescribing its products and more than 58,000 patients in Canada, with its patient base growing over 50% from 2017 to 2018 and continuing to grow following recreational legalization in late 2018. The Company believes its ability to produce high-quality, standardized products for the medical markets has built considerable credibility, trust in its brand and a loyal and broad consumer following. In addition to its success in the medical cannabis industry, the Company believes its brand awareness, built on quality standards and focus on innovation and product development, positions it as a leader in many other non-medical applications, including natural health products, health and wellness, adult-use recreational and pet care markets.” **CannTrust Annual Information form March 28, 2019**

“The Company produced standardized medical cannabis products at the Vaughan Facility, which has been repurposed from a grow facility into a 60,000 square foot, state-of-the-art extraction, manufacturing and packaging facility, including an in-house quality control laboratory. The lease for the Vaughan Facility commenced on December 1, 2013 for an initial term of 10 years ending on November 30, 2023, with CannTrust Opco having an option to extend for two additional terms of five years each if it is not otherwise in default under the terms of the lease.

The Company also owns a 450,000 square foot commercial greenhouse facility in the Niagara region through its wholly owned subsidiary Elmcliffe. The Niagara Facility is the Company's current primary grow facility, which will increase the Company's annual grow capacity from 3,600 kg previously available in the Vaughan Facility to 50,000 kg. The Niagara Facility is a state-of-the-art hydroponic greenhouse with computer-controlled irrigation, co-generation and full supplemental lighting. The Niagara Facility is equipped with a perpetual harvest cropping system which produces cannabis 365 days a year and allows for a continuous work cycle, creating a steady production capacity and a more stable work environment for employees.” **CannTrust Annual Information form March 28, 2019**

As at December 31, 2018, the Company had 311 employees located at the Vaughan Facility and 265 employees located at the Niagara Facility.

Insider Ownership is substantial:

Name	Principal Occupation	# of Common Shares owned or controlled	% of common shares owned
Eric Paul	Chairman of the Board	11,943,761	11.31%
Mark Litwin	Vice Chairman of the Board	2,220,230	2.10%
Mitchell Sanders	Director	936,116	0.89%
John Kaden	Director	504,220	0.50%

105.6M shares outstanding, with a market cap of ~\$818M USD. If you use fully diluted and exercised (and remember when and if exercised cash is increased) the market cap would be ~\$920M.

Shares outstanding March 27, 2019	105,639,048
Options all in the money as of March 27, 2019	3,892,834
Warrants all in the money as of March 27, 2019	9,167,776
Total Shares	118,699,658

Auditors are top tier, KPMG. There was no going concern letter. There was mention of weakness in internal controls, which according to the filing is being remedied. This is not totally unusual for a cannabis growth company, or any company with exponential growth in any industry.

Current assets of \$128M. Current liabilities of \$17M. Current ratio (CA/CL) very strong. This isn't necessarily meaningful because of large cash burns. Cash was \$9M, Inventory \$35.3M, and Biological assets of \$10.5M.

Shareholders' Equity of \$174M.

Gross revenues for F2018 were \$48.3M, whereas Net revenues were \$45.6M, the difference being Excise duty.

52% of revenues are from extract products.

Canadian Medical average revenue per gram realized for the three and twelve months ended December 31, 2018, decreased from the prior year periods mainly due to the Company absorbing the excise tax following the implementation of the excise tax in October 2018. The impact of absorbing the excise tax on medical products was \$871.

Approximately 58,000 active medical patients as at December 31, 2018, a 57% increase from 2017. CannTrust is expanding its salesforce, targeting physicians, limiting out-of-stocks, and absorbing the excise tax for medical patients.

Dry cannabis sales consisted of 58% of revenues from wholesale in international and recreational markets and 42% from Canadian medical sales.

Extract sales, includes oils and capsules, consisted of 97% of revenues from Canadian medical sales and 3% from wholesale in international and recreational markets.

Cost of sales per gram sold and cash cost per gram sold were \$2.72 and \$2.45, respectively, compared to \$3.44 and \$2.88 in 2017.

I find the Net loss of (\$13.6M) to be non-sensical as it includes IFRS changes of biological assets, which supplied a benefit of \$10.5M.

18. INVESTMENTS

	Investment Balance at December 31, 2017	Investment and Advances	Share of Net Loss	Changes in Fair value	Investment Balance at December 31, 2018
CCTP (i)	\$ 156,073	\$ 104,027	\$ (88,631)	\$ -	\$ 171,469
GWAH (ii)	-	1,000,000	(115,186)	-	884,814
O'Camnabis (iii)	-	500,000	-	-	500,000
Stenocare (iv)	-	487,804	(140,623)	-	347,181
NAC (v)	-	5,000,000	-	(2,087,912)	2,912,088
Cannatrek (vi)	-	5,887,050	(40,670)	-	5,846,380
	\$ 156,073	\$ 12,978,881	\$ (385,110)	\$ (2,087,912)	\$ 10,661,932

22. REVENUE

The following table disaggregates revenue by major source:

Canadian Medical	Year ended	
	December 31, 2018	December 31, 2017
Dried Cannabis	\$ 11,130,996	\$ 8,500,837
Extracts	22,936,664	11,291,635
Other	1,202,786	905,292
	\$ 35,270,446	\$ 20,697,764
Wholesale		
	Year ended	
	December 31, 2018	December 31, 2017
Dried Cannabis	\$ 8,060,510	\$ -
Extracts	776,435	-
Other	1,537,752	-
	\$ 10,374,697	\$ -
Total	\$ 45,645,143	\$ 20,697,764

Wholesale revenue includes goods and services sold to international markets, the Canadian recreational market and to third party Licensed Producers.

Operational Overview

	Location	Use	Size	Capacity	Status	License
Vaughan	Vaughan, Ontario, Canada	Manufacturing and Packaging	60,000 sq ft	n/a	In production	Cultivation and sale
Niagara Phase 1 and 2	Pelham, Ontario, Canada	Grow	450,000 sq ft	50,000 kg/year	In production	Cultivation and sale
Niagara Phase 3	Pelham, Ontario, Canada	Grow	390,000 sq ft	50,000 kg/year	Permitted	
Outdoor	Canada	Grow	Up to 200 acres	100,000 kg/year – 200,000 kg/year	Planned	

“We expect the revenue to start ramping up in Q2 and onwards during 2019.” Greg Guyatt - Chief Financial Officer

There was a revenue miss, which Paradigm securities attributed to a “perceived low average selling price of cannabis extracts.”

For the medical market, the price of flower averaged \$7.10g, down from \$8.77g in 3Q18. This was expected and based on TRST absorbing the excise tax for its patients.

They have supply agreements with 9 provinces for the recreational market. Sales have been slow because of supply constraints. CannTrust maintains there has been a strong reception for their products, and they have been able to negotiate price increases.

They plan to leverage their platforms with their partners, such as Kindred, and National Cannabis Access (NCA). NCA is a cannabis retailer which currently has 7 stores, with planned expansions.

A quick mention of several analyst reports I looked at:

In a report dated March 29, 2019 GMP Securities projects a price of ~\$11.25 USD. They project revenues of \$146.5M CAD for 2019, \$286.2M CAD for 2020. They project eps of (\$0.08) CAD for 2019, \$0.31 CAD for 2020.

On April 2, 2019 Mackie Research lowered their target to ~\$9.00 USD. They project revenues of \$146.1M CAD for 2019, \$257.0M CAD for 2020, and \$307.4 for 2021. They project eps of (\$0.04) CAD for 2019, \$0.38 CAD for 2020, and \$0.51 for 2021.

On March 29, 2019 Bloom Burton Securities lowered their target to ~\$8.25 USD. They project revenues of \$157.6M CAD for 2019, \$243.4M CAD for 2020, and \$299.2 for 2021. They project eps of \$0.21 CAD for 2019, \$0.79 CAD for 2020, and \$1.08 for 2021.

Other Items I reviewed:

Insider Filings

Latest SEDI filings for TRST within the last 6 months [?](#)

[View on INK Research](#)

Amended Filing

As of 11:59pm ET April 2nd, 2019

Filing Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
Mar 12/19	Mar 12/19	Litwin, Mark	Indirect Ownership	Common Shares	90 - Change in the nature of ownership	281,221	
Mar 12/19	Mar 12/19	Litwin, Mark	Indirect Ownership	Common Shares	90 - Change in the nature of ownership	-281,221	
Feb 19/19	Feb 19/19	Guyatt, Gregory	Direct Ownership	Common Shares	00 - Opening Balance-Initial SEDI Report	3,000	
Dec 14/18	Dec 12/18	Cannamed Financial Corp.	Direct Ownership	Common Shares	10 - Disposition in the public market	-20,000	\$7.90
Dec 11/18	Dec 10/18	Cannamed Financial Corp.	Direct Ownership	Common Shares	10 - Disposition in the public market	-50,000	\$7.44
Dec 6/18	Dec 3/18	Cannamed Financial Corp.	Direct Ownership	Common Shares	10 - Disposition in the public market	-90,000	\$8.27
Nov 30/18	Nov 28/18	Cannamed Financial Corp.	Direct Ownership	Common Shares	10 - Disposition in the public market	-230,000	\$8.47
Nov 23/18	Nov 20/18	Cannamed Financial Corp.	Direct Ownership	Common Shares	10 - Disposition in the public market	-230,000	\$7.99
Nov 23/18	Nov 16/18	Cannamed Financial Corp.	Direct Ownership	Common Shares	10 - Disposition in the public market	-110,000	\$8.77
Oct 26/18	Oct 23/18	Kaden, John	Direct Ownership	Options	50 - Grant of options	50,000	

**CANNTRUST
MEDICAL CANNABIS
MARKET SUCCESS**
Building a platform for
the long term



67,000+
Canadian patients



15%
Of Canadian patients



52%
Of sales from Oil
products



2,400+
Active physicians

**OPERATING MODEL
CAPABILITIES**

State of the art perpetual
harvest greenhouse know
how (Intellectual Property)

Ability to develop
proprietary patented products

Innovation & commercialization

Strong management team
& culture

**GREENHOUSE &
OPERATIONAL
CAPABILITIES**
A low cost producer
with scale



100,000Kg
2020+ Annual grow
capacity



3,400
Milligrams of
cannabinoids per
sq. ft.



\$0.83
Cost per Gram -
current

Low Cost Producer with Scale

450,000 sq. ft. Niagara Perpetual Harvest Facility
with an additional 390,000 sq. ft. greenhouse
expansion in progress

- Higher yields per square foot
- Using cogeneration equipment for lower power costs and heat recovery
- Perpetual grow allows for maximum efficiency of labour
- Free energy from natural sunlight

Seed Technology Innovation

- Innovative auto flower genetics that lower capital costs
- Provides for unlimited production capacity for greenhouse and field crop both domestically and internationally
- Enables 70% reduction in growing costs
- Target cost per gram of \$0.25/ gram

ENTERED THE ADULT USE MARKET IN CANADA WITH 4 Brands and +90 SKUs



- One of the largest alcohol distributors in North America (\$5B+ annual revenue)
- Experience with provincial boards and private retailers
- Exclusive partner of CannTrust for distribution of cannabis brands



KEY PARTNERSHIPS SECURED (MORE UNDER DISCUSSION)



- #1 Alcohol distributor in Canada
- Exclusive route to market partnership with CannTrust
- Route planning, sales tools, analytics and insights



- Retail store partnership
- Preferred status & shelf space in 200+ Retail stores in 18 months



- Global partnership to conduct clinical trials, and develop innovation targeting the veterinary and retail channels

Active Partnership Discussions

- Beverages
- Manufacturing
- Pharmaceutical
- Mass retail
- Over the Counter
- NHP products
- Other CPG



October 1, 2018 (\$9.68)

Valuation using 115.2M shares is \$1.115B USD.

Price to F2020 estimated revenues of \$314M X CAD current conversion rate of 0.78 is 4.55X.

If they trade at 1X F2020 revenues, the US price would be \$2.13 per share. (\$314M CAD * 78% CAD/USD) = \$244.9M USD. Using 115.2M shares would equate to a price of \$2.13 USD. This assumes no dilution in over 2 years. I suspect there will be dilution over the next 2+ years. Of course, with dilution there could be additional cash and assets.

Some random notes on above:

1. I am concerned with the insider selling. Some claim Fred Litwin (Mark's brother is not an insider). Yet, he is a large holder.

Date	Insider Name	Ownership Type	Nature of Transaction	Security	Price (\$)	Units	Change*	Account Balance
Sep 21/18	◊ Litwin, Mark	Indirect Ownership	Public market sale	Common Shares	12.65	-500,000	-64.0%	281,221
Sep 13/18	◊ Litwin, Mark	Direct Ownership	Public market sale	Common Shares	11.40	-10,000	-50.0%	10,000
Sep 10/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	11.21	-250,000	-92.8%	19,460
Aug 28/18	■ Paul, Norman	Direct Ownership	Option exercise	Common Shares	2.000	50,000	> 100%	50,000
Aug 28/18	□ Paul, Norman	Direct Ownership	Option exercise	Options	0.00	-50,000	-66.7%	25,000
Aug 24/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.85	-150,000	-35.8%	269,460
Aug 24/18	◊ Litwin, Mark	Direct Ownership	Public market sale	Common Shares	9.24	-20,000	-50.0%	20,000
Aug 23/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.24	-150,000	-26.3%	419,460
Aug 21/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.33	-330,000	-36.7%	569,460
Jul 5/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.01	-7,000	-0.8%	899,460
Jul 4/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.02	-100,000	-9.9%	906,460
Jun 21/18	□ Sanders, Mitchell J.	Indirect Ownership	Public market sale	Common Shares	9.04	-100,000	-9.7%	936,116
Jun 20/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.85	-250,000	-19.9%	1,006,460
Jun 19/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.45	-128,300	-9.3%	1,256,460
Jun 12/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.52	-121,700	-8.1%	1,384,760
Jun 8/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	8.56	-250,000	-14.2%	1,506,460
Jun 6/18	◊ Forum Financial Corporation	Direct Ownership	Public market sale	Common Shares	9.03	-500,000	-22.2%	1,756,460
Apr 13/18	□ Dawber, Mark	Direct Ownership	Private sale	Common Shares	0.00	-100	-0.3%	30,000
Apr 13/18	□ Paul, Norman	Indirect Ownership	Public market sale	Common Shares	6.50	-100,000	-1.9%	5,258,121
Apr 12/18	□ Paul, Norman	Indirect Ownership	Public market sale	Common Shares	6.50 - 6.51	-100,000	-1.8%	5,358,121
Apr 10/18	■ Dawber, Mark	Direct Ownership	Public market buy	Common Shares	0.00	100	0.3%	30,100
Apr 5/18	□ Dawber, Mark	Direct Ownership	Public market sale	Common Shares	0.00	-20,000	-40.0%	30,000
Apr 2/18	□ Sanders, Mitchell J.	Indirect Ownership	Public market sale	Common Shares	7.43	-118,000	-10.2%	1,036,116
Mar 5/18	■ Page, Shawna Dale	Direct Ownership	Options granted	Options	0.00	25,000	> 100%	25,000
Mar 1/18	— Rogers, Bradley	Direct Ownership	Options granted	Options	0.00	60,000	9.6%	685,000
Feb 22/18	■ Page, Shawna Dale	Control or Direction	Opening report	Common Shares	0.00	550	n/a	550
Feb 22/18	■ Page, Shawna Dale	Indirect Ownership	Opening report	Common Shares	0.00	1,500	n/a	1,500
Feb 22/18	■ Page, Shawna Dale	Direct Ownership	Opening report	Options	0.00	0	n/a	0
Feb 22/18	■ Page, Shawna Dale	Direct Ownership	Opening report	Common Shares	0.00	0	n/a	0
Jan 15/18	■ Dan, Aubrey	Control or Direction	Public market buy	Common Shares	10.34	173	0.2%	95,357

All data based on insider regulatory filings which are subject to input errors.

* Indicates percentage change of shares or units for the account in which the security is held. Many insiders have more than one account and the balance for each is calculated separately. See Holdings Summary for balances across all ownership types as reported in SEDI.

Jan 12/18	◆ Abramowitz, Stanley	Direct Ownership	Options granted	Options	0.00	25,000	> 100%	25,000
Jan 12/18	■ Dan, Aubrey	Control or Direction	Public market buy	Common Shares	9.95 - 10.04	37,640	65.4%	95,184
Jan 12/18	■ Dan, Aubrey	Control or Direction	Correction	Common Shares	0.00	57,544	> 100%	57,544
Jan 12/18	□ Dan, Aubrey	Control or Direction	Correction	Common Shares	0.00	-57,544	-100.0%	0
Jan 12/18	◊ Litwin, Mark	Indirect Ownership	Public market sale	Common Shares	10.03	-8,077	-0.6%	1,399,570
Jan 12/18	◊ Litwin, Mark	Direct Ownership	Public market sale	Common Shares	9.92	-10,000	-16.7%	50,000
Jan 11/18	■ Dan, Aubrey	Direct Ownership	Options granted	Options	0.00	25,000	50.0%	75,000
Jan 11/18	■ Dawber, Mark	Direct Ownership	Options granted	Options	0.00	25,000	> 100%	25,000
Jan 11/18	◆ Litwin, Mark	Direct Ownership	Options granted	Options	0.00	25,000	50.0%	75,000
Jan 11/18	■ Marcovitch, Robert	Direct Ownership	Options granted	Options	0.00	25,000	50.0%	75,000
Jan 11/18	◆ Paul, Eric	Direct Ownership	Options granted	Options	0.00	25,000	50.0%	75,000
Jan 11/18	□ Paul, Norman	Indirect Ownership	Gifted	Common Shares	11.20	-50,000	-0.9%	5,606,121
Jan 11/18	■ Paul, Norman	Direct Ownership	Options granted	Options	0.00	25,000	50.0%	75,000
Jan 11/18	■ Sanders, Mitchell J.	Direct Ownership	Options granted	Options	0.00	25,000	> 100%	25,000
Jan 10/18	◊ Abramowitz, Stanley	Direct Ownership	Public market sale	Common Shares	11.22	-60,000	-100.0%	0
Jan 10/18	◊ Litwin, Mark	Indirect Ownership	Public market sale	Common Shares	11.40	-24,475	-1.7%	1,407,647
Jan 10/18	□ Paul, Norman	Indirect Ownership	Public market sale	Common Shares	11.20	-50,000	-0.9%	5,508,121
Jan 9/18	◊ Abramowitz, Ian	Direct Ownership	Public market sale	Common Shares	12.00	-5,000	-12.5%	35,000
Jan 9/18	◊ Abramowitz, Stanley	Direct Ownership	Public market sale	Common Shares	11.21	-40,000	-40.0%	60,000
Jan 8/18	◊ Abramowitz, Ian	Direct Ownership	Public market sale	Common Shares	11.04	-10,000	-20.0%	40,000
Jan 8/18	◆ Abramowitz, Stanley	Direct Ownership	Option exercise	Common Shares	0.00	100,000	> 100%	100,000
Jan 8/18	◊ Abramowitz, Stanley	Direct Ownership	Option exercise	Options	0.00	-100,000	-100.0%	0
Jan 8/18	◊ Litwin, Mark	Direct Ownership	Public market sale	Common Shares	0.00	-10,000	-16.7%	50,000
Jan 8/18	◊ Litwin, Mark	Indirect Ownership	Public market sale	Common Shares	10.96	-24,475	-1.7%	1,432,122
Jan 5/18	□ Sanders, Mitchell J.	Direct Ownership	Public market sale	Common Shares	9.50	-23,300	-100.0%	0
Jan 4/18	■ Dawber, Mark	Direct Ownership	Option exercise	Common Shares	2.000	25,000	100.0%	50,000
Jan 4/18	□ Dawber, Mark	Direct Ownership	Option exercise	Options	0.00	-25,000	-100.0%	0
Jan 4/18	□ Sanders, Mitchell J.	Direct Ownership	Public market sale	Common Shares	9.87	-26,700	-53.4%	23,300
Jan 4/18	■ Sanders, Mitchell J.	Direct Ownership	Option exercise	Common Shares	2.000	50,000	> 100%	50,000
Jan 4/18	□ Sanders, Mitchell J.	Direct Ownership	Option exercise	Options	0.00	-50,000	-100.0%	0

2. Many companies sell for less than 1X revenues. Walmart is an example. Companies that sell for 4X revenues, typically have high net margins, high ROE, and ROIC. This is my main concern for all these companies.

Not only do they have to grow into revenues in the hundreds of millions, they also must be profitable. Even if that happens, they will probably adjust the valuation downward at some point. That is and has been my typical industry thesis.

IIRC, Amazon sells for 3X F2018 revenues, not F2020 revenues. Exxon sells for less than 1X estimated F2018 revenues.

IMO, prices will eventually adjust downward in a material way for most of the sector.

3. I remember dotcom and Telecom in late 1990's. This is certainly reminding me if those days. Sometimes the balloon pops. Bubbles are rare, but so are billion-dollar valuations. Also, when it becomes federally legal, you will have many outfits producing.
4. A relevant question would be, can the company I am investing in, in hopes of great things happening in the future, absorb and grow the current market cap. With CannTrust can they grow into a current \$1B market cap? Can that market cap continue to grow? A company once mature, give them a P/E of say 20. Hence, can CNTTF, produce eps of say \$0.50 per share, with ROIC's of high teens, and ROE > 20. I like to see ROE's to be greater than P/E. If a company like CNTTF can produce \$0.50 in eps, and if they can grow that, then perhaps they can grow into their valuation. Personally, I am skeptical now.
5. You can certainly use fundamental value investing in this sector.

Here is a fictional example:

Company has market cap of \$200M.

Current F2018 revenues are projected to be \$20M.

Projected F2020 revenues are \$225M, F2021 \$250M, F2022 \$280M.

Same company has projected Net Income for F2020 of \$10M, F2021 of \$25M, and F2022 of \$30M.

Using this example company is selling at 71% of F2022 projected revenues, and 89% of projected F2020 revenues.

The P/E for F2020 using above would be 20X, for F2021 would be 8X, for F2022 would be 6.67X.

All I am trying to illustrate is you can use fundamental value investing in a hyper-growth sector. Hence, if a company like CNTTF traded hands at \$2.00, you could potentially see "value" there.

September 27, 2018 (\$9.29) Some more insider selling

Filing Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
Sep 25/18	Sep 21/18	Litwin, Mark	Indirect Ownership	Common Shares	10 - Disposition in the public market	-111,250	\$12.65
Sep 25/18	Sep 21/18	Litwin, Mark	Indirect Ownership	Common Shares	10 - Disposition in the public market	-388,750	\$12.65

September 18, 2018 (\$9.12) Some more insider selling

Filing Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
Sep 13/18	Sep 13/18	Litwin, Mark	Direct Ownership	Common Shares	10 - Disposition in the public market	-10,000	\$11.40
Sep 17/18	Sep 10/18	Forum Financial Corporation	Direct Ownership	Common Shares	10 - Disposition in the public market	-250,000	\$11.21

September 17, 2018 (\$8.82) 2Q18 earnings report

115.2M shares outstanding, with a market cap of ~\$1.0B USD.

Shares outstanding June 30, 2018	103,943,189
Options all in the money as of September 17, 2018	3,892,834
Warrants all in the money as of September 17, 2018	7,337,963
Total Shares	115,173,986

Cannabis extracts were 60% of cannabis sales.

Net cash at June 30, 2018 of \$90M.

Revenues for 2Q18 were \$9.1M.

Raised \$100,395,000 through the issuance of common shares and warrants.

Construction of the fully funded Niagara Facility 600,000 sq. ft. expansion has begun. The Company entered into an agreement to acquire a 23-acre property adjacent to the Niagara Facility which will allow for significant further expansion.

“In late Q2/18 the company officially opened its 450,000 sq. ft. Niagara Perpetual Harvest Facility. The estimated output from this facility is estimated to be 50,000 kg/annum. In addition, the company has begun construction of an additional fully funded 600,000 sq. ft. expansion, that when completed, will double CannTrust’s annual production capacity to in excess of 100,000 kg.” **Mackie Research August 15, 2018**

Echelon Partners in a report dated August 16, 2018 with a price of ~\$5.90, gives it a rating of Top Pick and Speculative buy. They have a price target which equates to ~\$16.00 USD. Most of their “buy thesis” is based on Constellation Brands “being all in on Canopy,” and Echelon thinks this will spread in the industry. I get concerned with this based on the “Greater fool theory.”

Echelon uses projected revenues in F2018 of \$66.8M, F2019 of \$211.1M, and F2020 of \$318.0M.

“We view CannTrust as a top tier producer in this market, and it should be a very attractive candidate for a strategic investment or an acquisition offer from any of the alcohol/pharmaceutical/tobacco/consumer packaged goods industries. It is fully financed for large scale production (100,000kg+), it has proven itself as a leader in terms of value-added product development, and it has established beachheads in international markets.” Echelon 8/18

Mackie uses projected revenues in F2018 of \$70.5M, F2019 of \$198.6M, and F2020 of \$314.4M.

Some insider selling. Yet, not very material:

Filing Date	Transaction Date	Insider Name	Ownership Type	Securities	Nature of transaction	Volume or Value	Price
Sep 13/18	Sep 13/18	Litwin, Mark	Direct Ownership	Common Shares	10 - Disposition in the public market	-10,000	\$11.40
Sep 6/18	Aug 24/18	Litwin, Mark	Direct Ownership	Common Shares	10 - Disposition in the public market	-20,000	\$9.24

AB pounded the table for purchase on August 14, 2018 at \$5.35 per share.

September 17, 2018 (\$8.74 close) – More review

Expanding our Global Network to capitalize on the \$180B market opportunity

STENO CARE - Joint Venture in Denmark with license to produce and sell medical cannabis

Australia - License to produce and sell medical cannabis

Germany - Export partnership with one of the largest pharmaceutical distributors in the country

Netherlands - Export and JV partnership for local cultivation

3
canntrust.ca

A broad portfolio to meet the needs of all our customers

Approved for sale

CannTrust™ Dried Plant
 CannTrust™ Drops
 CannTrust™ Topicals
 CannTrust™ Brewbudz
 CannTrust™ Capsules

# of Producers	• 105 producers	• 33 producers	• 2 producers	• CannTrust Patented	• 4 producers • CannTrust only Vegan based capsule
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9

CannTrust™ Landscape today: Cannabis yields in grow facilities



The landscape of growing facilities has changed rapidly over the past 4 years

Indoor Facility		Unimproved Greenhouse		Outdoor		CannTrust - Niagara Perpetual Harvest Greenhouse	
Category	Measurement	Category	Measurement	Category	Measurement	Category	Measurement
Yield (gram per sq ft annually)	250-400	Yield (gram per sq ft annually)	40-80	Yield (gram per sq ft annually)	25-50	Yield (gram per sq ft annually)	200-300
Crops per Year	4-5	Crops per Year	1-2	Crops per Year	1	Crops per Year	5-6
COGs (\$/g)	\$1.60- \$2.00	COGs (\$/g)	\$0.95	COGs (\$/g)	\$0.10	COGs (\$/g)	\$0.75
Percent of top grade flower	95%	Percent of top grade flower	50%	Percent of top grade flower	25%	Percent of top grade flower	95%
<i>High yield, high cost, 95% top grade flower</i>		<i>Low yield, moderate cost, 50% of top grade flower</i>		<i>Low yield, low cost, 25% of top grade flower</i>		<i>High yield, moderate cost, 95% top grade flower</i>	

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CannTrust™ Landscape today: Cannabis yields in grow facilities



#1: Indoor Facility

Category	Measurement
Yield (gram per sq ft annually)	250-400
Crops per Year	4-5
COGs (\$/g)	\$1.60- \$2.00
Percent of top grade flower	95%

High yield, high cost, 95% top grade flower

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#2: Unimproved Greenhouse

Category	Measurement
Yield (gram per sq ft annually)	40-80
Crops per Year	1-2
COGs (\$/g)	\$0.95
Percent of top grade flower	50%

Low yield, moderate cost, 50% of top grade flower

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#3 Outdoor

Category	Measurement
Yield (gram per sq ft annually)	25-50
Crops per Year	1
COGs (\$/g)	\$0.10
Percent of top grade flower	25%

Low yield, low cost, 25% of top grade flower

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#4 CannTrust - Niagara Perpetual Harvest Greenhouse

Category	Measurement
Yield (gram per sq ft annually)	200-300
Crops per Year	5-6
COGs (\$/g)	\$0.75
Percent of top grade flower	95%

High yield, moderate cost, , 95% top grade flower

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3 NEW National Brands focused on 3 consumer segments



For the experienced user, looking to rethink their ritual. They know what they want, and we've got what they need.



- Stimulate your social life
- Flavour focus for consumers



- Experiential focused
- "Flix n Chill"

23

2019/2020: Recreational Beverages Strategy

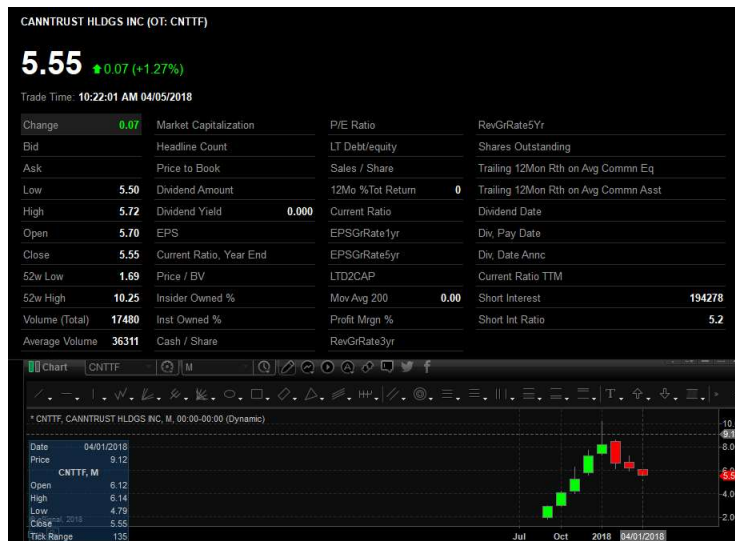
CannTrust has developed formulations for all beverage categories, ready for the edible market once regulations change



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April 5, 2018 (\$5.55) – This is an OTC BB gray market company



I reviewed 12/31/17 financials as well as Annual Information Return filed on March 29, 2018. The following notes are subject to severe, material errors. I only worked on this for several hours, and I could be mistaken on items, interpreted things incorrectly, and a whole slew of other things. So, read with caution, and certainly do not make or not make an investment, based on what I have written in these notes. These notes are prepared with the intent of learning for me, sharing with those who may have helped me in my research, or just putting out feelers for other opinions, should I ever decide to look again, or pursue further.

Auditors are RSM Canada LLP. I am not familiar with them.

I'm using without full understanding at the point, fully diluted and exercised shares outstanding of 100M (99.45M) (92.5 million at 3/28. 3.5 million options at 12/31. 3.45 million warrant shares at 12/31)

Using price of \$5.55, market cap of \$555M.

Balance sheet clean. I am cool with Income Statement, as biological assets will always affect the bottom line, as inventory (balance sheet) is kind of marked to market. I am thinking change of biological assets will become less material and onerous as company and plants mature. I could be wrong on that.

Management compensation in my eyes, is excessive. \$1.2M in F2017, versus \$431K in F2016.

Related party expenses of \$379k in F2017, versus \$590K in F2016, as well as legal fees of \$549K. I don't like seeing this, but the related party expenses and my subjective assessment of excessive officer compensation would not be a deal killer for me in owning the stock.

Directors and officers own 24.4% of the outstanding shares. I love seeing that!

The annual filing describes that shelf life of inventory via stability testing, which includes cannabis and cannabis oil products, remains static for ~20 months. The company in consultation with Health Canada, claims to have set this 20-month life to 12 months. They anticipate current testing will have a longer shelf life. My understanding of the industry and discussions with cannabis insiders, is contrary to these claims. I am not very fluent here and could be incorrect. My understanding is that degradation of flower and oils (once packaged) is about 3 months. Nevertheless, I suspect, without proof or anything other than a hunch which could be wrong, that management is being aggressive here. If they are aggressive here, are they aggressive in other areas? Merely something to consider, and perhaps further discussion.

I have seen an analyst estimate for F2019 with estimated revenues of \$286M CDN, and concurring EPS of ~\$1.00, along with ROE of >45%. If that were to occur, then of course, assuming continued growth, today's valuation of \$550M USD would not be over-valued and perhaps a price of \$20 CDN or \$15.60 USD would be acceptable, or potentially cheap. The same analyst estimate had F2019 revenues of ~\$150M CDN projected in a report issued in August of 2017.

Yet, for now, I will pass based on, F2017 revenues of \$21M CDN. Yet, a quarterly run rate of \$7M, let's give them forward revenues of \$75M CDN for F2019(sounds incredibly generous). Let's then, just for giggles, use a multiplier of 3X Revenues, you get a market cap of \$225M CDN.

Hence, my back of the envelope will give them a US valuation of \$176M ($\$225\text{CDN} \times .78 \text{CDN: USD}$ exchange). Back of envelope, generic valuation for CNTTF of \$1.76USD.

So, there you have it, unless convinced otherwise, and I won't spend much time on it, I will pass on this investment. I will put this into my too hard to determine pile. I certainly wouldn't short CNTTF at these levels, based on my current understanding and research so far.

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