



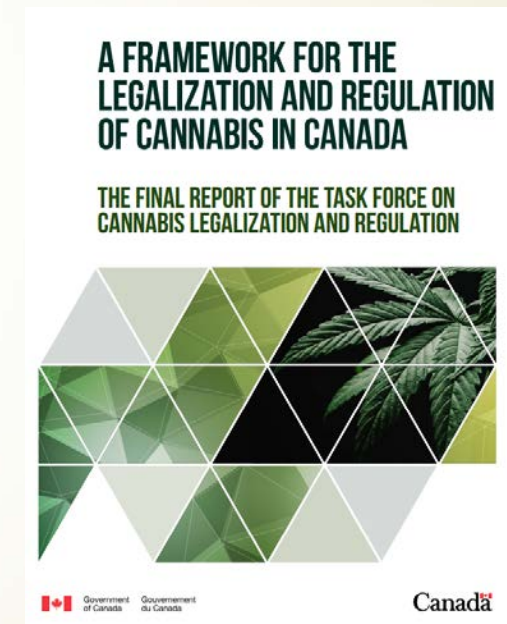
Canadian Hemp Industry Update

20 YEARS AND GROWING

Canada Legalizes Cannabis - What Now?

Canada's current system of marijuana prohibition is not working.


- The goal is *"To ensure that we keep marijuana out of the hands of children, and the profits out of the hands of criminals."*
- We will legalize, regulate and restrict access to marijuana.



Canada Legalizes Cannabis – What Does That Mean for Hemp?

- 2018 is the most significant year for hemp in Canada since production was re-introduced in 1997.
- The prohibition has been removed and a new Cannabis Act will outline marijuana and hemp regulations going forward.
- Preliminary feedback suggests hemp will become less “narcotic” and more “agriculture”.





What is the future of
hemp in Canada under
the new, deregulated
legislation?



Cannabis Act – Let's not Repeat 1937!

- ▶ Importantly, the regulations pertaining to industrial hemp will remain as a subset to the Cannabis Act.
- ▶ This eliminates the need to review the whole Act looking for “hemp” clauses in order to determine what parts apply to hemp.
- ▶ The marijuana industry has many responsibilities to report, restrict and comply with rules and regulations pertaining to public safety and crime prevention – hemp will be exempt from these regs.

Cannabis Act – Proposed Changes to IHR

	Current Industrial Hemp Regulations with Section 56 Class Exemption	Modernized Industrial Hemp Regulations
Cultivation	<ul style="list-style-type: none">Industrial hemp may be grown for seed, grain or fiber productionLeaves and flowering heads must be destroyed	<ul style="list-style-type: none">Status quoThe leaves and flowering heads do not need to be destroyedThese plant parts may be sold to a licensed person
Licence Application	<ul style="list-style-type: none">Criminal record check requiredAttestation of membership (e.g., Canadian Seed Growers' Association) as part of applicationNotify Health Canada of planting sites including the number of hectares and GPS coordinates within 15 days of seedingLicence is valid for one yearNo minimum acreage requirement (4 hectares)	<ul style="list-style-type: none">No longer requiredStatus quoStatus quoLicence is valid for up to five yearsStatus quo

Cannabis Act – Proposed Changes to IHR

	Current Industrial Hemp Regulations with Section 56 Class Exemption	Modernized Industrial Hemp Regulations
Security Requirements	<ul style="list-style-type: none">• Cannot cultivate within one kilometre of any school grounds or any other public place	<ul style="list-style-type: none">• No longer required
	<ul style="list-style-type: none">• Industrial hemp must be stored in a locked container or a locked location, or on premises to which only authorized persons have access	<ul style="list-style-type: none">• No longer required
Testing Requirements	<ul style="list-style-type: none">• THC testing required for seed production and for inclusion of a variety on the List of Approved Cultivars	<ul style="list-style-type: none">• Status quo
	<ul style="list-style-type: none">• Sampling and testing conducted in accordance with procedures established in Technical Manual	<ul style="list-style-type: none">• Remove reference to Technical Manual• No longer required to use third party samplers

Cannabis Act – Proposed Changes to IHR

	Current Industrial Hemp Regulations with Section 56 Class Exemption	Modernized Industrial Hemp Regulations
Import and Export Requirements	<ul style="list-style-type: none">• Import and export permits valid for up to three months	<ul style="list-style-type: none">• Permits valid for up to six months
	<ul style="list-style-type: none">• May only import grain from countries on the List of Countries Approved for the Importation of Viable Grain	<ul style="list-style-type: none">• Remove reference to List• May import from any country with appropriate regulatory framework
Reporting Requirements	<ul style="list-style-type: none">• 15 days to notify of changes to application information	<ul style="list-style-type: none">• Extended to 30 days

Cannabis Act – Proposed Changes to IHR

Authorized Licensed Producers of Cannabis for Medical Purposes

The map below shows all licences issued by Health Canada under the [Access to Cannabis for Medical Purposes Regulations \(ACMPR\)](#). Only producers who are authorized to produce and sell to the public may sell or provide dried marijuana, fresh marijuana, cannabis oil, or starting materials to eligible persons.



HEMP...

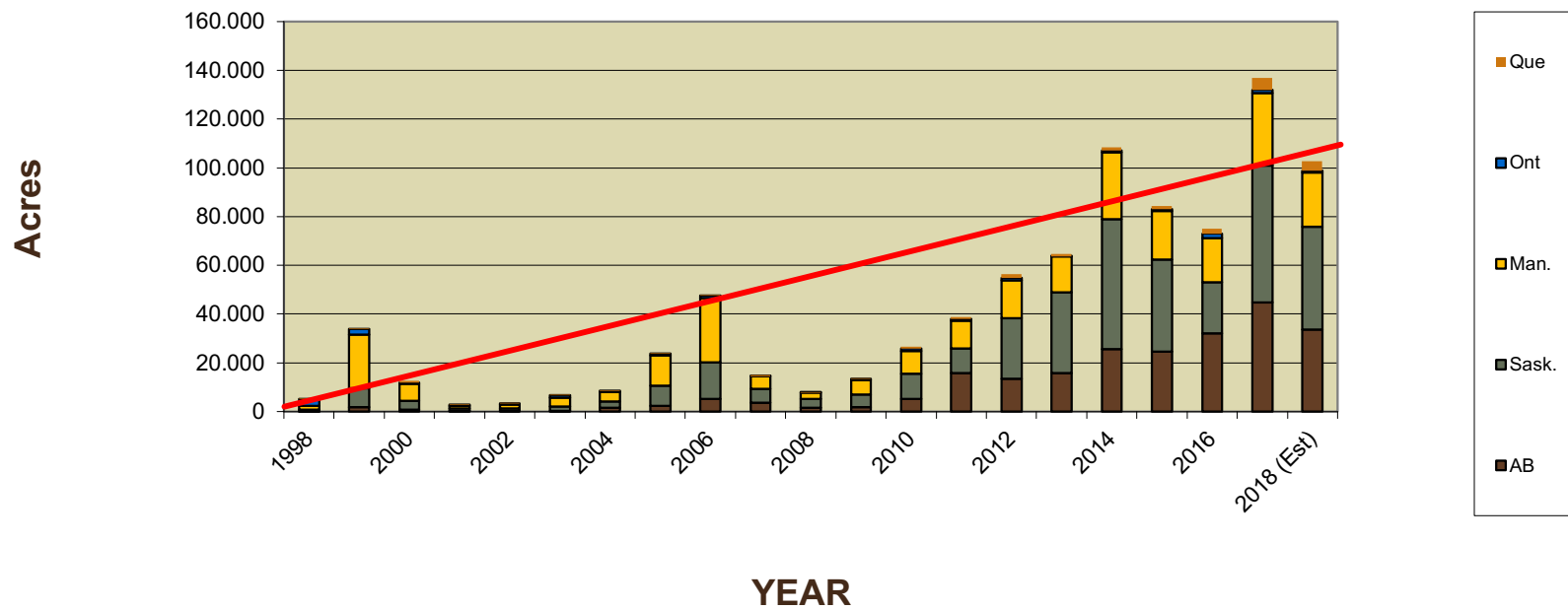
Taking a Look Back

After 20 years
of growth
what have we
achieved?

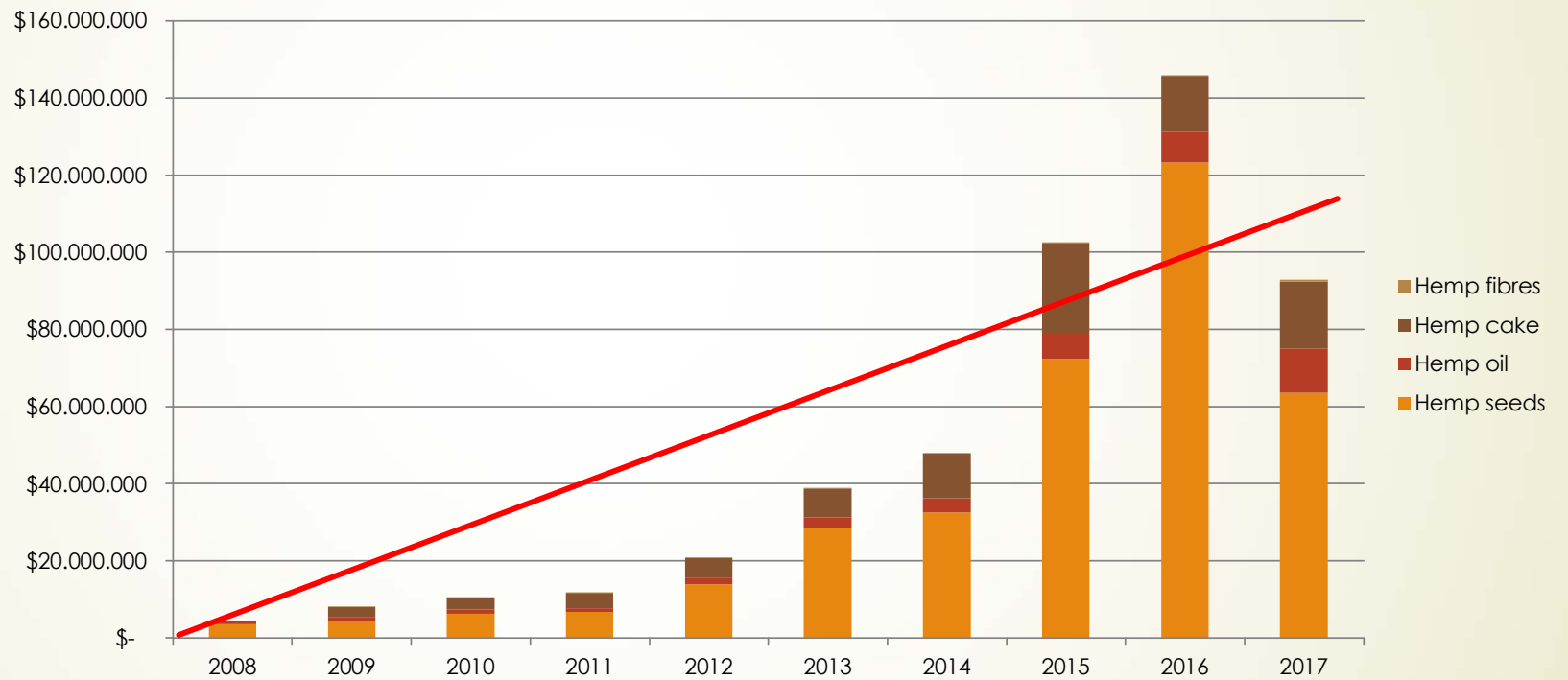


Canadian Hemp Production

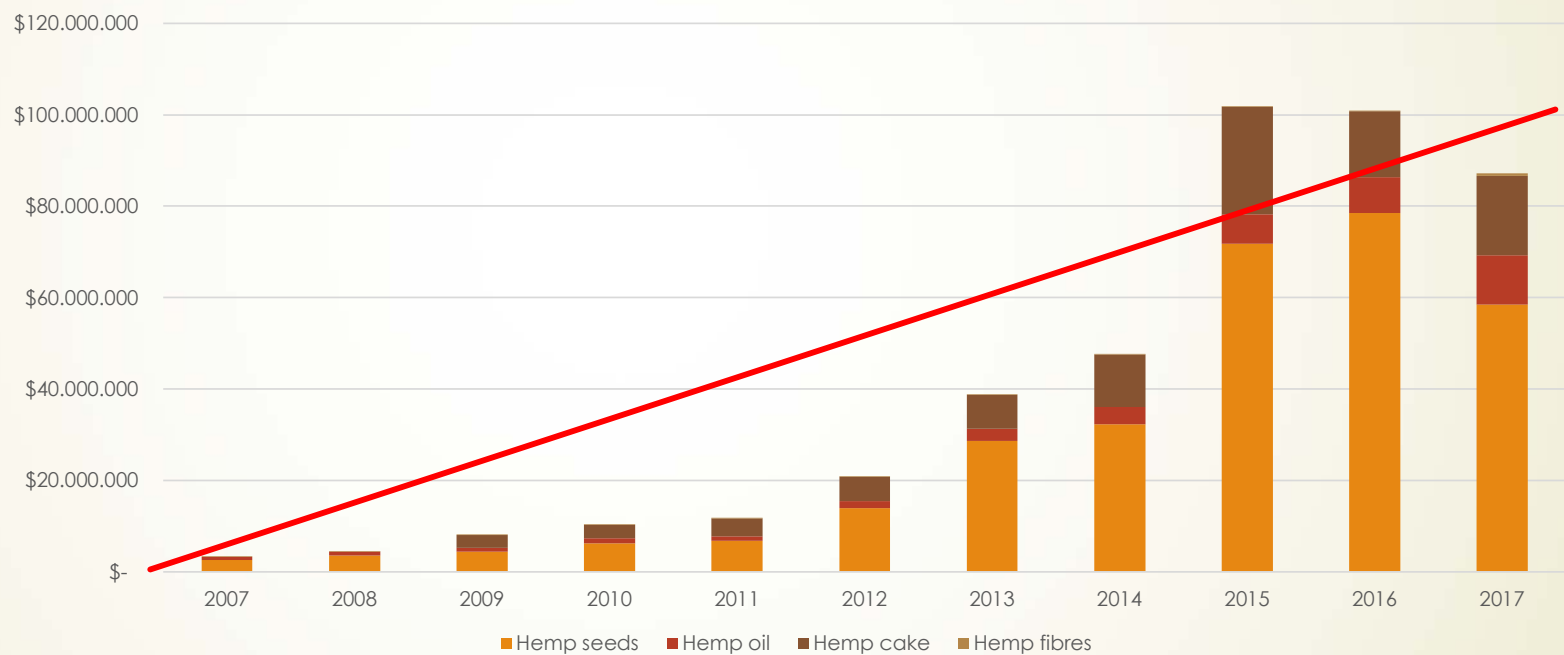
Production Permits in Canada



Canadian Exports of Hemp



Canadian Hemp Exports (Excluding South Korea)





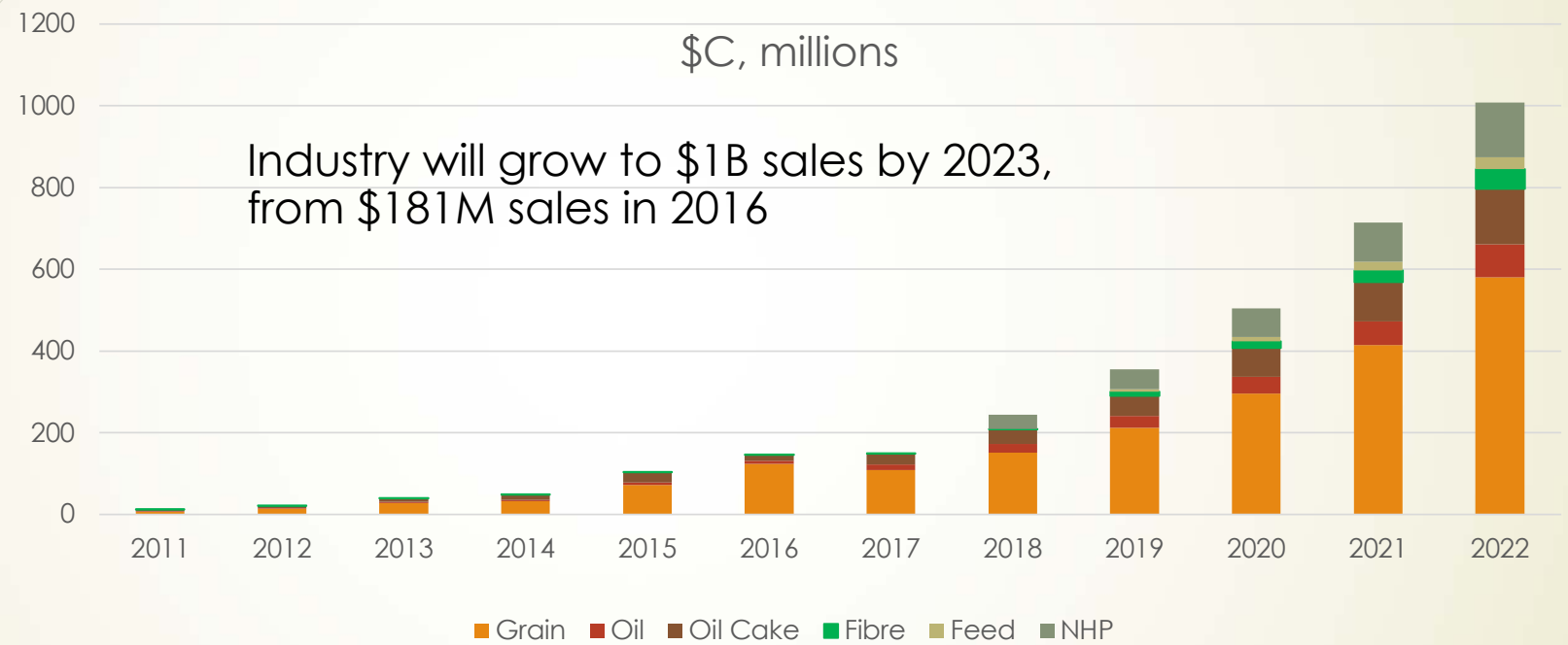
What are the prospects
for the hemp industry in
Canada going forward?

Blueprint for a \$1 Billion Hemp Industry

- ▶ Enable all four market opportunities (food, feed, fibre and natural health products) through research and education
- ▶ Influence cannabis legislation and implementation, to modernize the regulation of hemp in Canada
- ▶ Establish standards for the industry (first grain, then fibre)
- ▶ Create a stable funding platform for industry development
 - ▶ Establish PRA and strategic relationships
 - ▶ PIC and DFCC
- ▶ Establish Long Term International Strategy

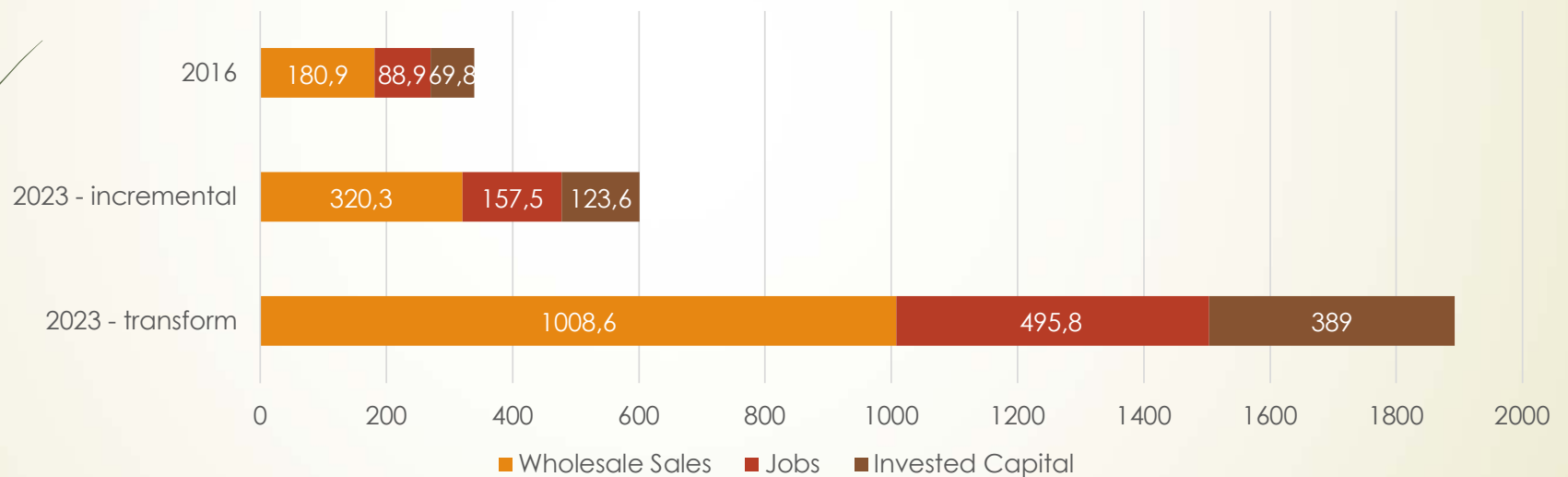


Canadian Hemp Sales 2017 to 2022



Growth to 2023 under transformational Scenario: a Canadian industry worth \$1.9B

Size of Canadian Industry: Sales, Jobs Payroll, Invested Capital
C\$, millions



CHTA  **ACCC**
Canadian Hemp Trade Alliance
Alliance Commerciale Canadienne du Chanvre



**2018
PACIFIC RIM
HEMP CONFERENCE**

July 18/19, 2018

Thank you and see you in Vancouver