

PROVIDING INFORMATION AND RESEARCH TO CANNABIS INVESTORS

CANNAINVESTOR

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Magazine

Digipath, Inc. (DIGP)

Golden Leaf Holdings Ltd. (GLDFF)

Heliospectra AB (HLSPY)

Emerging Market Leaders



DIGP



GLDFF



HLSPY

HealthMax Group

MagicGPS

+ Green Cross Alliance

PayQwick

Cannabis Infused Brands

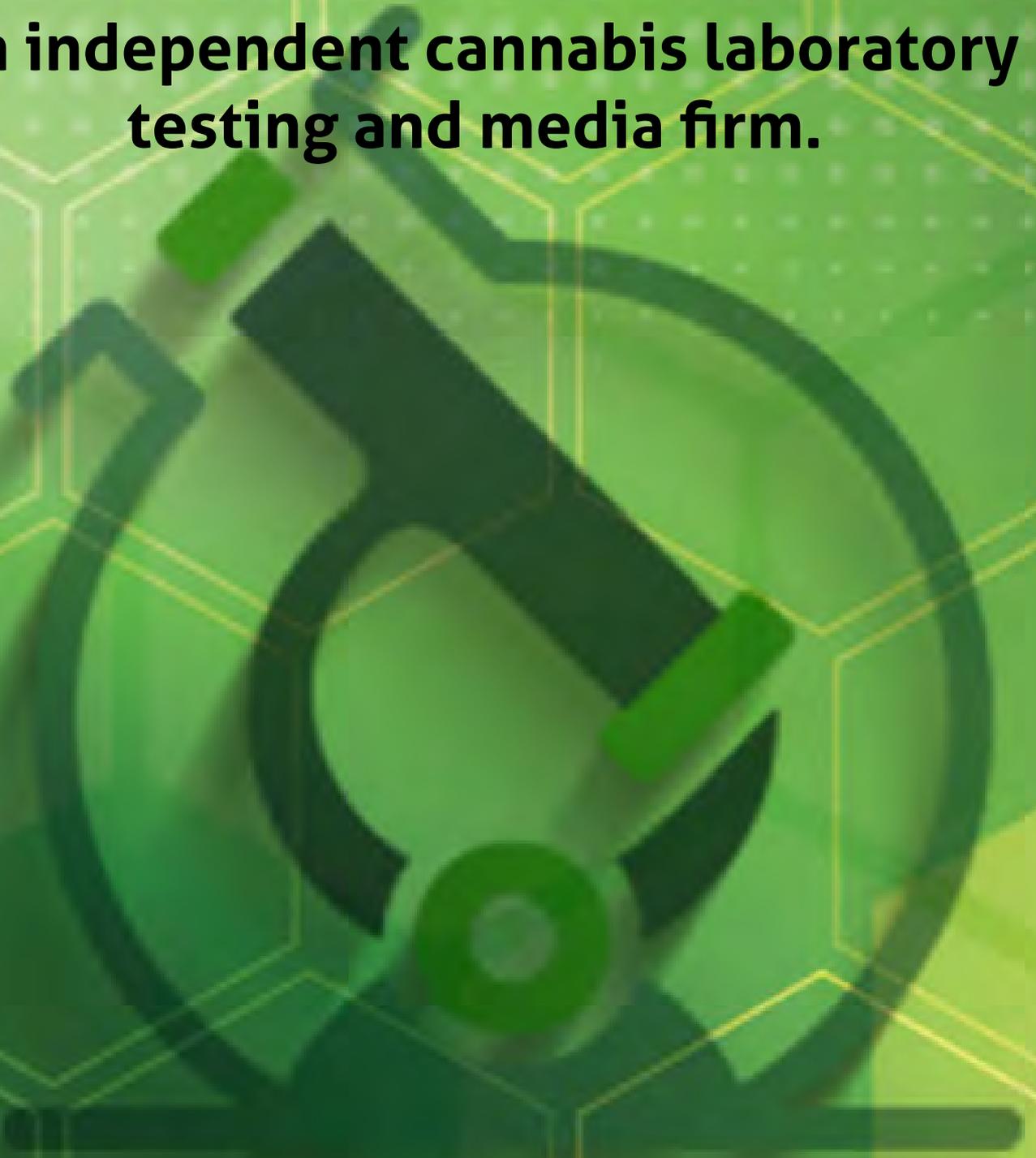


INSIDE: CI Magazine's Top 25 Stock Picks

Digipath, Inc.

(OTCQB: DIGP)

An independent cannabis laboratory testing and media firm.





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Digipath's cannabis testing business is operated through its wholly owned subsidiary, **Digipath Labs, Inc.**, which performs all cannabis related testing using FDA-compliant, state-of-the-art laboratory equipment.

Digipath Labs seeks to be the nation's premier full-service testing lab for cannabis and ancillary cannabis infused products, consistent with its belief that both medical and recreational cannabis adhere to the same standards as other food and drugs.

The Company runs both an analytical and a microbiological laboratory for cannabis to serve growers, producers, caregivers, and all end users of cannabis and botanical products with its own proprietary sets of procedures and standards to operate effectively and deliver high-quality accurate results.

Digipath Labs' mission is to provide pharmaceutical-grade analysis and testing to the cannabis industry to ensure consumers and patients know exactly what is in the cannabis they ingest and to help maximize the quality of its client's products through research, development, and standardization.



Recognizing that the legal cannabis industry's youthfulness has resulted in a lack of structure and oversight, Digipath, as an industry leader, developed its lab testing solutions and technology to create structure and process in an effort to ensure maximum cannabis safety through education, testing, and certification.



Nevada Voters Legalize Recreational (Adult-Use) Cannabis

The combination of shifting public opinion and success experienced over the past two years by legal medical and recreational cannabis states has given rise to the passage of new cannabis regulations and has offered voters the confidence to pass new legislative initiatives, as reflected by the outcome of the 2016 elections. **In the recent November elections, Nevada residents voted to legalize recreational cannabis, a move that enables the state's 42 million yearly visitors to purchase and consume marijuana legally.**

Recreational cannabis in Nevada is estimated to generate more than \$1.1 billion in tax revenue and economic activity over the course of the law's initial eight years, according to a study by Las Vegas-based RCG Economics. For the first 18 months after the legalization of recreational marijuana, current medical marijuana state registration certificate holders (dispensary owners) will have priority on building new facilities for recreational marijuana. That includes new dispensaries, cultivation and testing facilities, and manufacturing facilities for paraphernalia.

Evolution as a Market Leader

After months of planning, Digipath President and Chief Operating Officer, Todd Denkin, opened the Company's flagship Las Vegas cannabis testing facility, Digipath Labs, in May 2015. The Company strategically chose the Las Vegas location due to Nevada's implementation of the nation's most stringent policies on cannabis safety, as the Company's dedication to reliable, replicable testing results fit perfectly with the State's goals for patient safety.



Digipath Labs began earning substantive revenue in October 2015 and has now tested more than 5,500 cannabis product samples, representing over 25,000 pounds of cured flower, from many of the 51 growers and 27 production facilities in Clark and Nye Counties (the counties in which Digipath currently operates) licensed by the State of Nevada. The Company continues to add new customers as they come online and works with The Association of Commercial Cannabis Laboratories and the Coalition for Responsible Cannabis Production to instill good laboratory standards and practices around the country. The number of potential customers for Digipath in Clark County in Nevada has more than doubled in 2016 to 72 licensed operators (47 cultivation facilities and 25 production facilities).

In addition, Nevada's policy of reciprocity, i.e. accepting medical marijuana (MMJ) patients from out of state, positions Nevada to become among the largest and fastest growing MMJ markets in the country. Recreational legalization will also have a highly favorable long-term impact. **In November, voters followed in the footsteps of states like Colorado and Washington in legalizing adult-use marijuana. The move opens the door to Nevada's 42 million yearly visitors to purchase and consume marijuana legally, raising tax revenue and creating significant opportunities for businesses.**

Digipath intends to continue adding new customers as they come into the market and to work with the Conference of Western Attorney's General to instill good laboratory standards and practices around the country.

Dedication to the Highest Standards and Best Business Practices

Laboratory testing is one of the vital platform technologies in the cannabis marketplace and must become standardized, consistent, and robust in order to maintain the long-term health of the cannabis industry.



Dr. Cindy Orser, Ph.D., a 20-year biotech and diagnostic industry veteran, leads these efforts on behalf of Digipath, serving as the liaison between cannabis providers and regulatory agencies, as well as working in academia in several key roles. In addition to her work, she holds 18 patents and authored 41 peer-reviewed publications after earning her Ph.D. from the University of California Berkeley and B.S. in botany from Montana State University. Through Dr. Orser's work with Nevada state officials, Digipath pioneered cannabis lab testing protocols in Nevada's implementation of the nation's most stringent policies on cannabis safety, which has positioned Digipath as a market leader in cannabis lab testing.

Digipath Labs Awarded the Emerald Test Badge for Both Potency and Microbial Screening

The Emerald Test® uses the standard Inter-Laboratory Comparison Proficiency Testing (ILC/PT) program for evaluating how accurately and dependably testing labs perform, by comparing how well the lab measures anonymous samples. **ILC/PT programs are common in many testing industries, including environmental, food, pharmaceutical, water, and petrochemical, providing a point of reference on how well the testing labs are performing individually and as a group.** Individual labs can use their ILC/PT results to verify proficiency to their customers and state regulatory bodies and to point out analytical tests needing further validation effort.

The Emerald Potency Test requires the quantitative determination of five cannabinoids (THC, THC-A, CBD, CBDA, and CBN) in methanol between 10-1,000 µg/ml. The Emerald Test Advisory Panel uses a criterion of scoring within 2 standard deviations on cannabinoid analytes to determine which labs receive an Emerald Test Badge. **These Badges provide a measure of assurance and reliability to the industry, especially to those who depend on the testing lab's results for safety, health, and product performance.**

The Digipath Certified Seal – A Mark of Confidence

The Company offers comprehensive medical cannabis safety screening and an independent certification system, including the “Digipath Labs Certified” certification seal. This seal is identified by labels and stickers provided to participating dispensaries and growers so they may better self-regulate their processes in order to assure safe and clean medicines and to advance the cause of cannabis therapeutics. Independent testing reduces the risks of contamination and thereby improves the overall quality of the cannabis distributed as medicine through the dispensaries.



Digipath’s certification program helps medical cannabis patients know the quality of the cannabis they are using as medicine. The Digipath Certified Seal assures the patient that their products are pure, pesticide-free, and properly measured for potency. With the Digipath Certified Seal and certification program, growers can ensure quality and improve their operations. **Advocates, patients, dispensaries, and growers all benefit from testing that helps to legitimize medical cannabis. Rather than suffering a quality crisis that fuels the opposition, the medical cannabis industry can thrive in an atmosphere of self-regulation and control as testing confirms that the medicines are safe and effective.**

Comprehensive Cannabis Testing for Greatest Quality Assurance and Consumer Safety

Digipath Labs screens medicinal cannabis and cannabis-based products for both potency and quality for potentially harmful contaminants, including:

- Residual solvents (for non-CO2 extracts)
- Pesticides
- Heavy metals (e.g. mercury, arsenic, lead, and cadmium)
- Biological toxins (e.g. mycotoxins: aflatoxins and ocratoxin A)
- Microbial contaminants including:
 - pathogenic E. coli and Salmonella spp.
 - Total Yeast & Mold (TYM)
 - Total Aerobic Count (TAC)
 - Enterobacteriaceae
 - Coliforms

Digipath Labs also tests cannabis and cannabis-based products for potency by analyzing the chemoprofiles, including both cannabinoid and terpenoid profiles, which determine the suitability of specific cannabis strains for the treatment of specific ailments.

Digipath’s Intellectual Property Enables True, Standardized Definition and Identification of Strains

Currently, the lack of standardized naming conventions in the cannabis industry (use of acronyms, non-standard abbreviations, etc.) is making it increasingly difficult to know what is on the market and to make effective comparisons. This uncertainty is impacting many ancillary efforts, including confidence at the dispensary, and is creating a regulatory quagmire for trademarking and patenting strains (i.e. cultivars).

Due to this uncertainty, knowledgeable consumers have been driven to pay premiums for authenticated flower through which desired product experiences can be consistently attained.

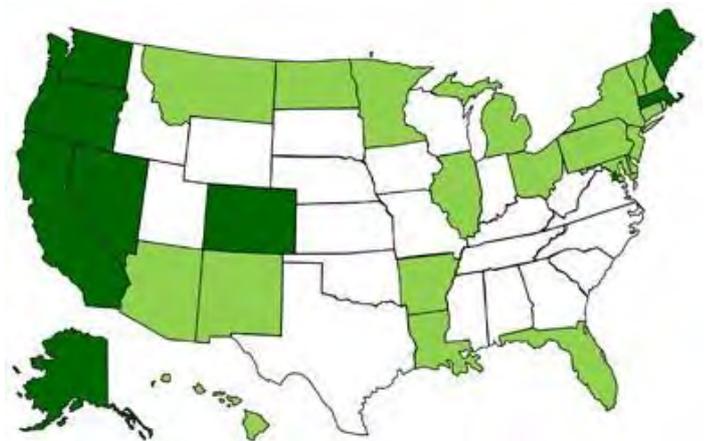
Most cannabis testing labs are complying with the minimum state-mandated quality assurance testing protocols combined with basic chemoprofiling of cannabis and cannabis-based products. However, Digipath Labs has gone far beyond the minimum mandate and has embarked on a robust multivariate analysis of over 5,000 chemoprofiles from flower samples evaluated in its Las Vegas laboratory.

This analysis is expected to result in the consolidation of unique flower chemoprofiles that will be instrumental in defining clinically relevant chemotypes masquerading under a plethora of strain names. Once the chemotypes are defined, Digipath Labs plans to select representative strains for each distinct chemotype and submit them for genotyping analysis. **The genotyping data will confirm the chemotypes, and this combined dataset will establish standardized, genetically defined conventions for the classification of cannabis strains, translating to truth in advertising throughout the industry.**

Such a dataset will have value to any medical patient or recreational consumer interested in a consistent cannabis experience. Instead of merely directing patients and consumers to various dispensaries based on the availability of strains by pseudonym, existing providers such as Leafly and WeedMaps would be able to utilize the Digipath dataset to provide patients and consumers direction based on specific, certified cultivars (as well as the various brand names used by cultivars). **This effort will parallel the establishment of cannabis phylogenetic trees, pinpointing what clinically relevant strains are being cultivated, as well as illuminating the numerous pseudonyms under which these true cultivars have been marketed, all beginning in Nevada and expanding to other markets worldwide.**

Cannabis Lab Testing Presents Timely and Growing Opportunity

With legalization, the lab testing sector is expected to experience substantial growth. **GreenWave Advisors, an independent research and financial analyst firm, projects revenue of \$553 million for lab testing alone if the U.S. legalizes cannabis on a federal level. When adding in related services, such as data analytics and consulting, the revenue potential could surpass \$866 million.** The data troves collected through the testing process could become an increasingly valuable asset and generate substantial revenue for the most accomplished laboratories. This data could also be used to determine specific genetic attributes of targeted cannabinoids and assist with maximizing medicinal benefits.



■ Recreational Marijuana ■ Medical Marijuana

Licensing Opportunity Evolves – Monetizing Market Leadership

As additional states and countries vote on and implement legalized cannabis programs, many will look to develop lab testing policies and procedures similar to Nevada’s stringent requirements. As such, Digipath is in position to act as a consultant to these states, countries, and lab testing companies by leveraging its operational, technical, and business know-how, including:

- Lab facility build out
- Patient manuals
- Data and analytics
- Testing protocols
- Standard operating procedures (SOPs)
- Educational materials
- Laboratory Information Management Systems (LIMS)
- Marketing materials

Through these arrangements, Digipath will seek to collect upfront and ongoing licensing and consulting fees as compensation.

Opportunities in Organic and Acquisitive Growth

Realizing the highly-fragmented nature of the cannabis testing industry has created substantial consolidation opportunities, Digipath is focused on replicating the Digipath Labs model in other cannabis-legal states, both through organic growth and acquisition. As Digipath is a public company, the Company has the added advantage of having the ability to use publicly-traded equity as consideration for these transactions. **In addition to pursuing acquisition opportunities in the cannabis lab testing market, Digipath is also evaluating acquisition opportunities of private companies in the clinical laboratory testing industry.**

The lab testing industry in the U.S. is extremely fragmented. The Centers for Medicare and Medicaid Services (CMS) of the Department of Health and Human Services (HHS) estimated that in 2015 there were approximately 9,000 hospital-based laboratories, more than 122,000 physician-office laboratories, and more than 6,000 independent clinical laboratories in the U.S. For those companies domiciled in states where cannabis is legal or is expected to become so, cannabis lab testing will become an additional service that can be provided. **By offering services, solutions, and insights based on a full range of tests and information assets, Digipath would be able to strengthen its market offering, position, and reputation.**



Acquisition Strategy Provides True Arbitrage Opportunity

The recent appointment of Joseph Bianco as Digipath's CEO brings to the Company an executive with a track record of success in spotting and implementing strategic growth and consolidation opportunities in highly fragmented markets. After graduating from Yale Law School and teaching law for several years, Mr. Bianco founded British Performance Cars, Inc., the exclusive U.S. distributor of the Lotus Marque, which was eventually sold to General Motors. Subsequently, he formed Alliance Entertainment Corp., which was listed on the NYSE and was then the largest independent distributor of recorded music in the world. Alliance, which was eventually sold to a private equity fund, was the product of a roll-up of over a dozen smaller companies. **By leveraging Mr. Bianco's expertise, the Company is positioned to utilize Digipath as a public vehicle to not only generate financial value through the successful integration of acquired assets but also arbitrage value by acquiring private lab testing companies at a discount to their potential value in the public markets.**

DIGP STOCK PROFILE



Valuation Measures

Market Cap (intraday)	4.41M
Enterprise Value	3.97M
Trailing P/E	-0.73
Forward P/E	N/A
PEG Ratio (5 yr expected)	N/A
Price/Sales (ttm)	21.36
Price/Book (mrq)	3.12
Enterprise Value/Revenue	19.24
Enterprise Value/EBITDA	-1.70

Trading Information

Stock Price History

Beta	-1.68
52-Week Change	15.70%
S&P500 52-Week Change	12.35%
52 Week High	0.29
52 Week Low	0.09
50-Day Moving Average	0.21
200-Day Moving Average	0.20

DIGP INCOME STATEMENT

Income Statement

All numbers in thousands

Revenue	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Total Revenue	264.178	141.116	102.136	-301.041
Cost of Revenue	102.724	85.367	69.992	-142.422
Gross Profit	161.454	55.749	32.144	-158.619
Operating Expenses				
Research Development	-	-	-	143.766
Selling General and Administrative	1,245.446	387.627	508.524	-45.063
Non Recurring	-30.646	13.25	289.771	-5.799
Others	61.162	61.138	61.092	-16.134
Total Operating Expenses	-	-	-	76.77
Operating Income or Loss	-1,114.508	-406.266	-827.243	-235.389
Income from Continuing Operations				
Total Other Income/Expenses Net	18.5	14.5	32.633	-296.598
Earnings Before Interest and Taxes	-1,096.008	-391.766	-794.61	-531.987
Interest Expense	-	-	-	-0.916
Income Before Tax	-1,096.008	-391.766	-794.61	-531.071
Income Tax Expense	-	-	-	-
Minority Interest	-	-	-	-343.533
Net Income From Continuing Ops	-1,096.008	-446.197	-1,732.861	-531.071
Non-recurring Events				
Discontinued Operations	-	-	-	-618.572
Extraordinary Items	-	-	-	-
Effect Of Accounting Changes	-	-	-	-
Other Items	-	-	-	-
Net Income				
Net Income	-1,096.008	-446.197	-1,732.861	-1,149.643
Preferred Stock And Other Adjustments	-	-	-	-
Net Income Applicable To Common Shares	-1,096.008	-446.197	-1,732.861	-1,149.643



digipath, inc.
(OTCQB : DIGP)

DIGP BALANCE SHEET

Balance Sheet

All numbers in thousands

Period Ending	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Current Assets				
Cash And Cash Equivalents	73,498	182,817	63,733	481,095
Short Term Investments	-	-	-	-
Net Receivables	103,179	16,634	20,804	6,146
Inventory	-	-	-	192,561
Other Current Assets	74,173	71,325	63,312	105,396
Total Current Assets	250.85	270.776	147.849	785.198
Long Term Investments	13.64	7.88	65.031	14
Property Plant and Equipment	1,198,369	1,258,918	1,318,947	1,373,691
Goodwill	-	-	-	-
Intangible Assets	-	-	-	-
Accumulated Amortization	-	-	-	-
Other Assets	-	-	-	-
Deferred Long Term Asset Charges	-	-	-	-
Total Assets	1,462.859	1,537.574	1,531.827	2,172.889
Current Liabilities				
Accounts Payable	105,862	116,119	45,738	84,054
Short/Current Long Term Debt	-	-	-	-
Other Current Liabilities	-	-	2,328	73,121
Total Current Liabilities	105.862	116.119	48.066	157.175
Long Term Debt	-	-	-	-
Other Liabilities	-	-	-	-
Deferred Long Term Liability Charges	-	-	-	-
Minority Interest	-	-	-	-343,533
Negative Goodwill	-	-	-	-
Total Liabilities	105.862	116.119	48.066	-186.358
Stockholders' Equity				
Misc. Stocks Options Warrants	-	-	-	-
Redeemable Preferred Stock	-	-	-	-
Preferred Stock	-	-	-	-
Common Stock	20,986	18,553	15,129	13,763
Retained Earnings	-10,007,578	-8,911,57	-8,465,373	-7,847,418
Treasury Stock	-	-	-	-
Capital Surplus	11,376,328	10,352,621	9,969,334	10,224,551
Other Stockholder Equity	-36,36	-42,12	-39,4	-36
Total Stockholder Equity	1,356,997	1,421,455	1,483,761	2,359,247
Net Tangible Assets	1,356.997	1,421.455	1,483.761	2,359.247

DIGP STATEMENT OF CASH FLOWS

Cash Flow All numbers in thousands

Period Ending	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Net Income	-1,096,008	-446,197	-1,732,861	-1,149,643
Operating Activities, Cash Flows Provided By or Used In				
Depreciation	61,162	61,138	61,092	67,59
Adjustments To Net Income	892,644	141,792	1,325,699	364,053
Changes In Accounts Receivables	-55,899	-9,08	-41,304	42,129
Changes In Liabilities	-10,257	68,053	-6,772	-129,666
Changes In Inventories	-	-	-	13,578
Changes In Other Operating Activities	-2,848	-8,013	-0,87	290,368
Total Cash Flow From Operating Activities	-211,206	-192,307	-395,016	-501,591
Investing Activities, Cash Flows Provided By or Used In				
Capital Expenditures	-0,613	-1,109	-9,47	-5,293
Investments	-	-	-	-
Other Cash flows from Investing Activities	-	-	-57,876	-300
Total Cash Flows From Investing Activities	-0,613	-1,109	-67,346	-305,293
Financing Activities, Cash Flows Provided By or Used In				
Dividends Paid	-	-	-	-
Sale Purchase of Stock	102,5	312,5	45	45
Net Borrowings	-	-	-	-
Other Cash Flows from Financing Activities	-	-	-	-
Total Cash Flows From Financing Activities	102,5	312,5	45	45
Effect Of Exchange Rate Changes	-	-	-	-
Change In Cash and Cash Equivalents	-109,319	119,084	-417,362	-806,884



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VIRIDIAN
CAPITAL ADVISORS

MARKET INTELLIGENCE, INVESTMENT BANKING, INVESTOR RELATIONS, AND CORPORATE DEVELOPMENT SERVICES FOR EMERGING GROWTH COMPANIES IN THE CANNABIS SECTOR.



NETWORK OF RELATIONSHIPS TO AUGMENT MANAGEMENT TEAMS AND BOARDS.



ACCESS TO INVESTORS, CAPITAL, AND M&A OPPORTUNITIES.



INSIGHT AND KNOWLEDGE OF THE LEGISLATIVE PROCESS VIA KEY FEDERAL/STATE/LOCAL RELATIONSHIPS.



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PROVIDE INTRODUCTIONS TO JOINT VENTURE & PARTNERSHIP OPPORTUNITIES.



BUILD VISIBILITY TO THE INVESTMENT COMMUNITY AND THE MEDIA.



REUTERS

"Hundreds of East Coast investors, dressed in business suits and ties, gathered in New York to learn more about the cannabis industry...in a conference organized by Viridian Capital just days after New York opened its first medical marijuana dispensaries."

ABOUT VIRIDIAN CAPITAL ADVISORS, LLC

VIRIDIAN CAPITAL ADVISORS, LLC IS A FINANCIAL AND STRATEGIC ADVISORY FIRM DEDICATED TO THE CANNABIS MARKET. OUR BANKING PRACTICE, THROUGH BROKER-DEALER PICKWICK CAPITAL PARTNERS, PROVIDES CAPITAL AND M&A TO FUND THE GROWTH OF OUR CLIENTS, WHILE OUR ADVISORY PRACTICE HELPS TO POSITION AND BUILD THEIR BUSINESSES. LEVERAGING OUR TEAM'S OPERATING AND TRANSACTIONAL EXPERIENCE ON WALL STREET, IN INDUSTRY, AND IN GOVERNMENT, WE PROVIDE FLEXIBLE AND COMPREHENSIVE STRATEGIC AND FINANCIAL SOLUTIONS THAT ASSIST CANNABIS ENTERPRISES IN REALIZING THEIR FULL POTENTIAL.

BROKER-DEALER SERVICES PROVIDED THROUGH PICKWICK CAPITAL PARTNERS, LLC, A MEMBER OF FINRA AND SIPC

