



During the last year, we have seen the Canadian cannabis industry transform and are favorable on how the industry is evolving. Two of the most significant trends that we have identified are related to the cannabis 2.0 market and the functional mushroom industry and we have been highly focused on these burgeoning growth markets.

Due to the regulatory complexities that are associated with these markets, only a few companies are focused on both industries. We are selective with the types of companies that are levered to both verticals and look for businesses that present certain characteristics. Specifically, we look for companies that meet the following criteria:

- Represents a differentiated opportunity that has a proven track record of execution
- Has tangible growth prospects and has communicated what the most significant potential catalysts will be
- Led by a management team that has diverse expertise and acts in the best interests of its shareholders
- Has a strong balance sheet and the ability to raise additional capital if needed

Pure Extracts' Thesis

Last year, we visited Pure Extracts Technologies Corp.'s (CSE: PULL) facility and met with the management team. We were impressed with the operation. A lot has changed since our initial visit and Pure Extracts has since reported some key developments. We believe that Pure Extracts is well positioned for growth and are bullish on the opportunity for the following reasons:

1. Pure Extracts has been granted the initial licenses required by Health Canada and has a large backlog of business
2. The Company has tangible catalysts for growth, and we expect the business to record strong revenue growth on a go forward basis
3. The economics associated with the extraction and the active pharmaceutical ingredient (API) markets are attractive and we are favorable on the higher barriers to entry associated with this market over the long-term.
4. The direction that the management is driving the business is expected to maximize value and de-risk the opportunity by having the ability to extract high value input products from all plants
5. When compared to other operators in the cannabis industry, we believe that Pure Extracts has a compelling valuation and a favorable risk-reward profile



Market Data (as of November 16, 2020)

- **Share Price:** \$0.58 CAD
- **Market Cap:** \$61.36M
- **52 Week Range:** \$0.52 - \$0.63
- **Public Float:** 70M
- **Fully Diluted:** 105M
- **Sector:** Cannabis Technology

Pure Extracts Technologies Corp. is an integrated Canadian plant-based extraction company specializing in the processing of cannabis, hemp and functional mushrooms to produce oils and various derivative products. The company is involved in white labeling activities as well as selling branded oil based products under the Pure Extracts brand.

About Pure Extracts

Pure Extracts is one of the few companies to meet the previously listed criteria and is an opportunity to be aware of. The Company is positioned to capitalize on the growth of the plant-based extraction market and operates out of a state-of-the-art processing facility in British Columbia.

Pure Extracts is in the middle of a major transition and the expansion into the mushroom products market is an extension of its extraction capabilities. Going forward, the business will remain laser focused on rapidly scaling its hemp and cannabis extraction business and we expect this initiative to prove to be a catalyst for growth.

When compared to operators that have a similar business model, we believe that Pure Extracts represents a differentiated growth opportunity and are favorable on the structure of the operation. Pure Extracts represents a multi-faceted growth opportunity with a business model that combines extraction tolling with the white-label production of vape pens, edible products, and 34 proprietary 'Pure Pulls' in-house formulations.

EXTRACTION

Plant extraction experts focusing on CBD, THC, and functional medicines

FORMULATION

Nationally recognized brand with over 34 proprietary formulations offering high margin and growth

RESEARCH & DEVELOPMENT

Formulation Research Advisory Agreement with Dr. Alexander MacGregor, Founder of the Toronto Institute of Pharmaceutical Technology

Issued an Important License and Positioned to Execute

In September, Pure Extracts reported a major milestone and was granted a Standard Processing license from Health Canada. The granting of the license will allow Pure Extracts to start executing on a multi-faceted growth strategy and is the development that we have been waiting for.

We are of the opinion that the granting of the license represents a turning point for the business and believe that it has reached an inflection point. To achieve this development, Pure Extracts had to complete an extensive 5-month application and vetting process. Going forward, we expect the business to ramp-up and quickly shift into high gear.

Pure Extracts is well positioned for success due to a market environment of dramatically reduced biomass costs. We expect the low-cost nature of the biomass to result in margin expansion over the long-term and consider this to be an attractive aspect of the story.

Following the granting of the license, Pure Extracts immediately started to operate out of a state-of-the-art facility that complies with EU-GMP standards. The purpose-built facility houses best-in-class extraction and processing equipment that can produce premium quality cannabis and hemp derived full spectrum oil.

Positioned to Capitalize on a Burgeoning Vertical

So far this year, the Canadian cannabis market has matured, and biomass prices have reached new lows. When you combine this with outdoor grown cannabis that will be ready for extraction in the near future, Pure Extracts is well positioned to capitalize on a burgeoning vertical of the Canadian market.

Another trend that is expected to benefit Pure Extracts is related to the increasing number of dispensaries that are opening in Canada. This trend will support the distribution side of the business and we expect to see Pure Extracts' products gain traction with the medical and recreational market.

Pure Extracts has attractive near and long-term growth prospects and is focused on a market that continues to generate traction with consumers who are looking for a way to consume cannabis without smoking. We consider the cannabis 2.0 market to be a burgeoning vertical and are favorable on the leverage that Pure Extracts has to it. The Company's Pure Pulls brand has a proven track record with consumers. We expect the product line to resonate with the market and are bullish on this aspect of the story.

FOUR ACCRETIVE REVENUE PILLARS

EXTRACTION TOLLING

cannabis and hemp extraction tolling services for Canadian Licensed Producers

WHITE LABELLING

'white-label' production for Canadian and International customers

PURE PULLS BRANDED LINE

34 proprietary formulas, offering tinctures, vapes and soft gel capsules

FUNCTIONAL MUSHROOMS LINE

equipped to offer a variety of product formulations, focusing on optimal quality and natural ingredients

From a timing standpoint, we believe that Pure Extracts is entering the cannabis 2.0 market at the right time. Although cannabis derivative products (i.e., edibles, beverages, vape pens, concentrates, topicals, and more) were legalized in late 2019, Health Canada made it challenging for companies to bring products to market and this slowed the growth of the vertical.

After a period of slow growth, Canada's cannabis 2.0 market has been recording impressive growth on a month-over-month basis and this is a trend that we expect to continue. We believe that Pure Extracts is well positioned to capitalize on increasing consumer demand for cannabis derivative products and will monitor how the story advances from here.

Mushroom Business is Ramping Up

The mushroom extraction vertical is one of the most exciting aspects of the Pure Extracts story. We believe the Company is approaching the vertical in a way that will be attractive to biotech and pharmaceutical firms and are favorable on the amount of upside potential that is associated with it.

By the end of the first quarter of 2021, Pure Extracts plans to launch a functional mushroom product line and this represents a potential growth catalyst. We believe that this plant-based extraction Company will be able to find significant synergies between the extraction side of the business and the product development side of the business

Pure Extracts has been contacted by several functional mushroom companies to formulate and commercialize biomass for them. We believe that there will be strong initial demand for the Company's services and will monitor how this side of the business is able to ramp up.

One of the additional reasons we are excited about Pure Extracts is due to the expectations that are associated with their operations. The Company expects the functional mushroom extraction business to ramp up early next year. The functional mushroom business will help Pure Extracts learn more about the different types of mushroom species and allow it to more accurately formulate them into other compounds that will ultimately make the mushroom extracts more effective.



Led by a Management Team that is Focused on Execution

One of the key aspects of the Pure Extracts story is related to the strength of the management team. The Company has installed a management team that has a proven track record of success in a variety of industries. From cannabis to capital markets, we believe the leadership team has the necessary expertise to be successful in the extraction market.

At the helm of the operation is CEO Ben Nikolaevsky who previously was the CEO of Natura Naturals, a Canadian cannabis producer that was acquired by Tilray Inc. (NASDAQ: TLRY). Earlier this year, we met with Ben and were impressed with the direction that he was bringing Pure Extracts. We are bullish on the growth prospects that are associated with the business and are favorable on the expertise that Ben brings to the Company.

Another key player on the team is COO Doug Benville. With more than 10 years of experience in the cannabis industry, Doug is expected to be play an important role in the growth of the business. As a Founder of Pure Pulls, Doug has a proven track record when it comes to building a cannabis brand. We are favorable on the combined experience that Doug and Ben have and are excited about how the business is advancing.

An Emerging Growth Story to be Aware of

Pure Extracts has been nothing short of an execution showcase and we are favorable on how it has been able to form strategic partnerships with leading Canadian Licensed Producers (LPs). Going forward, we expect this trend to ramp-up and will monitor how the business is able to secure additional strategic partners.

By ramping-up this aspect of the business, Pure Extracts will be able to start generating significant cash flow that can be used to further grow its other verticals. If you look at the companies that operate a similar business model, you would notice they trade at high multiples and we attribute this to the extraction market being less capital intensive.

Pure Extracts is one of the few companies to have legitimate leverage to the cannabis and the mushroom verticals. Over the next year, we expect the management team to report several significant developments and will monitor how the story continues to advance.

One of the reasons for our bullish view on the structure of the business is related to the amount of value that can be created for shareholders. If Pure Extracts can prove to be successful in both verticals, it could spin one of the divisions out as a standalone public company and we are favorable on the amount of value this would create for shareholders.

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Pursuant to an agreement between StoneBridge Partners LLC and Pure Extracts Technologies Corp. we have been hired for a period of 180 days beginning November 1, 2020 and ending May 1, 2020 to publicly disseminate information about (PULL) including on the Website and other media including Facebook and Twitter. We are being paid \$7,500 per month (PULL) for or were paid "ZERO" shares of unrestricted or restricted common shares. We own one hundred seventy six thousand eight hundred and twenty nine (176,829) shares of (PULL), which we purchased via private placement. We plan to sell the "ZERO" shares of (PULL) that we hold during the time the Website and/or Facebook and Twitter Information recommends that investors or visitors to the website purchase without further notice to you. We may buy or sell additional shares of (PULL) in the open market at any time, including before, during or after the Website and Information, provide public dissemination of favorable Information.