



February 15, 2018

ROCKY MOUNTAIN HIGH BRANDS, INC.

(OTCQB – RMHB - \$0.0167)

ROCKY MOUNTAIN HIGH BRANDS, INC.

Hemp Brands Pioneer Set to Return to New Highs

Rob Goldman
rob@goldmanresearch.com

February 15, 2017

ROCKY MOUNTAIN HIGH BRANDS, INC. (OTCQB – RMHB - Price - \$0.0167)	
NT Price Target: \$0.07, 1 Year Target: \$0.11	Rating: Speculative Buy

COMPANY SNAPSHOT

Rocky Mountain High Brands, Inc. (RMHB) specializes in developing, manufacturing, marketing, and distributing high-quality, health conscious, hemp-infused products that span various “good for you categories”. The Company currently markets a lineup of naturally flavored hemp-infused functional beverages. RMHB also bottles and distributes naturally-high alkaline spring water under the name **Eagle Spirit Spring Water**. In early 2018, the Company introduced **HEMPd**, RMHB’s broad hemp-derived, CBD-infused product line, led by its flagship CBD-infused waters.

KEY STATISTICS

Price as of 2/14/18	\$0.167
52 Week High – Low	\$0.153 - \$0.0053
Est. Shares Outstanding	1,368.2B
Market Capitalization	\$22.8M
Average Volume	31,676,000
Exchange	OTCQB

COMPANY INFORMATION

Rocky Mountain High Brands, Inc.
 9101 LBJ Freeway
 Suite 200
 Dallas TX 75243

Website: <http://rockymountainhighbrands.com/>
 Email: michael@rockymountainhighbrands.com

INVESTMENT HIGHLIGHTS

A high profile brand in the hemp-infused food and beverage arena, RHMB is poised to serve as the category leader in the exciting, fast-growing hemp-derived CBD products consumer segment.

The RMHB leadership is second to none and is worth more than the current market cap alone. Aided by management and advisors that include a former beverage company CEO, the founder of the infomercial, and a former Coca-Cola executive, RMHB’s new suite of product introductions in early 2018 should quickly capture meaningful market share.

A new report issued by the World Health Organization (WHO) notes that CBDs carry potential therapeutic benefits for those suffering from serious diseases and conditions. Thus, the overall CBD market is forecast to grow from \$262M in 2016 to \$1.15B in 2020.

RMHB just closed the largest deal in company history, and one of the largest in the industry—worth \$7.2M in 2018 revenue. This deal should cement RMHB as a top 5 player in the CBD-infused beverage industry this year and affords it significant financial visibility and flexibility.

In our view, RMHB’s stock is “on sale” and will be afforded a substantial increase in value in the near term on the heels of its new contract and ahead of new product introductions. Moreover, the stock trades at a huge discount to its peer group. Our near term \$0.07 target price reflects the average valuation afforded RMHB’s peers, and we believe the stock could trade at a premium to this level later this year as it generates meaningful revenue. We rate these shares Speculative Buy.

COMPANY OVERVIEW

A high profile brand in the hemp-infused food and beverage arena, **Rocky Mountain High Brands, Inc. (OTC – RMHB – Speculative Buy)**, is poised to serve as the category leader. With production runs for hemp-infused beverages totaling nearly 4 million cans since February 2015, it is no surprise that RMHB has the capability and consumer following to reach this objective in relatively short order.

RMHB is the very definition of a pioneer. In July of 2014, the Company leadership team took a revolutionary idea – a healthful, hemp-infused energy drink – from concept to first production run in just 7 short months. This better and healthful alternative to the usual energy drink options infused with hemp, and such natural ingredients as ginseng, guarana, and beet sugar, and proved to be a great success.

RMHB is in an enviable position. The Company boasts a leadership team similar to a midcap rather than a microcap. The Company brought on board Gerry David, former CEO of the wildly successful beverage company **Celsius Holdings (NASDAQ – CELH)**, Kevin Harrington, the “king” of consumer products marketing and infomercials, and John Blackington, a former Coca-Cola executive. These additions to the current RMHB leadership team add firepower and laser-sharp focus to new, immature markets that offer huge promise.

Leveraging trends in personalized nutrition and the many positive health benefits cannabidiol (CBD) offers, the Company is poised to enter the fast-growing hemp-derived CBD market in March 2018 with its **HEMPd** suite of products including water, tinctures, gummies, topicals and others. A recent report released by the World Health Organization (WHO) suggests that CBD has therapeutic benefits for those suffering from epilepsy, Parkinson’s, cancer, pain, anxiety, and other ailments. According to Hemp Business Journal, the overall CBD market is forecast to grow from \$262 million in 2016 to \$1.15 billion in 2020 and given that the market is incredibly fragmented, RMHB is well positioned to capture a significant market share very quickly.

Separately, the Company just recently signed the most important contract in RMHB history. This private label deal agreement for hemp-based, CBD-infused beverages with CBD ALIMENTOS SA DE CV, a partner food and beverage distributor from Mexico, has the potential to earn over \$7 million dollars in revenue for calendar year in 2018 alone. It should be noted that this contract represents one of the single largest orders of its kind in the space and RMHB serves as one of the first companies to infuse a functional beverage with CBD in a can, affirming its trailblazer status. Moreover, this opportunity could lead to greater financial visibility and flexibility along with more private label contracts.

In our view, RMHB’s stock reflects legacy “baggage” and does not reflect the impact of the new private label deal, and the strength of the new leadership team. Most importantly, it is clear that these shares trade at a significant discount to their hemp/CBD peers. As demonstrated in our peer analysis in the report’s Valuation and Conclusion section, the average market cap for the publicly traded companies in this highly fragmented space where meaningful revenue is on the come, is \$94 million. The current valuation for RMHB’s shares clearly represents little value for its pending entrance into this space and its strong reputation as a brand and pioneer. Moreover, the revenue from the private label deal, in our view, already cements RMHB in the top tier of players in terms of market share for next year. Thus, we believe that RMHB will trade at a premium to the average 2018 when investors realize the potential of this Company.

By applying the average market cap of the group to RMHB, we arrive at a near term target price of \$0.07 with a further assumption that these shares could reach \$0.11 later in the year as greater visibility into 2H18 and FY19 occur. In our view, these shares are oversold and represent huge upside with mitigated risk due to the current low market cap, tremendous team, biggest deal in company history, and entrance into a new, huge market. We rate these shares Speculative Buy.

INDUSTRY OVERVIEW

RMHB, as part of its growth strategies, intends to introduce its broad **HEMPd** product offerings containing oil derived from hemp seed and products containing cannabidiol (CBD). Given the Company's focus on hemp-derived CBD products versus marijuana-derived CBD products, the first question we asked: Is CBD legal? This is a tricky question, because CBD comes in two main forms. Cannabidiol can come from medical marijuana plants or from industrially grown hemp plants. Both are varieties of Cannabis, but they are grown for different reasons, and each one comes with its own legal status. The legality of industrial hemp under federal and state laws is covered in the following section.

I. HISTORY OF HEMP IN THE UNITED STATES

Industrial hemp is an agricultural commodity cultivated for use in the production of a wide range of products. Botanically, industrial hemp is categorized as *Cannabis sativa L.*, a subspecies of the cannabis genus. Dozens of unique, chemical compounds are extractable from hemp, including tetrahydrocannabinol (THC) and CBD. These cannabinoids are responsible for a range of potential physiological and psychological effects. Hemp grows well as a rotational crop and requires few, if any, fertilizers and pesticides.

The history of industrial hemp in the United States is well documented. The significance of hemp to the nation's economy predates our founding. In fact, the Founders' draft declarations of American independence appeared on hemp paper. When used for its fibers, hemp proved critical to American efforts in World Wars I and II.

Due to its versatility, the hemp plant has found use in several industries. The global market for hemp consists of thousands of products. Among others, hemp has impacted agriculture, textiles, recycling, automotive, furniture, food and beverages, paper, construction materials, and personal care.

Despite its economic impact, hemp became displaced – first by the cotton crop, then by government regulation. By 1890, the labor-intensive hemp industry had been effectively replaced by the development of new technologies in the cotton industry. This resulted in a dramatic decrease in domestic production of industrial hemp. The federal tax on marijuana, also a subspecies of cannabis, rendered the domestic farming of hemp impractical. Later in the Twentieth Century, falsely fearful of hemp as a psychoactive substance, states legally restricted growth and cultivation of the hemp plant. Subsequently, federal legislation scheduled cannabis, from which hemp derives, as a controlled substance.

The history of hemp in the United States is tragic. The hemp plant was literally used to declare the formation of our republic, and it supported early American industries in their infancies. Government disregarded industrial hemp's economic and societal contributions and, until recently, federally criminalized its domestic growth and cultivation.

As the Twenty-First Century dawned, however, legal, political, and scientific developments have once again positioned industrial hemp as a viable crop for American farmers. While federal and state legal regimes continue to develop, full legalization of industrial hemp and hemp products appears to be on the short-term horizon.

II. FEDERAL LAW

At the federal level, the industrial hemp regime is multi-faceted; legal permissions for the importation, growth, cultivation, and distribution of industrial hemp appear in federal jurisprudence and statutory law. Taken together, these authorities constitute an expansive, permissive legal framework for

importation and domestic growth, cultivation, and distribution of industrial hemp.

BACKGROUND

Distinction between hemp and marijuana

To appreciate the development of laws permitting growth and cultivation of industrial hemp is, in part, to understand the difference between hemp and marijuana. There is a common, and unfortunate, misconception surrounding industrial hemp; the hemp crop is often confused with its cousin marijuana. While both hemp and marijuana derive from the plant genus *cannabis*, unlike marijuana, hemp cannot produce a psychoactive effect. Hemp contains trace levels of THC, a cannabinoid with the capability of producing a psychoactive high. Marijuana, on the other hand, is used – medically and otherwise – precisely because of its THC content.



Figure 1: Sample Hemp Field

Sometime between 1930 and 1970, Congress became unwilling to distinguish hemp from marijuana. In 1937, Congress passed the Marijuana Tax Act, which taxed trafficking in marijuana. The Marijuana Tax Act excluded industrial hemp from the definition of marijuana but placed all cannabis culture under the regulatory control of the U.S. Treasury Department. It also required the registration and licensure of hemp growers with the federal government in an effort to restrict production of marijuana in the United States.

However, when Congress repealed the Marijuana Tax Act in favor of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (“Controlled Substances Act” or “CSA”), it abolished the distinction between hemp and marijuana. Importantly, the CSA carved out the non-psychoactive parts of the cannabis plant from the definition of marijuana. The CSA endured and, currently, the federal definition of marijuana does not include the mature stalks of such plant, fiber produced from such stalks, *oil or cake made from the seeds of such plant*, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks

(except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination.

Therefore, as defined in the CSA, marijuana **does not include** oil from seeds of the cannabis plant.

Importation of industrial hemp

For decades, the United States has permitted importation of non-psychoactive hemp and hemp products exempted under the CSA. As mentioned above, the CSA exempts the mature stalks of such cannabis plant, any other compound, manufacture, salt, derivative, mixture or preparation of such of hemp stalk, fiber, oil and sterilized mature stalks (except the resin extracted therefrom), fiber, oil or cake, or the sterilized seed of such plant.” Importation of hemp and derivative products, including oil from hemp seeds, is consistent with decades-old business practices.

Markets for industrial hemp

Market analysts estimate that the United States saw nearly \$593 million in sales of hemp products in 2015, and they predict a \$1.8 billion market by 2020. Other analysts anticipate the global market for products derived from hemp is anticipated to double by 2020, largely due to growth in the USA market.

Farm Bill

Despite legal permission for importation, until recently, Congress prohibited domestic growth and cultivation of industrial hemp. At the turn of the new millennium, however, domestic permissions emerged. Once thought of as an importer-only, the United States has since embraced local growth and cultivation of industrial hemp in its federal jurisprudence and statutory law.

On February 7, 2014, President Barack Obama signed the Farm Bill. Section 7606 – provides for the “Legitimacy of Industrial Hemp Research.”

Permissible research activities include studies of commercial markets and sales. For example, because hemp was criminalized for nearly a century, a critical element of agricultural pilot programs is studying markets in which American farmers can profitably sell hemp products, including hemp extracts. Since state departments of agriculture are not in the business of selling products, many have contracted with and/or licensed private entities to sell products as part of their marketing studies. Under such a contractual arrangement, private businesses act on behalf of state departments of agriculture, therefore complying with the mandate.

As a result of the Farm Bill, as of 2017, at least 39 U.S. universities and dozens of researchers have begun studying hemp. Additionally, clinical studies are now investigating anecdotal uses of CBD to treat various medical conditions. In the USA, clinical trials are investigating CBD for treatment of 26 medical conditions.

The Farm Bill, current federal law, is both limited in its reach and sweeping in its impact:

It is limited to the extent that the use and production of industrial hemp is restricted to agricultural pilot programs conducted by state departments of agriculture, institutions of higher education, and/or their

contractual designees. Therefore, the Farm Bill's provisions do not permit the growth or cultivation of industrial hemp outside the context of an agricultural pilot program, including on the tribal lands of American Indians.

It is sweeping to the extent that industrial hemp grown or cultivated within the context of an agricultural pilot program is exempt from other federal laws. In other words, federal laws that might otherwise restrict, regulate, or prohibit the use or production of industrial hemp, including the CSA, do not apply.

The Farm Bill also enumerates an important precedent: defining industrial hemp as "any part" of the cannabis plant. This standard legitimizes and legalizes all parts of the cannabis plant, including flowers, seeds, and stalks, so long as the product does not exceed three-tenths percent (0.3%) THC content.

Omnibus Law

The Farm Bill was not enacted without controversy. In the months following its enactment, federal agencies – most prominently DEA – misinterpreted its meaning and application. Most prominently, DEA initially raised objections to the importation of hemp seed for pilot programs and took the position that such importation, as well as the cultivation of industrial hemp, would remain subject to the CSA and would require licenses (permits) from DEA.

The Kentucky Department of Agriculture brought suit in federal district court to compel DEA to release a shipment of hemp seed without a license. The litigation was settled informally in a manner that permitted seed importation and cultivation. In 2015, 125 pilot programs were authorized in Kentucky. Similar settlements have been reached between DEA and departments of agriculture in other states that have legalized the growth and cultivation of industrial hemp.

Unfortunately, this ad hoc negotiation produced a patchwork of standards when it comes to federal regulation of industrial hemp. Additionally, other federal agencies, including U.S. Customs and Border Protection (CBP) and the Food and Drug Administration (FDA) raised separate concerns that restricted states' development of agricultural pilot programs. Specifically, FDA placed on its website a "Questions and Answers" posting about marijuana with language of concern about CBD. In it, FDA raised questions about the legality of selling "drugs" that are the subject of an Investigational New Drug application such as CBD. However, FDA has expressed openness to public feedback on this issue and has not promulgated any rule to effectuate this statement. More significantly, FDA has neither taken enforcement action nor announced it was considering enforcement actions against CBD products that are not falsely labeled and/or not promoted as a drug with medicinal effect.

To eliminate confusion and provide clarity regarding the reach of the Farm Bill, Congress passed critical language in the Consolidated Appropriations Act for Fiscal Year 2016 ("Omnibus Law"). Since extended, the Omnibus Law prohibits agencies, including DEA, from expending federally-appropriated monies to interfere with or otherwise frustrate agricultural pilot programs established under the Farm Bill. In other words, the Omnibus Law codifies Congress' intent to protect intrastate and interstate hemp commerce. As a result, there are now hundreds of companies across the United States that legally sell hemp and hemp extracts, on behalf of agricultural pilot programs conducting marketing studies.

III. State law

In general, states' laws on industrial hemp vary. Thirty-three states, including Colorado and Kentucky, have authorized the growth and cultivation of industrial hemp for commercial or research purposes. Many of these states, including Colorado and Kentucky, have established agricultural pilot programs pursuant to section 7606 of the Farm Bill, to which the federal permissions described above attach.

Some states liberally permit the growth and cultivation of industrial hemp – for any legally permissible purpose. Many of these states' statutes recognize industrial hemp as a marketable, agricultural commodity. Most states distinguish industrial hemp (generally defined as any non-psychoactive part of the cannabis plant) from marijuana, oftentimes a controlled substance.



Figure 2: Sample Hemp Field

For many years, consumers were only tangentially aware of hemp due to the changing tides of opinions regarding marijuana. Some held the misconception that hemp carried the psychoactive properties of marijuana. Today's educated consumers are aware of the enormous health benefits derived from hemp products. For example, hemp seeds are rich in protein, iron, healthy fats (Omega 3), and various vitamins and minerals. The high nutritional value and phytonutrients found in hemp seeds, oils, and extracts have prompted the production and sale of a number of hemp-infused products, including beverages, powders, oils, capsules, skin care offerings, and others, driving sales of consumer-based hemp products to new heights. According to Hemp Business Journal, U.S. Hemp Retail Sales reached \$688 million in 2016 and are expected to jump to \$1.8 billion in 2020, a 22% CAGR.

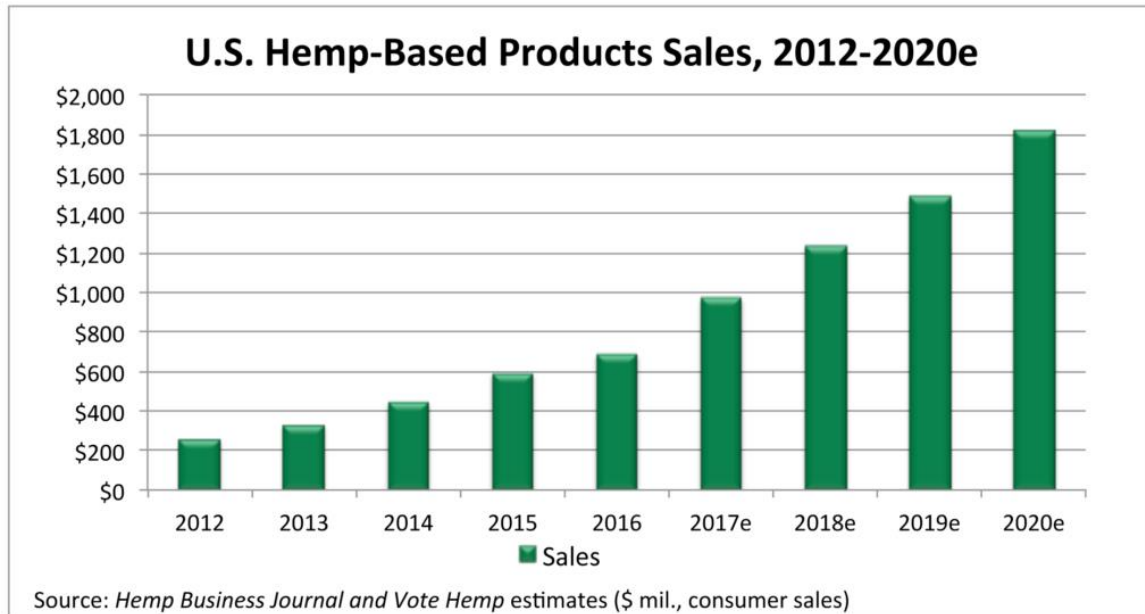


Figure 3: Historical and Projected Hemp Sales

A New Dawn

One of the reasons why consumers confuse hemp and marijuana is that they are both part of the cannabis family. Cannabis plants contain unique compounds known as cannabinoids---these plants have nearly 100 active varieties of cannabinoids, including THC, which is the psychoactive chemical associated with “getting high”. Unlike marijuana, which contains meaningful amounts of THC, hemp may only contain a trace amount of THC (0.3% of chemical), which a critical differentiator (more on that below.)

Interestingly, both marijuana and hemp contain a cannabinoid known as *Cannabidiol*, CBD, which makes up 40% of the plant’s extract. As confirmed by major organizations such as the NIH and WHO, CBDs have demonstrated to be useful to treat a number major diseases and serious conditions while simultaneously been found to be safe for use by consumers.

In early November 2017, the World Health Organization’s Expert Committee on Drug Dependence issued the following statement in its report:

“CBD has been demonstrated as an effective treatment of epilepsy in several clinical trials, with one pure CBD product (Epidiolex®) currently in Phase III trials. There is also evidence that CBD may be a useful treatment for a number of other medical conditions...The range of conditions for which CBD has been assessed is diverse, consistent with its neuroprotective, antiepileptic, hypoxia-ischemia, anxiolytic, antipsychotic, analgesic, anti-inflammatory, anti-asthmatic, and antitumor properties.” http://www.who.int/medicines/access/controlled-substances/5.2_CBD.pdf

Diseases for which CBD may have therapeutic benefits, as listed in the report include:

- Alzheimer's
- Parkinson's
- Multiple Sclerosis
- Cancer
- Crohn's
- Pain
- Anxiety
- Depression
- Nausea
- Cardiovascular Diseases

The National Institutes of Health (NIH) is a huge supporter of CBD research, with 281 projects funded to the tune of \$111M in 2015 alone, and a new one slated to begin the funding phase at year-end 2017. Against this backdrop, the proliferation of CBD-based products has ballooned of late and huge growth is expected in the coming years. Hemp Business Journal projects total CBD product sales will leap from \$262 million in 2016 to \$1.15 billion in 2020, a 34% CAGR.

Since CBDs are far more abundant in hemp products than marijuana-derived CBDs, hemp-derived CBD is the preferred source for CBDs. With RMHB's new offerings in the hemp-derived CBD market slated to launch in March 2018, this portion of the industry overview is devoted almost exclusively to this segment, rather than the overall CBD space.

Hemp-Derived CBDs: The Lay of the Land

To be certain, hemp-derived and hemp-infused consumer products represent a market in the hundreds of millions annually that will enjoy outsized growth. However, given the potent effects of CBDs, we believe that the CBD-dominant segment will outshine the traditional hemp consumer products arena.

By the Numbers: (courtesy of Hemp Business Journal, Brightfield Group, GSCR)

- Over 200 companies have a presence in the hemp-derived CBD space.
- This segment includes beverages, oils, tinctures, vapes, topicals, edibles, etc.
- The natural products retail channel is set to drive sales.
- 75% of users are in the 26-64 age bracket.
- Over half of all users regular consume/use tinctures, vapes, topicals and more than half use them daily.
- Consumers procure products to treat anxiety, insomnia, and joint pain/inflammation.
- 50% say they are more effective than OTC products.
- 84% of users proclaim they are very or extremely effective.
- Two-thirds of users prefer 10mg or less CBD per dose.
- Consumers view these offerings as executing their personal nutrition needs.

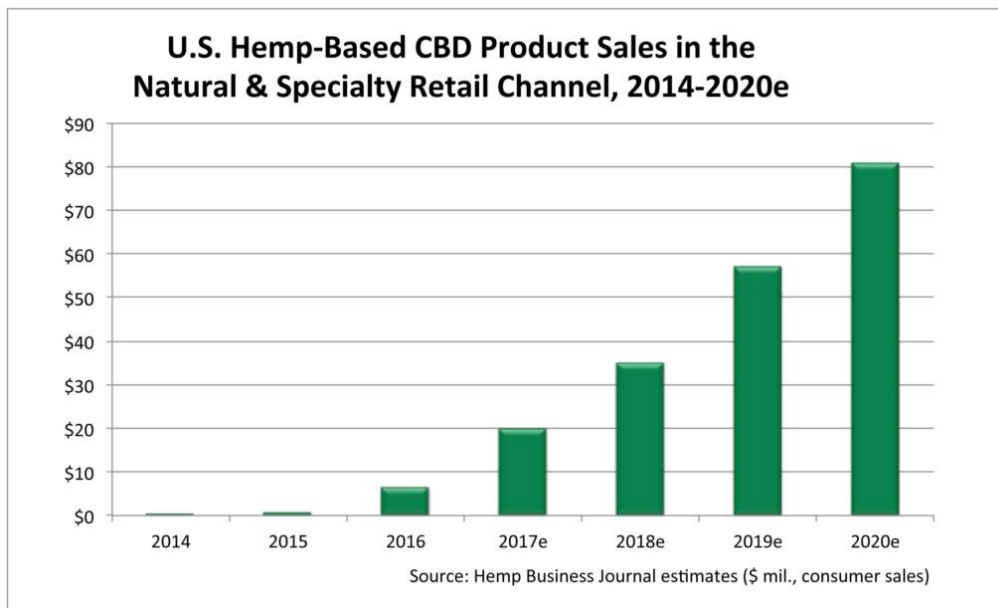


Figure 4: Historical and Projected Channel Sales

The Lay of the Land: A Snapshot

The hemp-derived CBD space is heavily fragmented with the top 4 or 5 players accounting for a combined 15-20% market share---at most. Half of these firms are publicly traded while the other half are private. It is interesting to note that some of the early revenue leaders are not pure-play, hemp-derived CBD product companies.

For example, **Medical Marijuana Inc. (OTC – MJNA - NR)** one of the market cap leaders in the space is a diversified company within the cannabis arena and its HempMeds unit, while controlling a share of this segment, represents just a small portion of the company’s overall sales. **CV Sciences (OTC – CVSI - NR)** has a very diverse product offering, is highly rated, and has made significant headway into the retail channel. However, this business line is secondary to clinical trials for a prospective tobacco and other addiction treatments. Conversely, **Potnetwork (OTC – POTN – NR)** appears to generate most of its sales through its Diamond CBD and other brands. Diamond CBD generated nearly \$15M in sales in 2017, primarily via its CBD-infused water flagship and appears to be the best comp for RMHB, in our view.

Interestingly, a number of Canada-based publicly traded companies occupy a leadership status to a degree. Some are vertically integrated (grow, cultivate, extract own hemp and CBD) and many licensed cannabis producers in Canada (LPs) have been on an M&A spree, buying hemp-focused companies to take advantage of current and future



trends. A number of these companies have also elected to play in the marijuana-CBD market and infuse those CBDs with other products such as alcohol, or introduce similar products but with the THC content remaining.

A highly regarded leading player in the space is privately held CW Botanicals, which for a time, had product on **Target (NYSE – TGT – NR)** shelves and can now be found in traditional retail stores such as Lucky’s Market (a partner of giant Kroger Cos.) The sign in the adjacent image demonstrates a seminal event in product availability and status—we expect more specialty stores to follow this trend, driving industry sales.

CW’s market share standing is likely followed by CV Sciences, Bluebird Botanicals, the aforementioned Potnetwork and Medical Marijuana. Other notable companies with growing market shares in the beverage category include CBD Living Water and Epiq Water.

The bottom line is that with more than 200 companies in the industry, many are not ready for prime time and are hopeful that having a “Website shingle” and some products with catchy names could enable them to succeed as opportunists. This makes the market ready for a leader with a history of success in the space and a team that has unmatched success and clout in the consumer products space.

Enter Rocky Mountain High Brands.

RMHB: A PIONEER SET TO MAKE WAVES

The History

(RMHB) is a publicly-traded brand management company. RMHB specializes in developing, manufacturing, marketing, and distributing high-quality, health conscious, hemp-infused products that span various “good for you categories”. The Company currently markets a lineup of four naturally flavored hemp-infused functional beverages (Citrus Energy, Black Tea, Mango Energy and Lemonade) and a low-calorie Coconut Lime Energy drink. In addition, the Company offers hemp-infused 2oz. Mango Energy Shots and Mixed Berry Energy Shots. RMHB also bottles and distributes a naturally high alkaline spring water under the name Eagle Spirit Spring Water.





RMHB is the very definition of a pioneer. In July of 2014, a The Company took a revolutionary idea – a healthful, hemp-infused energy drink – from concept to first production run in just 7 short months. The genesis of the product was to offer a better and healthful alternative to the usual energy drink options infused with hemp, and natural ingredients such as ginseng, guarana, and beet sugar, and proved to be a great success.

The energy drink market (estimated at \$56 billion globally) was being driven by innovation, and consumers were actively seeking healthier, safer products that deliver comparable energy results. Functional beverages served as the hottest category in beverages, driven primarily by energy drinks in the U.S., at the expense of carbonated soft drinks which have hovered at a 30-year low in sales. With a great brand name and popular products, management hit a home run in its first at-bat.

Due to the success of the hemp-infused citrus energy drink, the line was expanded to include other great-tasting, hemp-infused beverages – mango energy, low calorie coconut lime energy, lemonade, and black tea. Today, the Company boasts production runs for its hemp-infused beverages totaling nearly 4 million cans since February 2015, an enviable metric by all accounts.

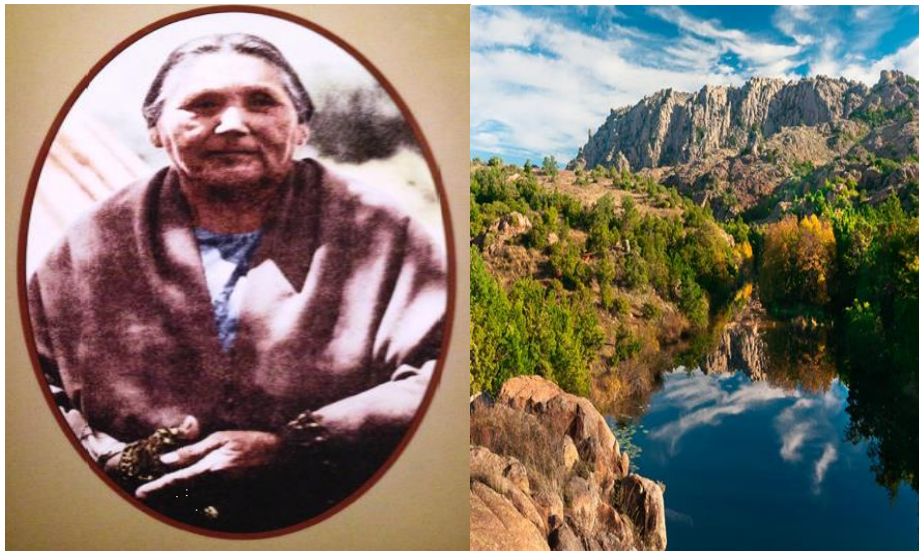
Eagle Spirit Spring Water

In 2016, Rocky Mountain High Brands, Inc. formed a wholly owned subsidiary by the name of Eagle Spirit Land & Water Company for the purpose of forming a business alliance with Poafpybitty Family, LLC by creating Rocky Mountain High Water Company, a majority-owned Native American Enterprise. This company is unique in that a majority-owned Native American enterprise formed a business alliance with a publicly traded company. This type of business structure is seldom found in the United States. Shortly after formation, an exclusive Native American spring water from the ancestral Rocky Mountains was introduced to the market by the name of “Eagle Spirit Spring Water”, a premium, spring water that is believed to be perhaps the best-tasting water in the world. Eagle Spirit Spring Water is an an-natural, high alkaline, high pH, mineral rich, revitalizing, and refreshing goodness that’s sourced from sacred Native American soil from an artesian spring known as David’s Spring located on tribal trust land in Oklahoma. The spring is named after the original allottee David Poafpybitty who was a member of the Comanche Nation. The Comanche family’s descendants discovered the spring approximately 200 years ago long before Oklahoma’s statehood.

What makes this water special is its journey from the Rocky Mountains to the southwestern portion of the state of Oklahoma, the place where it rises naturally to the surface, the Slick Hills of the Wichita Mountains. These

mountains are commonly referred to as the Ancestral Rockies and are the oldest mountains in the Great Plains. The Company believes the water represents the rarest of drinking water and foremost in taste and health properties found in the United States.

Eagle Spirit Spring Water is a majority-owned Native American product and is tied to the incredible story of Mary Sanapia Poafpybitty, the last Eagle Doctor of the Comanche Nation. She was a Comanche medicine woman whose healing practices were documented by David E. Jones in his book, *Sanapia, Comanche Medicine Woman*. Mary “Sanapia” Poafpybitty was born in 1865 in Oklahoma. From an early age she studied medicine and was fascinated by natural remedies. As an Eagle Doctor, she required all her patients drink the water from the ancient spring because it was believed to have healing powers. By the 1960s, Mary was the last surviving Comanche Eagle Doctor. She died in 1984 but is still revered as a Native American cultural hero. Her family is the inspiration behind Eagle Spirit Spring Water.



The water is mineral rich, and helps restore the natural pH balance of the human body. Drinking natural alkaline water can help to neutralize stored acids and toxins in the body, replenish essential minerals, and help to maintain normal blood flow.

The water comes in a 16.9-ounce bottle and a 2.64-gallon (10 liter) bag in a box. The 16.9-ounce bottle is packaged in a 24-bottle case. The front label design has the Native American emblem of the Eagle above a symbolic representation of the Comanche shield. The story of Mary ‘Sanapia” Poafpybitty is told on the backside of the bottle along with Mary’s picture.



Intertribal Agriculture Council (IAC)

Rocky Mountain High Water Company, LLC was approved by Intertribal Agriculture Council (IAC) to place the ‘Made/Produced by American Indians’ trademark on its bottles and box packaging for Eagle Spirit Spring Water.

The ‘Made/Produced by American Indians’ trademark has been officially converted to a ‘certification mark’ with the U.S. Patent and Trademark Office. This was done to clarify the actual purpose of the mark. The IAC offers this ‘certification’ to American Indian producers and artisans to certify that their products are indeed authentic Native American made.

The Present and the Future

Today, RMHB sits at the apex of a series of successes.

In late 2017, the Company entered into a three-year Master Manufacturer Agreement with CBD Alimentos ALIMENTOS SA de DE CV, a food and beverage distributor from Mexico, which was amended in January 2018. The client requested that the Company switch the distribution agreement from Rocky Mountain High functional beverages with hemp seed extract to a new formulation of our Rocky Mountain High functional beverages with water soluble cannabidiol (‘CBD’), containing a non-detectable level of 0.00% THC (the compound that creates a ‘high’). With an agreement worth an estimated \$7.2 million, we believe that this represents one of the largest single orders of CBD-infused beverages in the industry. Rocky Mountain High Brands will also be one of the first companies to infuse a functional beverage with CBD in a can, which affirms its trailblazer status. Importantly, migrating from a hemp-based product to a CBD-infused offering demonstrates confidence in Rocky Mountain High Brands’ product quality, capabilities, flexibility, and leadership status.

During the term of this Agreement, CBD will have the exclusive right to distribute in Mexico the Company's aforementioned offerings. In return, CBD will utilize the Company as its exclusive supplier of these hemp-based, CBD-infused drinks. Under the Joint Exclusivity Agreement, CBD will be RMHB's exclusive distributor in Mexico of all of its energy and soft drinks with hemp seed oil and hemp seed extract. In turn, RMHB will serve as CBD's exclusive supplier of such products.

Importantly, the agreement calls for CBD's initial 2018 purchase order to consist of at least 8,000,000 cans, worth a minimum \$3 million in revenue for the Company. The 2018 volume requirement is 16,000,000 cans including the initial purchase order, worth over \$7 million in revenue for the Company. For the exclusivity to remain effective through 2018, RMHB is expected to supply, and CBD must purchase, at least 16,000,000 cans. Volume requirements for 2019 will be negotiated, which bodes well for future, major sales. RMHB and CBD will work in good faith to agree to a 2019 volume requirement.

It's important to note that RMHB management have protected RMHB in that CBD is required to fund the entire project from the initial deposit through the shipment of the goods to their final destination and that at no point during the project are RMHB funds at risk. The contract requires that a separate operating account be established to manage the project and that RMHB will make disbursements from the account with CBD designated personnel having online inquiry access.

Clearly, this landmark deal is the most important sales/contract event in company history and paves the way for future private label deals in an industry hungry to partner with companies that have had a demonstrated history of success. Although private label arrangements typically carry lower gross margins than traditional sales, we believe this agreement is just stage one of a huge market share grab heading into 2018. Plus, it provides RMHB with unusual financial visibility.

THE NEW LINEUP: HEMPd

Earlier this week, RMHB introduced that that its new, cutting-edge hemp-derived CBD-infused product line, **HEMPd**, led by its flagship CBD-infused waters, will launch in March 2018. **HEMPd**, a diverse hemp-based health and wellness line, is unique in its space and will have a competitive advantage in the market. What differentiates **HEMPd** is that it:

- Is formulated from *Full Plant CBD*,
- Contains a non-detectable level of 0.00% THC (the compound that creates a 'high'), and
- Is derived from organically grown Colorado hemp.

Since **HEMPd** uses *Full Plant CBD* without THC, each **HEMPd** product contains all of the health benefits that the hemp plant typically has to offer. Most other companies in the CBD market provide products containing CBD extracts with trace amounts of THC, or CBD isolates, which provide only the benefits of the CBD compound, but do not provide all the aggregated benefits typically present in the hemp plant.

The **HEMPd** brand strategy and plan has been in development for several months and this initial line of products will give consumers an unusually wide variety of flavorful hemp extract/CBD delivery options. **HEMPd** will be sold predominantly online through the Company's soon-to-be

released **HEMPd** website and through other major distribution channels, such as *Amazon*. Our primary focus will be on selling directly to consumers, which will give more efficient delivery options, higher margins, and allows marketing **HEMPd** to the entire U.S. RMHB also plans to launch **HEMPd** CBD-infused waters at targeted retailers in Southern California in the April/May time frame, followed by other retailers in the summer.



Figure 5: **HEMPd** Product Line

Prior to embarking on the cannabidiol product line journey, the Company engaged the services of attorney Jonathan Miller of the law firm *Frost Brown Todd* to prepare an opinion letter for Rocky Mountain High Brands’ Board of Directors on the legality of entering into the hemp-derived CBD business. Mr. Miller is recognized as one of the country’s leading experts on the emerging hemp laws, and as General Counsel for the U.S. Hemp Roundtable, he leads the national effort to advocate for the full legalization of industrial hemp.

HEMPd will be sold through **Rocky Mountain Hemp Company**, a new Colorado-based subsidiary of Rocky Mountain High Brands, Inc. Initial production runs shall be completed shortly.

RMHB Marketing Strategy

Clearly, the Company’s space is set to enjoy huge growth and new, healthy, “good-for-you” brands are leading the charge. It is management’s goal to emerge as the leader in hemp-based products. To attain this objective, management has elected to engage in a direct-to-consumer sales model, which not only enhances brand loyalty and the brand/customer relationship, but drives profitability as the Company will avoid retail and distribution costs. A number of beverage companies have demonstrated tremendous multi-year success and

revenue growth utilizing this model, which includes leveraging retail distribution as a complement, rather than a primary source of sales. Thus, it is estimated that 80% of sales (excluding the Mexico deal) will be derived from direct-to-consumer transactions. As noted above, RMHB is at the forefront of innovation, with its launch of a broad line of multi-category products, led by flagship CBD-infused waters, rather than a single, “one-trick pony” offering. We believe that this is critical in achieving and maintaining swift market share that has staying power.

Moreover, the Company’s model is simple. RMHB is positioning its offerings in a clever subscription and loyalty/retention model whereby it is targeting monthly buyers of its products. By management estimates, fewer than 2,000 monthly users should generate \$1 million in revenue. Management resources are directed at building awareness, trial, loyalty and retention with these and all target consumers. With great brand name recognition, an enviable customer base and 20,000 shareholders, we believe that this strategy will produce strong results.

Legacy Offerings

Separately, the Company is in the process of re-formulating its core, flagship hemp-infused drinks to make them even healthier than the original versions by using hemp seed oil instead of hemp seed extract, while maintaining the same desired taste—and in an attractive 12 oz. can. The Q2 timing could not be better from the seasonality perspective and should only add to momentum.

Our Take

Management has been relatively quiet since announcing it planned to introduce its new hemp-derived CBD line. In our view, good things come to those who wait as management elected to bring on beverage and marketing industry leadership that is unmatched and certainly unheard of for a company of RHMB’s size and status.

The Company brought on board Gerry David, former CEO of the wildly successful beverage company **Celsius Holdings (NASDAQ – CELH)**, Kevin Harrington, the “king” of consumer products marketing, and John Blackington, a former Coca-Cola executive, to add firepower and laser-sharp focus as it enters new, immature markets that offer huge promise. The value of these “assets” cannot be measured and ensures, in our view, success in quickly re-establishing RMHB as a force in the hemp-infused space and simultaneously a major player in the hemp-derived CBD arena. This immature market is ripe for a pioneer with a huge following, brand name recognition, great products, and a leadership team worthy of midcap rather than a microcap to grab market share. Clearly, the Company’s private label deal also automatically places it in the top tier in one fell swoop.

It is no secret that RMHB’s past and growth trajectory were impacted by potholes along the way. However, after hunkering down, investors may be caught off guard with respect to the swiftness and magnitude of upcoming events and milestones. As a result, while management works through the financial and other issues, these things tend to take care of themselves when success occur vis-à-vis sales and business development successes. Therefore, RMHB is set to be in the catbird seat with all of the bad news behind it and the stock at its nadir, on the way back to its zenith. **Moreover, successes in these types of markets tend to build on themselves and we believe that favorable M&A opportunities exist for RMHB as an acquirer, which would only bolster this re-boot further.**

MANAGEMENT TEAM

Rocky Mountain High Brand's Management consists of a set of highly qualified, results driven team of professionals each accomplished in their own careers. They have come together for the purpose of taking advantage of this unique opportunity and driving this Company to levels of success that will not only exceed its peers but will set records and disrupt this industry. It is rare that a microcap company would have both CPAs and Deloitte alums such as Michael Welch and Jens Mielke as its CEO and CFO, but for the same company to be able to attract beverage and marketing industry giants such as Gerry David, Kevin Harrington, and John Blackington is even more remote. RMHB is also very fortunate to have real estate developer and entrepreneur Charles Smith and attorney David Seeberger on its Management Team and Board. Finally, the team is rounded out by the sage advice from Winton Morrison, a successful Hudson Valley businessman who has dedicated himself to the success of this Company as an Independent Director.

As the Company grows in 2018, it plans to seek other industry professionals to add to its Board of Directors as Independent Directors to bring fresh perspective and help accelerate the growth.

MICHAEL WELCH – CHAIRMAN, PRESIDENT, CHIEF EXECUTIVE OFFICER

Michael Welch joined the Company in January 2016 as Chief Financial Officer. He was appointed President and Chief Executive Officer in February 2016. In September 2017, Mr. Welch was appointed Chairman of the Board of Directors.

Mr. Welch brings more than thirty years of executive and financial management experience to the Rocky Mountain High Brands team. Prior to joining RMHB, Mr. Welch served as CFO Managing Partner for Aventine Hill Partners, a professional services firm from July 2014 to December 2015. Mr. Welch served as Chief Financial Officer and Consultant for multiple small cap companies in Dallas, Texas from June 2011 to June 2014. Mr. Welch was the Chief Financial Officer and one of the founders of Stephan Pyles Concepts, a Dallas-based, privately-held restaurant holding company from February 2005 to May 2011.

In the late 90's, Mr. Welch was part of the founders group of Resources Global Professionals (RGP), a publicly-traded, international consulting firm that was initially owned by Deloitte, then became a publicly traded company after a management led buyout during Mr. Welch's tenure. Prior to his involvement with RGP, for more than ten years Mr. Welch was employed by Landmark Land Company, a publicly traded multi-state real estate developer and operator of golf and tennis resorts and hotels, commercial and residential real estate, life insurance, mortgage and savings and loans. His positions included Chief Operating Officer, Vice President of Management Systems, and Controller. Mr. Welch also served as Chief Financial Officer of Oak Tree Savings Bank, a subsidiary of Landmark Land Company and a statewide savings and loan based in New Orleans, LA.

Mr. Welch is an alumnus of the audit staff at Deloitte and joined the firm immediately after earning a Bachelor of Business Administration from the University of Oklahoma. Mr. Welch is a Louisiana CPA (inactive status) and has recently completed a term on a not-for-profit board. Mr. Welch currently serves on an Advisory Board for a privately held services company with which he directed a management-led buyout from the founder of the company.

Mr. Welch has led organizations through periods of intense change, has started several companies and has worked in leadership roles in publicly traded companies. He led the effort during his first year with the RMHB to move from an OTC Pink to an OTCQB Company and becoming a fully reporting SEC Company.

JOHN BLACKINGTON – CHIEF COMMERCIALIZATION OFFICER

Mr. Blackington joined RMHB in late 2017, and directs the Company's product development, marketing, sales, and customer service to drive business growth and market share. Mr. Blackington has over thirty years of experience, both as the owner of his own company and as a senior executive for several leading food and beverage companies, including The Coca-Cola Company. He has jump-started a number of successful new brands in critical areas ranging from building sales and distribution systems, expanding retail availability, developing equity strategies and sourcing capital.

John has not only played leadership roles within established beverage companies, but has also lead the introduction and market penetration for several functional beverage companies, including Bolthouse Farms (www.bolthouse.com), Celsius (www.celsius.com), and BYB Brands, now owned by the Coca-Cola Company. Mr. Blackington received a BS and MBA from the Wharton School of Business at the University of Pennsylvania.

JENS MIELKE – CHIEF FINANCIAL OFFICER

Jens Mielke joined the Company in August 2016 as Chief Financial Officer.

Mr. Mielke has over 28 years' experience in accounting and finance leadership positions. Prior to joining RMHB, Mr. Mielke was National Partner, Technical Accounting for Aventine Hill Partners, a Texas-based professional services firm. He founded and led that firm's Technical Accounting Group where he provided technical accounting and finance services to public and private clients. Prior to Aventine Hill, Mr. Mielke was Chief Financial Officer for a high-growth, publicly-traded retailer, but spent the majority of his career at Deloitte where he was audit partner in the firm's Dallas office. He also previously served as senior financial analyst at PepsiCo's corporate headquarters in Purchase, NY. His experience includes working with public and private companies in strategic management, accounting, financial reporting, Sarbanes-Oxley compliance, investor relations, initial and secondary public offerings, mergers, acquisitions and divestitures, process improvement and systems implementations.

Mr. Mielke received his Master and Bachelor of Business Administration degrees from Southern Methodist University. He has been a Certified Public Accountant in the State of Texas since 1991. He serves on the Board of Directors of the Dallas Chapter of Financial Executives International.



**CHARLES SMITH – DIRECTOR, CHIEF OPERATING OFFICER
PRESIDENT OF EAGLE SPIRIT LAND AND WATER COMPANY**

Charles (Chuck) Smith joined the Company in February 2016 as a Director and Chief Operating Officer. In November 2016, Mr. Smith was also appointed President of Eagle Spirit Land & Water Company.

A seasoned operation executive with proven record of accomplishment in all stages of real estate investment and development of multiple projects including planning, acquisition, efficient designing, value engineering, budgeting, procuring, construction, administration, and management. Spearheaded investment prospecting, marketing, and closing endeavors, including determining short and long-term goals to support the overall profit and growth objectives. Under performing investments were purchased and were turned into value added assets. Extensive industry and professional knowledge of the residential apartment industry, from concept to construction to developing and implementing the management and all operations of a multifamily community.

Over the years Mr. Smith has served in many key strategic roles entailing a wide-range of corporate governance, with the most recent being the Managing Partner and Managing Member of S A Associates, a multi-million-dollar investment entity located in Dallas, Texas. In addition, Mr. Smith has held management oversight positions to investment partnerships in Dallas, Midland, El Paso, and other Texas cities, with indicated values in the millions of dollars. Similarly, Mr. Smith currently retains partnership interests and maintains a consulting relationship with several investment partnerships.

Mr. Smith graduated with honors from University of Texas at Dallas with a Bachelor's Degree in Economics and Finance. He has been an active participant in real estate investment opportunities for over 35 years, and has been a Master Mason for over 40 years, the third and final degree in Freemasonry. He has served as Master in charge of the Lodge.

DAVID SEEBERGER – VICE PRESIDENT AND GENERAL COUNSEL, DIRECTOR

David Seeberger joined the Company in March 2016 as Vice President, Legal. In September 2017 Mr. Seeberger was appointed to the Board of Directors.

Mr. Seeberger received his B.A. from Grinnell College in Grinnell, Iowa and earned his J.D. from the University of Toledo - College of Law in Toledo, Ohio. Mr. Seeberger is admitted to practice before the Supreme Court of Texas and the United States District Courts for the Northern and Eastern Districts of Texas. He has also practiced in other State and Federal Courts on a pro hoc basis. Mr. Seeberger is also admitted to practice before the Securities and Exchange Commission (SEC).

Mr. Seeberger's legal experience spans in excess of twenty-five years of professional practice within the Dallas, Texas area. Mr. Seeberger has been privileged to associate with and has been a partner in various small law firms throughout his legal career – for the past decade, Mr. Seeberger has been in private practice, and maintains membership in the State Bar of Texas and the Dallas Bar Association.

Mr. Seeberger's career has included all areas of corporate and small business - due diligence, corporate and business litigation as well as the areas associated therewith, including general legal counsel for corporate, real estate and commercial bankruptcy proceedings and corporate turnaround efforts. Mr. Seeberger is an AV

Preeminent rated attorney resulting from the AV Preeminent-Peer Review Rating as conducted by Martindale-Hubbell. Mr. Seeberger has been engaged, contracted with, or employed by RMHB since 2012.

WINTON MORRISON – INDEPENDENT DIRECTOR

Winton “Win” Morrison joined the Company in February 2016 as a Director.

Mr. Morrison is Principal Broker and Owner of Win Morrison Realty. Mr. Morrison spent many years as an IBM executive, based in the former IBM Kingston facility. He operated his own retail business for a time (the Snowflake Ski Shop), and also worked as an antique dealer for most of his adult life. Mr. Morrison opened the Kingston office of Win Morrison Realty in 1982. Win Morrison Realty now has five offices to serve the region. Currently, the company is actively pursuing expansion into other locations within other parts of the region.

GERRY DAVID – CONSULTANT

Mr. Gerard V. David has been a Consultant of Rocky Mountain High Brands, Inc. since April 2017 and a Consultant of Celsius Holdings, Inc. since March 1, 2017. Mr. David served as the Chief Executive Officer of Celsius Holdings, Inc. from October 2011 to March 1, 2017 and as its President until March 1, 2017. Mr. David has more than three decades of experience in vast aspects of the natural products and direct sales industry. He has over twenty-one years of experience in consumer products with companies such as HSN Direct, Oragenics and Vitarich Labs.

He served as EVP at Oragenics Inc. until September 30, 2011. Mr. David served as Executive Vice President of Sales and Marketing at Oragenics Inc. since September 2008. Mr. David served as the President of Vitarich Laboratories, Inc. A seasoned executive, he served as the President and Chief Operating Officer of Växa International in Tampa, Florida from March 2007 to July 2008. From August 2006 to February 2007, he served as Chief Operating Officer of Cyberwize, located in Sarasota, Florida. Previously, from March 2003 to July 2006, he served as President and Chief Operating Officer of Vitarich Labs in Naples, Florida. Mr. David also served as Chief Operating Officer for Life Science Technologies. Mr. David was the Executive Vice President of international at the Home Shopping Network Direct from 1993 to 1997, managing its operations in 72 countries. Prior to his relocation, his professional affiliations included Oxyfresh Worldwide and other Fortune 500 firms. Mr. David attended Western Michigan University.

KEVIN HARRINGTON – CONSULTANT

Mr. Kevin Harrington has been Consultant of Rocky Mountain High Brands, Inc. in a number of capacities since May 2017. Mr. Harrington has over 25 years and has long been acknowledged as the pioneer and principal architect of the "infomercial" industry. He served as Chairman of the Board of Directors for As Seen On TV, Inc. from May 2010 to April 2, 2014 and served as its Chief Executive Officer and Senior Executive Officer from May 2010 to March 31, 2013. A prominent business thought leader, he is often featured and quoted as a business leaders in the Wall Street Journal, New York Times, USA Today, CNBC, Forbes, Inc., Entrepreneur, Fortune, The Today Show, Good Morning America, CBS Morning News, The View, Squawk Box, Fox Business and more.

His success led Mark Burnett to hand pick him to become an Original Shark on Shark Tank where he filmed over 175 segments.. In 1984, he conceptualized and produced the world's first 30 minute infomercial and in 1980 he started The Small Business Center along with Franchise America. He has been involved in over 500 product launches that have resulted in sales of over \$4 billion worldwide with 20 products that have reached individual sales of over \$100 million. Mr. Harrington was named one of the 100 best entrepreneurs in the world by Entrepreneur Magazine.

MILESTONES: 2018



COMPETITIVE ADVANTAGES

- Leadership team that is second to none should foster success
- Pioneer in hemp-infused products business
- Major revenue, leverage and financial visibility from private label venture
- Innovation; CB-products in a can, multi-category offerings in CBD launch
- Entrance into new, fast-growing, fragmented market with power of legacy, brand name recognition
- Jump-start in Q2 with re-formulated flagship products
- Over 20,000 shareholders
- These aforementioned characteristics add up to other firms wishing to team up with or be acquired by RMHB

FINANCIALS

We would be remiss if we did not address the Company's financial situation. Clearly, there are liabilities and notes that will come due in the coming months and the recent S-1 filing has spooked the market given it offers RMHB the *potential* to raise up to \$12 million via an equity credit line. We are of the belief, however, that on the heels of the recently announced private label deal, and the pending new products launch, alternative financing flexibility or partnerships may develop in the near term that would benefit the Company and its shareholders.

Separately, management has elected to change its fiscal year from June 30 to December 31, which will aid in forecasting, budgeting, and other financial processes and procedures. At this time, we preliminarily forecast double digit millions in revenue (\$10 - \$12M) for 2018, with greater than industry top-line growth for the hemp/CBD business from 2018 to 2019 and with sales approaching \$20M next year. This figure could be even higher if, RMHB executes an M&A strategy this year. With a huge NOL, even if RMHB were to be profitable in 2019, the Company will have tax advantages for years to come.

RISK FACTORS

In our view, the Company's biggest risks are related to the timing and magnitude of sales in the new product lines, along with future marketing and sales of the re-formulated core offerings. A related risk is regulatory given that hemp is still classified as a Schedule I drug and state regulations and guidelines seem to change on a dime. An overriding financial benefit is the favorable access to and the availability of capital to fund the product launch, consistent marketing campaigns and other initiatives.

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter market and especially those that are not generating meaningful revenue. Finally, the shares outstanding of this stock could increase due to potential capital needs cited above or to execute future acquisitions. However, since the proceeds of any future funding would likely be used in large part to fund its marketing or product development activities, we believe that any dilutive effect from such a funding would be nullified by a related increase in overall market value. Moreover, it is our opinion that management will do everything in its power to limit of any dilution. In our view, all of these risks are consistent with firms of similar standing and status to RMHB.

VALUATION AND CONCLUSION

In our view, RMHB's stock does not reflect the impact of the new private label deal, its innovation, M&A opportunities, and the strength of the leadership team. Most important, it is clear that these shares trade at a significant discount to their hemp/CBD peers. As demonstrated in our peer analysis below, the average market cap for the publicly traded companies in this highly fragmented space where meaningful revenue is on the come, is \$94 million. The current valuation for these shares clearly shows little value for its entrance into the space and its strong reputation as a brand and pioneer. Moreover, the revenue from the private label deal, in our view, already cements RMHB in the top tier of players in terms of market share in 2018, which suggests that RMHB will trade at a premium to the average sometime in 1Q18 when investors wake up.

By applying the average market cap of the group to RMHB, we arrive at a near term target price of \$0.07, with a further assumption that these shares could reach \$0.11 later in the year as greater visibility into 2H18 and FY19 occur. In our view, these shares are significantly undervalued and represent huge upside with mitigated risk due to the current low market cap, tremendous team, biggest deal in company history, and entrance into a new, huge market. Thus, we rate these shares Speculative Buy.

RMHB Peer Universe					
(February 13, 2018)					
Name	US/Canada	Symbol	Mkt Cap \$ (mil)	Est. 2017 Revs \$, (mil)	RMHB-Related Biz Description
Isodiol	Canada	ISOL:CA	\$272	\$6.3	raw ingred., cons. prods, nutraceuticals
Gridiron BioNutrients	US	GMVP	\$131	N/A	cbd water, capsules, drops, salve
HempCo Food	Canada	HEMP.V	\$56	\$4.7	hemp seed, hemp oil, powders
Tinley Beverage	Canada	TNY.CA	\$77	NMF	hemp bevs, thc-infused alcohol
Earth Science	US	ETST	\$59	\$0.5	hemp cbd oils, edibles
CV Sciences	US	CVSI	\$34	\$21.0	variety of hemp cbd prods, drug dev
Naturally Splendid	Canada	NSP.V	\$23	\$1.0	hemp-derived products
Potnetwork	US	POTN	\$176	\$15.0	diverse cbd based products
Puration	US	PURA	\$14	\$0.3	cbd beverages
<i>Average</i>			<i>\$94</i>		
RMHB			\$22.0		

Sources: GSCR, OTCMarkets.com, Yahoo! Finance, company reports, filings, websites.

RECENT TRADING HISTORY FOR RMHB

(Source: www.Stockta.com)



+

SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. Rob also concurrently serves as the Director of Research for Marble Arch Research Inc. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

ANALYST CERTIFICATION

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

DISCLAIMER

This *Opportunity Research* report was prepared for informational purposes only.

Goldman Small Cap Research, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* format reflects the Firm's internally generated stock ideas along with economic and stock market outlooks. *Opportunity Research* reports, updates and Microcap Hot Topics articles reflect sponsored (paid) research but can also include non-sponsored micro-cap research ideas that typically carry greater risks than those stocks covered in the *Select Research* category. It is important to note that while we may track performance separately, we utilize many of the same coverage criteria in determining coverage of all stocks in both research formats. Research reports on profiled stocks in the *Opportunity Research* format typically have a higher risk profile, and may offer greater upside. *Goldman Small Cap Research* was compensated by the Company \$15,000 for a 6 month engagement, beginning with the production and distribution of this report. All information contained in this report was provided by the Company via filings, press releases or its website, or through our own due diligence. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

Goldman Small Cap Research is not affiliated in any way with Goldman Sachs & Co.

Separate from the factual content of our articles about the Company, we may from time to time include our own opinions about the Company, its business, markets and opportunities. Any opinions we may offer about the Company are solely our own, and are made in reliance upon our rights under the First Amendment to the U.S. Constitution, and are provided solely for the general opinionated discussion of our readers. Our opinions should not be considered to be complete, precise, accurate, or current investment advice. Such information and the opinions expressed are subject to change without notice.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through

its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed. This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: www.goldmanresearch.com