

THE LAND

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Turning from rocks to cannabis

CAPITAL Mining (ASX code CMY) has until recently been a fairly typical junior explorer. It has been looking for a range of minerals, mainly in NSW but also in South Australia, with no notable success, for years.

It gradually sank so small it reached the point where it had only one employee, hiring geologists and others on short term contracts for the little exploration it could afford to do.

None of its finds proved to be economic, so CMY began casting around for other opportunities.

It flirted with buying a third of a Chinese IT company, but pulled out when it was unable to complete due diligence.

Now Capital hopes to become a would-be fully integrated cannabis company, growing, researching and selling hemp products ranging from sacks and clothing to medicine and food.

It is buying up to 49 per cent of a Canadian company, **Broken Coast Cannabis**, which is one of only 16 licensed suppliers of medical cannabis in Canada.

It has also organised what is in effect a reverse takeover by **Nutrawerx**, a Colorado-based research and development company focused on cannabis.

Nutrawerx's Michael Sautman will become chief executive officer of the born-again Capital Mining.

Canna Growers, which specialises in obtaining medical cannabis licensing, will also join the group.

Last, but not least, Capital is buying the Tasmanian hemp growing subsidiary of **Atlas Pearls and Perfumes** (ATP).

Altogether it is an ambitious plan, which still depends on final agreements between the various parties.

Crucially, Capital needs to raise \$15 million via a share offer next month.

This could be tricky, as it is unable to provide any forecast revenue or profit estimates, "given the Nutrawerx business is in a growth phase".

Nevertheless the Punter has rushed in where angels fear to tread, picking up half a million Capital options at a fifth of a cent each.

The options give him the right to buy Capital ordinary shares for two cents each, any time until December next year.

The shares currently are worth only 0.004 of a cent.

Meanwhile, the Punter's insurance against a market crash, his sell option on CBA shares, is not looking good.

CBA shares will have to fall almost 20 per cent over the next two months for this play to pay.

■ **The Punter has no financial qualifications and no links to the financial services industry. He owns shares in a number of companies featured in this column**