DAVID PESCOD'S Stocktalk

Petrus Resources Ltd. (PRQ) $1.15 +0.03

It's an ugly day on the markets…and it looks like nothing is going to escape it, particularly the oil sector which had actually been fairing rather well recently. We caught up with *Josef Schachter* who has been a busy guy lately with his conference in Calgary a big success on September 29th with many of the "who's who" of the oil patch attending and appearing on BNN October 9th. We caught with him today because one of his three picks **Petrus Resources Ltd. (PRQ)** has had a big move in the last couple of days and Schachter says "just follow Don Gray, one of the key players in the company and some of their partnerships with Yangarra are working out quite well." We should point out that on BNN, you are expected to come up with three top picks for the general audience which he did yesterday and they were InPlay Oil, Petrus and Trinidad Drilling. InPlay because of their liquid-rich cardium play and Trinidad Drilling because they are doing so well in the United States, particularly in the Permian where utilization of their rigs has gone to 63% from 48%, but **let's be sure you understand where Schachter is coming from**). He is a big believer that oil prices are probably going to weaken over the short-term and there's going to be a lot of tax-loss selling in the oil and gas sector come November/December. He is a big believer that next year will be the time we get rewarded in the oil and gas patch (and I certainly hope he's right) because there hasn't been a lot of joy for anyone, certainly not for investors in that sector for a while.

As far as the conference, he found it interesting meeting with some of the indigenous leaders and finding out that there were basically two groups when you speak of that sector that would be greatly affected by a more prosperous oil and gas sector. Those indigenous groups that are along potential pipeline facilities, want them built so they can have the jobs and the communities can take advantage of possibilities they didn't have before. Those groups that were not along such routes, one wonders whether it's the far right or far left groups out of the United States that are buying their opposition to any project, anywhere.

Schachter gave us the example of one indigenous group hoping to do a deal with Enbridge down the road that would involve their community, working on tug boats to take the massive ships in and out of the Kitimat harbour. It's part of their heritage, working on boats and the like, and it is just one example of how a quarter billion dollar investment in that sector of the shipping industry, could dramatically change the future for one native group. Schachter says it seems the only winners in all these arguments currently are the lawyers that are laughing all the way to the bank.

Meanwhile, as far as price expectations in the much shorter-term for oil, he is looking to see what the OPEC production numbers actually are coming up shortly and he also points out again, to Donald Trump. He points out that Trump wants lower oil prices and he wouldn't be surprised if he lets Iran increase production and sell to places such as China, India and Turkey, which would benefit from Iranian production and lower prices. We hope for next year that he is right on some of his picks as we have some of the InPlay Oil, which was one of his top three picks.

After a day like this in the markets, a person just might need a toke or two to relax. But one question that keeps coming up regarding the cannabis trade is what happens if you are going to cross the American border as there is suddenly being lots of stories told about people being turned back and such.

So we go to a good source for things cannabis...our own Debbie, who has sources, you know...

When we ask the question of what are the best guidelines to use when considering crossing the border, one of her sources she points out says that Canadian citizens could be banned from entering the United States if:

1. They are a medical marijuana patient (so buying pot from a licensed company)
2. If they employed at any medical cannabis company or
3. If they invest in any pot stocks.

When asked, "Well how would the border people find out? The suggestion is, if you are purchasing pot on your Visa or MasterCard, they have access to that information. They will be able to tell if you have purchased pot by the transactions on your card. So how do you get around that? This one source in the business suggested purchasing pot via e-transfer. Well, that's coming from one source. Another source tells Deb (our detective of the industry) who just might be a lawyer is that ultimately, there is a great deal of discretion allowed to Customs Border and Protection officers of the United

States. That person points out that many employees and executives of legal Canadian cannabis companies travel regularly to the U.S. without issue, and several of our employees have received their Nexus certification while employed by cannabis companies.

So what would this person suggest as best advice for crossing borders?

- Never carry cannabis product or accessories across the border. This may require people to carefully clean their car, purse, bags and other personal items of any residues.
- Be discrete – avoid wearing clothing or other items containing conspicuous references to cannabis.
- Certainly, never lie to a CBP officers – the consequences for lying can be much worse than telling the truth or declining to answer.
- If a line of questioning makes someone feel uncomfortable, they can ask for clarification, decline to answer or politely ask to withdraw their application for admission. However, a withdrawal of admission is recorded on one's record.

As you can see, there's lots of opinions on it and the CBC recently did a piece titled, "Work, investment in cannabis industry shouldn't affect travel to U.S." which was based on an interview with an American lawyer who suggests that Canadians should have no fear of crossing the border. Kruger, the American lawyer was responding to a warning from a top official at the U.S. Customs and Border Protection Agency that anyone showing signs of drug activity, including people who work or invest in the cannabis industry, could be slapped with a lifetime ban from the U.S.

Kruger said federal prohibitions against marijuana use and possession in the U.S. wouldn't have an impact on people following the law in Canada.

"What their purpose is is to be looking for people who are going to engage in illegal activity in the U.S. or people who have convictions outside of the U.S. for things that would be illegal in the U.S. as well." She does suggest that anyone with previous marijuana convictions might encounter a problem.

Well thanks Deb for all this advice and if you want to see the CBC article in full, click here: https://www.cbc.ca/news/canada/new-brunswick/nb-work-invest-marijuana-industry-u-s-travel-1.4836390

Meanwhile, Debbie needs help receiving more Deb's Ditties of a certain quality and anything you have that creates a giggle, please send on to us at debbie.lewis@plant4seeds.com.

If you know anyone who would like to receive any of our four newsletters, please email Debbie at debbie.lewis@plant4seeds.com

Massive housing developments in Hong Kong

When prices get too high - something happens...whether it's the price of marijuana stocks or the price of real estate in Hong Kong...if things do get too stupid, something, somewhere, causes things to change.

Recently it's being reported in the press such as Bloomberg that Hong Kong real estate stocks have dropped as much as 20% or more. That is usually a leading indicator for what is going to happen next with housing prices and considering that home values in Hong Kong cost nearly 20 times median pre-tax household income, those prices are outrageous.

Meanwhile in New York City, we have recently experienced a record number of house listing prices being dropped as suddenly, the buyers seem to be going on strike. Also at price levels that have to be questionable at best, real estate prices in Vancouver and Toronto, now two of the priciest real estate markets in the world, one wonders what could bring a taste of reality there.

One thing that seems to be helping them is the massive immigration numbers that Canada is currently experiencing and of course many of those immigrants want to head to one of those two cities. Still, when prices get too silly...

Deb's Ditty: