



## 2 Top Colombian Pot Stocks to Buy Today

### Description

In the wake of **Canopy Growth's** [shocking fiscal](#) first quarter 2020, the ongoing regulatory investigations into **CannTrust** and fears that the global demand may not be as large as initially anticipated are weighing on cannabis stocks. Colombia, despite a range of negative factors impacting the growth of its legal cannabis industry, continues to rank as one of the best jurisdictions for cultivation. A combination of favourable climatic conditions, low costs, established agricultural sector, and rich soils make it one of the best locations globally to cultivate cannabis.

### Recent IPO

**Avicanna** ([TSX:AVCN](#)), which [listed on](#) the TSX in mid-July, has seen its stock plunge by 34% since then, sparking speculation that now is the time to acquire the stock. Avicanna recently reported that its subsidiary Santa Marta Golden Hemp had obtained genetic registration from the Colombian Agricultural Institute for one CBD and three THC strains. It is also working on registering a further 25 strains with Colombia regulatory authorities. This is a lengthy process and an impressive milestone for the company to achieve.

Avicanna has also commenced clinical trials of its derma-cosmetic products in Colombia, which it anticipates will be complete by the end of the fourth quarter 2019. The company expects to complete the expansion of its cultivating facilities by the end of 2019. This will give Avicanna a cultivating footprint of around 410,000 square feet, providing it with cultivating capacity of 22,800 kilograms of dried flower annually.

Importantly, Avicanna has been ramping up activity at its production facilities with it on track to manufacture 82,000 units of its derma-cosmetic products by the end of the third quarter 2019. Those products will be distributed in the local Colombian market, where cannabis health and cosmetic applications are growing in popularity.

Avicanna finished the second quarter 2019 in solid financial shape with \$13 million in cash and short-term investments, while total liabilities stood at just over \$5 million. For these reasons, Avicanna is

shaping up as an interesting play on the burgeoning global legal cannabis market.

## Growing cultivator

Another Colombian cannabis company to consider is **Khiron Life Sciences** (TSXV:KHRN). Khiron is focused on developing pharmaceutical applications from cannabis and its operations are centred on Colombia, where it is one of the few fully accredited and licensed marijuana cultivators. The company recently announced that it had enhance its processing and research facilities in Colombia through improvements made to its GMP-accredited and operational facility located in Ibagué.

Khiron also earlier in August 2019 announced a distribution deal with Colombia's largest retailer Grupo Exito for the sale of its Kuida cosmeceutical brand. That is a significant achievement because Grupo Exito is one of South America's leading retailers and has 1,533 stores with a presence in Colombia, Brazil, Argentina, and Uruguay.

Khiron has also launched a four-month clinical trial with EPS SURA, which is a leading insurance provider in Colombia.

The cultivator expects commercial production to be underway at its Colombian operations during the third quarter 2019 and has capacity to produce 25,000 kilograms of cannabis annually. Khiron announced in its second-quarter 2019 results that it was advancing the acquisition of NettaGrowth, which will give it a licensed presence in the Urugayan market, where recreational cannabis consumption is legal.

For the quarter, Khiron reported revenue of \$2.2 million, a \$382 thousand gross profit, adjusted EBITDA of \$7.7 million, and a net loss of almost \$11 million. The expectation is that once commercial production at its cultivating facilities commences, Khiron will become profitable, causing its stock to soar, making now the time to buy.

## Foolish takeaway

Avicanna and Khiron are uniquely positioned to take advantage of the burgeoning demand for cannabis in Latin America while benefiting from Colombia's unique and favourable operating environment. This should see them become some of the lowest-cost producers in the legal marijuana industry.

### CATEGORY

1. Cannabis Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:AVCN (Avicanna Inc.)
2. TSXV:KHRN.H (Khiron Life Sciences)

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