

ML CAPITAL GROUP INC.

Four Reasons to Buy This Pure Play Cannabis Stock

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ML CAPITAL GROUP INC. (OTC:QB - MLCG - \$0.0293)

Price Target: \$0.24

Rating: Speculative Buy

COMPANY SNAPSHOT

ML Capital Group, Inc.'s primary business consists of producing products and providing services that support the medical marijuana industry and enhances the lives of the patients that have turned to medical marijuana/cannabis to manage their various ailments. The Company currently produces and markets its products and services under the *SuperStar* brand name, including vapor pens, mobile applications, and books. The Company does not directly engage in the growing, manufacture, or distribution of medical marijuana, cannabis, or cannabis by-products, thus placing it as one of the safest types of companies in the medical marijuana industry.

KEY STATISTICS

Price as of 7/8/14	\$0.0293
52 Week High – Low	\$1.45 – \$0.01
Est. Shares Outstanding	82M
Market Capitalization	\$2.4M
3 Mo Avg Vol	289,000
Exchange	OTC:QB

COMPANY INFORMATION

ML Capital Group Inc.

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KEY TAKEAWAYS

Conclusion: Since our initiation of coverage in June at a price of just under \$0.02, the stock nearly tripled, as investors recognized the low valuation relative to the huge opportunity. Although the stock has drifted lower in recent days, we maintain that the Company's positioning is even stronger than before, the stock remains undervalued, and it could easily again trade toward the \$0.06 level in the coming weeks. Therefore, we continue to rate these shares Speculative Buy. Against this backdrop here are four reasons to buy the stock today.

Reason #1: Company gaining distribution traction

ML Capital recently launched sales of its vapor pen and accessories for use with tobacco, e-liquid, and medicinal marijuana. With a steady increase in the number of its distribution and medical marijuana dispensary channels, the Company has already begun to book meaningful initial wholesale and retail sales. The products are "sticking" in the marketplace so MLCG plans to introduce new, related products in the coming weeks and months.

Reason #2: Science is on its side

Studies indicate e-cigs and vapor pen usage serve as highly effective smoking cessation devices as well as an alternative to traditional tobacco-based cigarettes. Thus, the market could emerge as one of the fastest growing consumer segments in years. Future government guidelines and labeling could dramatically boost sales. The recent \$135M purchase of Blue eCigs by Lorillard (NYSE – LO), the 3rd largest tobacco seller in the U.S., demonstrates the huge market opportunity.

ML CAPITAL GROUP INC. (OTCQB - MLCG)**Reason #3: Stock is way too cheap**

As noted in our June report, MLCG's valuation pales in comparison to its publicly traded peers. For example, e-cig leader MCIG, which carries a \$145M market cap, recorded sales of \$110,000 for 1Q14 and vapor company Vape Holdings (OTCQB – VAPE), which recorded an estimated \$31,000 in Q1 sales, carries a \$19M market cap. This compares with the current \$2M market value assigned MLCG. Even at our target price of \$0.24, the market cap would only be \$20M. As a result, this under-the-radar vapor pen and medical marijuana play offers the greatest upside, in our view.

Reason #4: U.S. market trends are in the Company's favor

Just yesterday, Washington State became the second state in the country to open the market for the legal sale of recreational marijuana. Plus, other states and jurisdictions have gotten into the act. On Monday, the State of New York became the 23rd state in the union to legalize and permit the sale and use of medical marijuana, while in the District of Columbia voters appear to have gotten enough votes to have proposed recreational marijuana approval legislation on the ballot in November. All of these steps can exponentially increase the size of MLCG's market.

Bonus: With the stock market reeling, it should be noted that since a stock like MLCG does not trade in correlation with the broader market, the stock could offer a speculative, high potential alternative for opportunistic investors.

For more information, please read or download our detailed Company Report issued on June 17, 2014.
<http://www.goldmanresearch.com/20140617787/Opportunity-Research/the-top-vapor-pen-opportunity.html>

ML CAPITAL GROUP INC. (OTCQB - MLCG)

Recent Trading History For MLCG

(Source: www.Stockta.com)





ML CAPITAL GROUP INC. (OTCQB - MLCG)

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. 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.

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