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# **MMJ GROUP HOLDINGS LIMITED**

**ACN 601 236 417**

## **NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 2:30pm (AEDT)  
**DATE:** Wednesday 28 November 2018  
**PLACE:** The Westin Sydney  
1 Martin Place  
Sydney, NSW 2000  
Australia

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm AEDT on 26 November 2018.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – WINTON WILLESEE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Winton Willesee, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – DOUGLAS HALLEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Douglas Halley, a Director who was appointed casually on 16 March 2018, retires, and being eligible, is elected as a Director.”*

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#### 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. RESOLUTION 5 – ADOPTION OF PERFORMANCE RIGHTS PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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## 8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – PERFORMANCE RIGHTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 6,000,000 Performance Rights on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (c) the proxy is either:
  - (iii) a member of the Key Management Personnel; or
  - (iv) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**Dated: 19 October 2018**

**By order of the Board**

**Jim Hallam**  
**Company Secretary**

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**Voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

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**Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 2 8098 0817.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://mmjphytotech.com.au/>.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

#### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – WINTON WILLESEE

#### 3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Winton Willesee, who has served as a director since 21 October 2014 and was last elected on 24 November 2015, retires by rotation and seeks re-election.

#### 3.2 Qualifications and other material directorships

In accordance with Recommendation 1.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition), the Company provides the following information in respect to Mr Willesee:

- (i) **Position:** Mr Willesee holds the position of Non-Executive Director of the Company and is a member of the Company's Audit and Risk Committee.
- (ii) **Length of Service:** Mr Willesee was appointed as a Director of the Company on 21 October 2014.
- (iii) **Formal Qualifications:** Mr Willesee holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia/Chartered Secretary.
- (iv) **Skills and Experience:** Mr Willesee is an experienced company director with a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.
- (v) **Other Listed Company Directorships:** Mr Willesee currently holds a number of directorships with the listed companies. These directorships are set out below:
  - Non-Executive Director Nanollose Limited (ASX: NC6)
  - Executive Chairman of xTV Networks Ltd (ASX:XTV)

Mr Willesee does not expect that his other directorships will impact his ability to act as a director of the Company.

#### 3.3 Independence

The board considers Winton Willesee as an independent director.

#### 3.4 Board recommendation

The Board supports the re-election of Winton Willesee and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – ELECTION OF DIRECTOR – DOUGLAS HALLEY

### 4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Douglas Halley, having been appointed by other Directors on 16 March 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### 4.2 Qualifications and other material directorships

In accordance with Recommendation 1.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition), the Company provides the following information in respect to Mr Halley:

- (i) **Position:** Mr Halley holds the positions of Non-Executive Director of the Company and Chairman of the Company's Audit and Risk Committee.
- (ii) **Length of Service:** Mr Halley was appointed as a Director of the Company on 16 March 2018.
- (iii) **Formal Qualifications:** Mr Halley holds formal qualifications in business administration and accounting and is a Fellow of the Australian Institute of Company Directors.
- (iv) **Skills and Experience:** Mr Halley is an experienced company director and has also served for 30 years as CFO or CEO in a number of significant and successful (mostly publicly-listed) commercial enterprises and investment banks obtaining additional experience in portfolio management and advisory.

Doug's executive experience had a heavy emphasis in corporate strategy, treasury, financial management, M&A and business development. Doug was Chairman of the ASX listed DUET Group entities between 2006 and 2017 which managed infrastructure investments in Australia and USA.

- (v) **Other Listed Company Directorships:** Mr Halley does not hold any other directorships with listed companies.

Mr Halley does not expect that his other business activities will impact his ability to act as a director of the Company.

### 4.3 Independence

Mr Halley has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Halley will be an independent director.

### 4.4 Board recommendation

The Board supports the re-election of Douglas Halley and recommends that Shareholders vote in favour of Resolution 3.



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## 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

### 5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$75,949,165 (based on the number of Shares on issue and the closing price of Shares on the ASX on 11 October 2018).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: MMJ).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

### 5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 5.2(a)(i), the date on which the Equity Securities are issued.

#### (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 11 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	0.165 50% decrease in Issue Price	0.33 Issue Price	0.495 50% increase in Issue Price
230,148,985 (Current Variable A)	Shares issued - 10% voting dilution	23,014,898 Shares	23,014,898 Shares	23,014,898 Shares
	Funds raised	\$3,797,458	\$7,594,916	\$11,392,374
345,223,478 (50% increase in Variable A)	Shares issued - 10% voting dilution	34,522,347 Shares	34,522,347 Shares	34,522,347 Shares
	Funds raised	\$5,696,187	\$11,392,374	\$17,088,561
460,297,970 (100% increase in Variable A)	Shares issued - 10% voting dilution	46,029,797 Shares	46,029,797 Shares	46,029,797 Shares
	Funds raised	\$7,594,916	\$15,189,833	\$22,784,749

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 230,148,985 Shares on issue comprising:
2. The issue price set out above is the closing price of the Shares on the ASX on 11 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (A) as cash consideration in which case the Company intends to use funds raised for:
  - (I) advancing the Company's existing operations including the acquisition of new investments (including expenses associated with such an acquisition), market analysis and investigation of investment opportunities, and the meeting of objectives under the Company's investment mandate; and
  - (II) general working capital; or
- (B) as non-cash consideration for the acquisition of complementary new assets and investments, and as consideration for services provided to the Company. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 29 November 2017 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 28 November 2017, the Company otherwise issued a total of 18,618,135 Shares, 20,875,000 Performance Rights and 1,500,000 Options which represents approximately 19.38% of the total diluted number of Equity Securities on issue in the Company on 28 November 2017, which was 211,530,850.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### 5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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## 6. RESOLUTION 5 – APPROVAL OF PERFORMANCE RIGHTS PLAN

Resolution 5 seeks Shareholders approval for the adoption of the employee incentive scheme titled Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Under the Company's previously approved performance rights plan 20,375,000 performance rights were issued,

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+61 2 8098 0817). Shareholders are invited to contact the Company if they have any queries or concerns.

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## 7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

### 7.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 6 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 28 August 2014.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted at the general meeting on 5 October 2018; and
- updating the non-executive director remuneration to that approved at the general meeting on 24 November 2015.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website <https://www.mmjphytotech.com.au/> and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 2 8098 0817). Shareholders are invited to contact the Company if they have any queries or concerns.

## **7.2 Summary of material proposed changes**

### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

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## **8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – PERFORMANCE RIGHTS**

### **8.1 General**

On 2 March 2018, the Company issued 6,000,000 Performance Rights under the Company's performance rights plan as an incentive-based remuneration to Jason Conroy. The Performance Rights were issued under the Company's 7.1 placement capacity.

The Company did not issue the Performance Rights under ASX Listing Rule 7.2 Exception 9, hence Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Performance Rights (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **8.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (i) 6,000,000 Performance Rights were issued, being;
  - (A) 2,000,000 Class H Performance Rights;
  - (B) 2,000,000 Class I Performance Rights; and
  - (C) 2,000,000 Class J Performance Rights;
- (ii) the Performance Rights were issued at a nominal issue price of \$0.0001, as incentive based remuneration under the Company's performance rights plan;
- (iii) the Performance Rights were issued on the terms and conditions set out in Schedule 3.
- (iv) the Performance Rights were issued to Jason Conroy, the company's Chief Executive Officer, who is not a related party of the Company; and
- (v) \$600 was raised from the issue, which was put towards the Company's working capital.



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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (b) a spouse or child of the member;
- (c) a child of the member's spouse;
- (d) a dependent of the member or the member's spouse;
- (e) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (f) a company the member controls; or
- (g) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means MMJ Group Holdings Limited (ACN 601 236 417).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility

for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice or Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 28 NOVEMBER 2017**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
<p>Issue – 12 December 2017</p> <p>Appendix 3B - 12 December 2017</p>	1,056,250 Shares <sup>2</sup>	Shares <sup>2</sup>	Shares issued to Optionholders upon the exercise of 1,000,000 Class B Options and 56,250 Class H Options	<p>1,000,000 Shares were issued on exercise of Class B Options, exercisable at \$0.20 each, at a discount of 53.49% on the Market Price of \$0.43.</p> <p>56,250 Shares were issued on exercise of Class H Options, exercisable at \$0.27 each, at a discount of 37.21% on the Market Price of \$0.43.</p>	<p>Cash Consideration</p> <p>Amount raised = \$207,088</p> <p>Amount spent = \$207,088</p> <p>Use of funds: To fund operating costs of the Company</p>
	4,125,000 Unquoted Class E Performance Rights <sup>3</sup>	Unquoted Class E Performance Rights <sup>3</sup>	1,500,000 Class E Performance Rights to each Peter Wall, Andreas Gedeon, Winton Willesee and Jason Bednar in accordance with the Notice of Annual General Meeting dated 25 October 2017.	The Performance Rights were issued for non-cash consideration.	<p>Non cash consideration</p> <p>The Performance Rights were issued for non-cash consideration as incentive based remuneration to certain Directors and Officers of the Company under the Company's Performance Rights Plan, as per the Notice of Annual General Meeting dated 25 October 2017.</p> <p>Current Value<sup>11</sup>: \$940,000</p>
	4,125,000 Unquoted Class F Performance Rights <sup>4</sup>	Unquoted Class F Performance Rights <sup>4</sup>	1,500,000 Class F Performance Rights to each Peter Wall, Andreas Gedeon, Winton Willesee and Jason Bednar in accordance with the Notice of Annual General Meeting dated 25 October 2017.	The Performance Rights were issued for non-cash consideration.	<p>Non cash consideration</p> <p>The Performance Rights were issued for non-cash consideration as incentive based remuneration to certain Directors and Officers of the Company under the Company's Performance Rights Plan, as per the Notice of Annual General Meeting dated 25 October 2017.</p> <p>Current Value<sup>11</sup>: \$940,000</p>
	4,125,000 Unquoted Class G Performance Rights <sup>5</sup>	Unquoted Class G Performance Rights <sup>5</sup>	1,500,000 Class G Performance Rights to each Peter Wall, Andreas Gedeon, Winton Willesee and Jason Bednar in accordance with the Notice of Annual General Meeting dated 25 October 2017.	The Performance Rights were issued for non-cash consideration.	<p>Non cash consideration</p> <p>The Performance Rights were issued for non-cash consideration as incentive based remuneration to certain Directors and Officers of the Company under the Company's Performance Rights Plan, as per the Notice of Annual General Meeting dated 25 October 2017.</p> <p>Current Value<sup>11</sup>: \$940,000</p>
<p>Issue – 29 December 2017</p> <p>Appendix 3B - 29 December 2017</p>	500,000 Shares <sup>2</sup>	Shares <sup>2</sup>	Shares issued to Optionholders upon the exercise of Class E Options.	Shares were issued on exercise of Class E Options, exercisable at \$0.20 each, at a discount of 54.55% on the Market Price of \$0.44.	<p>Cash Consideration</p> <p>Amount raised = \$100,000</p> <p>Amount spent = \$100,000</p> <p>Use of funds: To fund operating costs of the Company</p>

Issue – 12 January 2018  Appendix 3B - 15 January 2018	2,036,885 Shares <sup>2</sup>	Shares <sup>2</sup>	Shares issued to Optionholders upon the exercise of 1,036,885 Class F Options and 1,000,000 Class I Options	1,036,885 Shares were issued on exercise of Class F Options, exercisable at \$0.45 each, at a discount of 15.09% on the Market Price of \$0.53.  1,000,000 Shares were issued on exercise of Class I Options, exercisable at \$0.24 each, at a discount of 54.72% on the Market Price of \$0.53.	Cash Consideration  Amount raised = \$736,598 Amount spent = \$736,536  Use of funds: To fund operating costs of the Company
Issue – 1 February 2018  Appendix 3B - 1 February 2018	1,500,000 Unquoted Class K Options <sup>6</sup>	Unquoted Class K Options <sup>6</sup>	1,500,000 Class K Options were issued to eligible participants in accordance with the Company's employee incentive plan.	The Options were issued for non-cash consideration.	Issued for nil cash consideration in accordance with the Company's employee incentive plan.  Current Value <sup>11</sup> : \$558,000
	1,150,000 Shares <sup>2</sup>	Shares <sup>2</sup>	Shares issued to Optionholders upon the exercise of 900,000 Class B Options and 250,000 Class F Options	900,000 Shares were issued on exercise of Class B Options, exercisable at \$0.20 each, at a discount of 60 % on the Market Price of \$0.50.  250,000 Shares were issued on exercise of Class F Options, exercisable at \$0.45 each, at a discount of 10% on the Market Price of \$0.50.	Cash Consideration  Amount raised = \$292,500 Amount spent = \$292,500  Use of funds To fund operating costs of the Company.
Issue – 2 March 2018  Appendix 3B - 2 March 2018	4,625,000 Shares <sup>2</sup>	Shares <sup>2</sup>	Shares issued to Performance Rights Holders upon the conversion of 1,625,000 Class E Performance Rights, 1,500,000 Class F Performance Rights and 1,500,000 Class G Performance Rights.	Shares were issued for nil-cash consideration on the conversion of the respective classes of Performance Rights.	Nil-cash consideration.  Current Value <sup>11</sup> : \$2,820,000
	2,000,000 Unquoted Class H Performance Rights <sup>7</sup>	Unquoted Class H Performance Rights <sup>7</sup>	Issued as non-cash incentive-based remuneration to Jason Conroy under the Company's Performance Rights Plan.	Performance Rights were issued at an issue price of \$0.0001 each.	Cash Consideration  Amount raised = \$200 Amount spent = \$200  Use of funds: To fund operating costs of the Company
	2,000,000 Unquoted Class I Performance Rights <sup>8</sup>	Unquoted Class I Performance Rights <sup>8</sup>	Issued as non-cash incentive-based remuneration to Jason Conroy under the Company's	Performance Rights were issued at an issue price of \$0.0001 each.	Cash Consideration  Amount raised = \$200 Amount spent = \$200  Use of funds:

			Performance Rights Plan.		To fund operating costs of the Company
	2,000,000 Unquoted Class J Performance Rights <sup>9</sup>	Unquoted Class J Performance Rights <sup>9</sup>	Issued as non-cash incentive-based remuneration to Jason Conroy under the Company's Performance Rights Plan.	Performance Rights were issued at an issue price of \$0.0001 each.	Cash Consideration  Amount raised = \$200 Amount spent = \$200  Use of funds: To fund operating costs of the Company
Issue – 12 April 2018  Appendix 3B - 12 April 2018	500,000 Shares <sup>2</sup>	Shares <sup>2</sup>	Shares issued to Optionholders upon the exercise of 500,000 Class E Options.	500,000 Shares were issued on exercise of Class E Options, exercisable at \$0.20 each, at a discount of 42.86% on the Market Price of \$0.35.	Cash Consideration  Amount raised = \$100,000 Amount spent = \$100,000  Use of funds: To fund operating costs of the Company
Issue – 15 June 2018  Appendix 3B - 15 June 2018	833,333 Unquoted Class H Performance Rights <sup>7</sup>	Unquoted Class H Performance Rights <sup>7</sup>	Issued as non-cash incentive-based remuneration to Jim Hallam under the Company's Performance Rights Plan.	Performance Rights were issued at an issue price of \$0.0001 each at a discount of 99.97% to the Market Price of \$0.33.	Cash Consideration  Amount raised = \$83 Amount spent = \$83  Use of funds: To fund operating costs of the Company
	833,333 Unquoted Class I Performance Rights <sup>8</sup>	Unquoted Class I Performance Rights <sup>8</sup>	Issued as non-cash incentive-based remuneration to Jim Hallam under the Company's Performance Rights Plan.	Performance Rights were issued at an issue price of \$0.0001 each at a discount of 99.97% to the Market Price of \$0.33.	Cash Consideration  Amount raised = \$83 Amount spent = \$83  Use of funds: To fund operating costs of the Company
	833,334 Unquoted Class J Performance Rights <sup>9</sup>	Unquoted Class J Performance Rights <sup>9</sup>	Issued as non-cash incentive-based remuneration to Jim Hallam under the Company's Performance Rights Plan.	Performance Rights were issued at an issue price of \$0.0001 each at a discount of 99.97% to the Market Price of \$0.33.	Cash Consideration  Amount raised = \$83 Amount spent = \$83  Use of funds: To fund operating costs of the Company
Issue – 6 July 2018  Appendix 3B – 6 July 2018	8,750,000 Shares <sup>2</sup>	Shares <sup>2</sup>	Issued top Optionholders upon the exercise of 1,000,000 Class I Options.  Issued to Performance Rights Holders upon the conversion of 2,500,000 Class E Performance Rights, 2,625,000 Class F Performance Rights and 2,625,000 Class G Performance Rights.	1,000,000 Shares were issued on exercise of Class I Options, exercisable at \$0.24 each, at a discount of 29.41% on the Market Price of \$0.34.  7,750,000 Shares were issued for nil-cash consideration on the conversion of the respective classes of Performance Rights.	Cash Consideration  Amount raised = \$240,000 Amount spent = \$240,000  Use of funds: To fund operating costs of the Company  Shares issued on conversion of Performance Rights were issued for nil-cash consideration. Current Value <sup>11</sup> : \$2,981,250

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MMJ (terms are set out in the Constitution).
3. Unquoted Class E Performance Rights issued on the terms noted in the Notice of Annual General Meeting dated 25 October 2017.
4. Unquoted Class F Performance Rights issued on the terms noted in the Notice of Annual General Meeting dated 25 October 2017.
5. Unquoted Class G Performance Rights issued on the terms noted in the Notice of Annual General Meeting dated 25 October 2017.
6. Unquoted Class K Options, exercisable at \$0.35 each, on or before 31 October 2021, vesting quarterly over three years, subject to continues employment with the Company. The full terms and conditions were disclosed in the prospectus dated 28 September 2018.
7. Unquoted Class H Performance Rights. The full terms and conditions were disclosed in the prospectus dated 28 September 2018.
8. Unquoted Class I Performance Rights. The full terms and conditions were disclosed in the prospectus dated 28 September 2018.
9. Unquoted Class J Performance Rights. The full terms and conditions were disclosed in the prospectus dated 28 September 2018.
10. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
11. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.33) or Options as the context requires on the ASX on 4 October 2018. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

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## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

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The following is a summary of the key terms and conditions of the Performance Rights Plan to be adopted by Shareholders under Resolution 5:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any associate Group Company;
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participants**).
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (f) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (g) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).
- (h) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:
- (i) the participant ceasing to be an Eligible Participant due to certain special circumstances (eg due to death, severe financial hardship, total and permanent disability, retirement or redundancy) as set out in the Plan; or
  - (ii) the Company undergoing a change of control; or
  - (iii) the Company being wound up.
- (i) **Conversion of vested Performance Right:** Unless the Board decides otherwise or the Performance Right has lapsed, any vested Performance Right may be exercised by the

Eligible Participant, following which the Company will issue the participant with the applicable number of Shares.

- (j) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (k) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights (**Restriction Period**).
- (l) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (m) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
  - (i) an unauthorised dealing in, or hedging of, the Performance Right;
  - (ii) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
  - (iii) a vested Performance Right is not converted within 60 days of becoming vested;
  - (iv) a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, and the Board exercises its absolute discretion for the Performance Right to lapse;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
  - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right;
  - (vii) the expiry date of the Performance Right; and
  - (viii) the five (5) year anniversary of the date of grant of the Performance Right.
- (n) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (o) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (p) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (q) **Inconsistency with Offer:** Notwithstanding any other provision in the Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Plan, the deemed covenant or provision under the Offer document shall prevail.



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## SCHEDULE 3 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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### Rights attaching to Class H, I and J Performance Rights

(a) **Milestones:**

- (i) **Class H:** The Performance Rights held by Jason Conroy vest immediately upon the 20 day VWAP of Shares on the ASX being at or above \$0.60 (as adjusted for any consolidation or reconstruction of the Company's capital) within 48 months from the date of grant, being 2 March 2020.
- (ii) **Class I:** The Performance Rights held by Jason Conroy shall vest immediately upon the 20 day VWAP of Shares on the ASX being at or above \$0.80 (as adjusted for any consolidation or reconstruction of the Company's capital) within 48 months from the date of grant, being 2 March 2020.
- (iii) **Class J:** The Performance Rights held by Jason Conroy shall vest immediately upon the 20 day VWAP of Shares on the ASX being at or above \$1.00 (as adjusted for any consolidation or reconstruction of the Company's capital) within 48 months from the date of grant, being 2 March 2020.

(b) **Notification to holder:**

The Company shall notify the holder in writing when the relevant Milestones have been satisfied.

(c) **Vesting:**

The relevant Performance Rights shall vest on the later to occur of:

- (i) the date that the Milestone relating to that Performance Right has been satisfied; and
- (ii) the date that the holder gives a notice to the Company confirming that the holder would like the Performance Rights to vest.

(d) **Consideration:**

The Performance Rights will be issued for \$0.0001 each and no consideration will be payable upon the vesting of the Performance Rights.

(e) **Conversion:**

Upon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the holder, vest and convert into one Share.

(f) **Lapse of a Performance Right:**

If the Milestone attaching to a Performance Right has not been satisfied in the time periods set out below, it will automatically lapse on 26 February 2023.

(g) **Lapsing Otherwise**

If the Vesting Condition has not been satisfied and the holder is no longer engaged by the Company as a director, employee or consultant for whatever reason, any unvested Performance Rights held by that holder will automatically lapse.

(h) **Sale Restrictions**

The Board may, in its discretion, determine at any time up until conversion of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights.

(i) **Share ranking:**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(j) **Listing of Shares on ASX:**

The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.

(k) **Transfer of Performance Rights:**

A Performance Right is only transferable with the prior written consent of the board or by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.

(l) **Participation in new issues:**

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

(m) **Adjustment for bonus issue:**

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

(n) **Adjustment for reconstruction:**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the Vesting Conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(o) **Dividend and Voting Rights:**

A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.

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MMJ Group Holdings Limited | ACN 601 236 417

# AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

## Vote by Proxy: MMJ

Your proxy voting instruction must be received by **2.30pm (AEDT) on Monday, 26 November 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears in the Company's share register. If this information is incorrect, and you have an Issue Sponsored holding, you can update your address through the Investor portal: <https://investor.automic.com.au/#/home>. Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

**PHONE:**  
1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1, 5 and 7 (except where I/we have indicated a different voting intention below) even though Resolution 1, 5 and 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).