

18 July 2016

MMJ PhytoTech Company Update Q&A Session with Managing Director

MMJ PhytoTech Limited (ASX: MMJ) (“**MMJ**” or “**the Company**”) is pleased to provide its shareholders with the below Company update, in the form of a Q&A session with Managing Director Andreas Gedeon.

MMJ recently achieved a significant operational milestone with its flagship Duncan Facility granted a Marihuana for Medical Purposes Regulations (“**MMPR**”) production licence by Health Canada. This milestone is considered a key catalyst for the Company in its transition towards becoming a leading supplier of medical cannabis globally.

Managing Director Q&A Session July 2016:

- 1. Andreas, you recently announced the granting of a MMPR production licence for your Duncan Facility in Canada – can you please elaborate on the significance of this licence and what it means for MMJ moving forward?**

The decision by Health Canada to approve MMJ’s wholly-owned subsidiary, United Greeneries (“**UG**”), as an authorised licensed producer of medical cannabis (“**MC**”) is a momentous event for the business across a number of levels.

MMJ is the only Australian-based company to successfully secure a Canadian MC cultivation licence, making us one of only a handful of companies globally with the capacity to commercially produce medicinal grade cannabis. Operating within a highly regulated, federal system also allows for the importing and exporting of narcotics across national borders.

The MMPR licence permits MMJ to immediately commence production of MC at the Duncan Facility, which the team at UG is in the process of doing as we speak.

This will essentially enable MMJ to strategically expand into other regulated cannabis markets globally, as legislation continues to evolve. It also underpins our own internal supply chain for our clinical efforts, which is the key to being able to move forward with clinical trials and studies.

The Duncan Facility is a 16,000ft² building with a level-8 vault, 3 bays and close to 10,000ft² of cultivation area. MMJ has invested approximately CAD\$8 million to ensure that the facility is of the highest possible standard. The license approval by government regulator, Health Canada, is a tremendous endorsement of the quality of both the facility and the staff who managed the licensing process.

- 2. The Canadian government continues to progress towards legalising the recreational cannabis market – can you explain how this will impact MMJ?**

The recent progress made in Canada relating to the legalization of the recreational cannabis market is undoubtedly a very encouraging development for MMJ and its shareholders.

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We view the Canadian recreational market, which has an estimated value of CAD\$5 billion, as an enormous growth opportunity for the business in the next 12-18 months.

Although the Company views the penetration of the existing medical cannabis market as highly important, a potentially big opportunity for MMJ moving forward is in the supply to recreational cannabis markets in Canada and possibly other markets.

The Canadian federal regulatory authority, Health Canada, recently created a Task Force on marijuana legalisation and regulation. The Task Force will essentially work with all relevant stakeholders in order to provide advice and structure around the implementation of a new regulatory system for recreational cannabis. The new system will allow regulated personal access for recreational purposes, without the requirement of any medical condition or physician oversight.

It is currently anticipated that the new framework will be introduced in full during H2 FY2017 and the Canadian government has already announced that it will be guided and regulated with the same focus on consumer protection and public health as the current MMPR.

We are therefore confident that current licensed producers under the MMPR system will have a strong first mover advantage and we intend to make this opportunity a 'game changer' for MMJ and its shareholders.

3. Earlier this year, MMJ announced its entry into the emerging medical cannabis market in Australia. With established operations across Canada, Switzerland and Israel, can you outline the advantages of having a multi-jurisdictional business model?

A major focus for the Company to date has been the strategic global positioning of our vertically integrated business model, with each of our wholly-owned subsidiaries operating in jurisdictions with favourable regulatory frameworks already in place.

With regulatory environments continuing to evolve throughout a number of countries, it is imperative that MMJ has the flexibility and dynamism to adapt to changing conditions in order to be best positioned to capture additional revenue building opportunities as they arise.

To highlight this point further, we are committed to boosting sales of Satipharm's (Switzerland-based subsidiary) MC health products throughout regulated markets in Europe to increase near-term revenues.

The Company's Israeli headquartered subsidiary, PhytoTech Therapeutics Limited, is currently focused on the clinical development of cannabis based prescription drugs, having completed its first Phase 1 clinical study earlier this year. Phase 2 trial planning is now well advanced and, to my knowledge, MMJ is the only company, other than GW Pharmaceuticals going forward, with a serious Phase 2 trial based on organically derived Cannabinoids. This is because we have been able to secure the supply chain, which has proven to be extremely difficult for other companies.

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We view the Australian MC market as a significant opportunity for MMJ in the medium term, and we are currently working with two Australian businesses to establish a local dispensary framework and to assist with community education and lobbying efforts where required. We are also working with Epilepsy Action Australia in order to focus on a market segment where our products will likely find the highest need and can do the most immediate impact.

As I have just outlined, not being constrained by geographical boundaries has enabled the business to penetrate a number of key target markets, whilst remaining committed to executing our 'Farm-to-Pharma' growth strategy.

4. Andreas, can you please outline some of the key differences between medical cannabis and industrial hemp?

The critical difference between the two is that industrial hemp has only very small trace amounts of the active compounds, or cannabinoids, found in medical or recreational grade cannabis. Industrial hemp can be grown nearly anywhere in the world and is cultivated for fibres or seeds for hemp oil production. It only contains traces of some key cannabinoids, mainly CBD or Cannabidiol. The key compound that provides medical or recreational cannabis with its psychoactive properties is Tetrahydrocannabinol or THC.

In general, industrial hemp, by law, can contain no more than 0.3% THC content whereas medical and recreational cannabis usually contains between 15-30% THC content. Most medicinal applications depend on a combination of all cannabinoids, not just one. This is why it is essential to control the entire supply chain of Cannabis, including its narcotic compounds.

5. Who are some of the operators in the global medical cannabis sector that we can perhaps use as a peer comparison for MMJ?

On a global perspective, a company that is often used to draw peer comparisons is British biopharmaceutical operator GW Pharmaceuticals (LON: GWP) (NASDAQ: GWPH). The Company is focused on the development of cannabinoid-based prescription medicines used to treat multiple sclerosis and cancer pain. GWP has a market capitalisation of circa US\$2bn.

There are also two well-performed Canadian-listed companies who are licensed producers of medical cannabis – Aphria Inc. (market cap circa A\$117m) and Canopy Growth Corp. (market cap circa A\$295m) – which further highlights how significantly undervalued MMJ is at these prices (market cap circa A\$46m).

As we speak, MMJ is the only publicly listed company globally that offers exposure to the four key pillars of the Cannabis value chain, being cultivation, sales, pharmaceutical grade nutritional supplements and meaningful pharmaceutical clinical trials.

We are confident that key catalysts, including the commencement of production in Canada, increased MC product sales throughout Europe and successful clinical trials in Israel, will all result in a significant value uplift for MMJ in the near-term.

6. Finally thanks for your time Andreas, and could you leave us with an overview of some of the near-term milestones that MMJ shareholders can look forward to for the first half of FY2017?

The Company has a very active project development pipeline, and a number of near-term value drivers that will be underway in the next 3-6 months period.

As I have mentioned, the Duncan Facility will play a vital role as production is increased over coming months to underpin the Company's supply chain and to generate near-term revenue streams via supply to the existing Canadian MMPR market.

In conjunction, with the appointment of Stanislav Sologubov as CEO of Satipharm in Switzerland we expect to drive growth in sales of our Gelpell product through Europe, whilst we work to expand on our existing product range.

Our Israeli-based subsidiary, PhytoTech Therapeutics, is also well advanced in its planning towards the commencement of a Phase 2 clinical trial of our exciting Gelpell-CBD capsules and we expect to be able to provide our shareholders with an updated on the trials commencement very shortly.

– ENDS –

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About MMJ PhytoTech Limited

MMJ PhytoTech is a Medical Cannabis company, which aims to commercialise Medical Grade Cannabis (MGC) and high potential cannabis based therapeutics products to the rapidly growing international market with regulated medical cannabis laws. The Company operates three subsidiaries with operations across the entire Medical Cannabis value chain, encompassing the Company's "Farm to Pharma" strategy.

Its **United Greeneries** subsidiary has growing facilities in Canada and is fully integrated with Agrichem Analytical, its quality control and testing laboratory. **Satipharm** has a number of key international distribution partnerships for the distribution of cannabinoid-based pharmaceutical, nutraceutical and wellness products.

Through its **PhytoTech Therapeutics** subsidiary in Israel the Company has an exclusive research and licensing agreement with Yissum, the prestigious Research Development and technology transfer Company of Hebrew University in Jerusalem, Israel, a global leader in medical cannabis research.