

20 December 2016

MMJ PhytoTech Company Update Q&A Session with Managing Director

MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”) is pleased to provide shareholders with this Q&A update from Managing Director Andreas Gedeon.

MMJ has recently delivered a number of key corporate and operational milestones, as the Company continues to progress towards becoming a significant producer in the rapidly growing Canadian cannabis market.

1. Andreas, you recently announced the securing of a Cannabis Seed Import Permit – can you please explain the significance of this for MMJ?

The securing of an Import Permit from Health Canada and the Canadian Food Inspection Agency was a critical achievement for the business as it has enabled the importation of a significant amount and advantageous diversity of cannabis seeds.

This is a key catalyst towards commencing cultivation activities at our world-class Duncan Facility, with growing operations scheduled to be underway shortly.

The Import Permit positions our Canadian-based subsidiary, United Greeneries Holdings Limited (“UG”), as one of only a few companies with the capacity to import critical starter material into the Canadian market – with our team able to solve a considerable industry bottle neck.

By solving this supply bottle neck, the Company will now be able to cultivate and sell a broad range of cannabis varieties that have not previously legally been available in the Canadian market. This is a significant competitive advantage for MMJ as it looks to capture a large foothold in the recreational market next year.

2. With the start-up of cultivation activities imminent, what is UG’s production strategy and how quickly can production be scaled up to meet demand?

The Duncan Facility is a 16,000ft² building with a level-8 vault, 3 bays and close to 10,000ft² of cultivation area, with MMJ having invested approx. C\$8 million to date on the development of this facility.

A three-stage expansion strategy is in place for the Duncan Facility which, upon completion, will see UG have the capacity to produce approx. 60,000kg per year of cannabis. In the short term, the Company is targeting the cultivation of approx. 7,500kg of medical cannabis during Phase 1 of the expansion plan during 2017, then rapidly scaling up production to over 17,500kg during 2018.

This level of production will enable the Company to establish a strong first mover advantage in the Canadian market, whilst also giving MMJ the flexibility to supply other regulated markets globally.

3. How is the TSX-V transaction with Harvest One progressing, and when can we expect this to be finalised?

The transaction is progressing well, with the Company signing a definitive agreement with Harvest One Capital Corp. ("Harvest One") (TSX-V NEX: WON.H), to advance the proposed listing of UG and Satipharm AG ("Satipharm") on the TSX-V via the reverse takeover of Harvest One.

In November, Mackie Research Capital Corporation was engaged as Lead Manager for the equity financing component of the transaction, which will see Harvest One raise up to C\$15 million through the issue of shares at C\$0.75 each. Mackie Research has a deep network of retail and institutional investors in the North American capital markets, and the Canadian leg of the equity raising roadshow has been very positively received by investors.

The transaction and recapitalisation of Harvest One is expected to be completed in January 2017, and the newly formed entity will commence trading shortly thereafter.

4. The Canadian cannabis market is currently experiencing unprecedented levels of corporate activity and investor demand – can you provide some background on the key drivers behind this booming market?

It is a very exciting time for cannabis companies globally, in particular those with exposure to the Canadian market, with future medicinal and recreational markets estimated to grow to C\$8-\$9 billion per annum by 2024.

Soaring company valuations and the liberalising of the legal framework, have continued to drive a wave of corporate activity and increased investor demand for cannabis related equities this year. In total, over C\$200M has been raised by MMJ's Canadian peers since March 2016, which further validates the Company's strategy to list our key cannabis brands on the TSX-V.

A prime example of a major player looking to solidify its position ahead of the legalization of recreational cannabis use has been Canopy Growth Corp.'s (CVE: CGC) – Canada's largest publicly listed company. Canopy recently announced the acquisition of fellow Canadian cannabis play Mettrum Health Corp. (CVE: MT) for circa C\$430 million – which represents a 42% premium to their latest share price.

There has also been strong investor demand for new cannabis related TSX-V listings, with International Cannabis Corp (CVE: ICC) listing in November, and recording a 300% share price increase on its first day of trading.

Another recently listed company to have received solid investor support is licensed medical cannabis producer Emblem Corp. (TSX-V: EMC), which recorded an intraday high of C\$3.75 on its first day of trading - a jump of over 200%.

5. What have been some of the recent developments regarding the legalisation of recreational cannabis use in Canada?

As we announced to the ASX last week, the Canadian Federal Government released its Final Report into the legalization and regulation of recreation cannabis, with the report based on submissions made by the Health Canada appointed Task Force.

One of the most encouraging aspects of the report for MMJ was the finding that the existing regulatory framework governing medicinal cannabis production could potentially be used as the 'entry point' for the legalization of commercial production by the private sector.

As United Greeneries is already a Licensed Producer under the existing Access to Cannabis for Medical Purposes Regulations ("ACMPR"), it would be strategically positioned to capture a significant foothold in the recreational market as an early stage supplier.

6. What are some of the key near-term catalysts for the Satipharm brand once the TSX-V transaction is complete?

A number of key growth opportunities have been identified for Satipharm in the near-term, with a significant marketing campaign to drive sales of 10 MG and 50 MG capsules in key European markets earmarked for Q1 2017. This will be followed by targeted entry into 10 additional European markets in Q2 2017.

The Board also views the Australian market as another potential growth opportunity in the near-term, with recent changes to Commonwealth legislation enabling cannabis-based products to be used for medicinal or research purposes as controlled drugs.

These recent legislative changes have opened the door for an accelerated entry into the Australian market, via the sale of Satipharm's Gelpell Microgel Capsules, with MMJ the only ASX-listed company with a medicinal cannabis product that has demonstrated safety under a clinical trial program.

– ENDS –

For media and investor inquiries please contact:

Andreas Gedeon
Managing Director
+1 (250) 713 6302
agedeon@mmj.ca

Released through Sam Burns, Six Degrees Investor Relations, M: +61 400 164 067



Follow us on Twitter @MMJPhytoTechLtd

<http://www.mmjphytotech.com.au>

About MMJ PhytoTech Limited

MMJ PhytoTech Limited (ASX. MMJ) is focused on becoming a large-scale cannabis producer, targeting direct supply to the growing Canadian medicinal and recreational markets which are forecast to grow to an estimated combined value of C\$8-9 billion by 2024. The Company controls operations across the entire medicinal cannabis value chain through three business units, strategically located in favourable jurisdictions with supportive regulatory frameworks in place.

United Greeneries Holding Ltd. has established world-class growing facilities in Canada, including the fully licensed Duncan Facility. MMJ is the first Australian-based company to receive a Canadian medicinal cannabis cultivation licence, and one of only a few companies globally with the capacity to commercially cultivate medicinal grade cannabis in a federally regulated environment.

The Company's European, cannabis-based, pharmaceutical, nutraceutical and cosmetics division operates under its 100% owned subsidiary, **Satipharm AG**. MMJ began production of its Gelpell® Microgel Capsules in May 2015, and is committed to boosting the sales of its flagship product throughout regulated markets globally.