



ASX RELEASE

28 May 2015

PYL AND MMJ ON TRACK FOR REVENUES IN JULY

Highlights:

- Production of MMJ's GMP-produced CBD food supplement capsules commenced 25 May 2015 – Capsules to be branded and sold as Sativol™
- Sativol™ will be the first product launched by Satipharm (an MMJ subsidiary) under exclusive development alliance with Swiss partners Ai Fame gmbH and Gelpell AG
- Highly concentrated formulation derived from superior extraction processes, which result in pharmaceutical-grade quality ingredients
- Proprietary delivery technology, competitive pricing and sustainable supply to lead to strong demand in the E.U.
- Roll out of Sativol™ is on schedule and expected to be available for distribution in late June 2015
- Project is within budget and first sales are expected in July 2015 – a key milestone for MMJ and Satipharm as it becomes revenue generating
- Implementation of Marketing and Logistics for the product planning well underway



Design draft, may not represent final packaging

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PhytoTech Medical Limited (ASX:PYL) (“PYL” or the “Company”) is pleased to announce that production of MMJ Bioscience Limited’s (“MMJ”) proprietary, Good Manufacturing Practice (“GMP”) produced cannabidiol (“CBD”) capsules commenced in Switzerland on 25 May 2015.

The capsules will be sold in packages of 30 x 10mg microgel capsules and marketed as a dietary supplement in the E.U under the brand name SativoTM. The first batch of 150,000 capsules will be ready for distribution by the end of June 2015 with sales scheduled to begin in July 2015. This is a key milestone for both PYL and MMJ leading up to the general meeting of PYL shareholders on 29 June 2015 where they will vote to approve the proposed merger of the two companies.

SativoTM will be the first product launched by MMJ subsidiary Satipharm under its exclusive cannabis-focused product development partnership with Swiss partners Ai Fame GmbH, an integrated cannabis-focused pharmaceutical compound manufacturer and Gelpell AG, a premium contract manufacturer of supplements and Phyto-pharmaceuticals. Both are based in St. Gallen, Switzerland.

MMJ expects SativoTM to generate strong demand from an early stage in the E.U. CBD supplement market. It differs from other products in the market as its GMP Quality Control Process and superior extraction processes have resulted in a highly concentrated formulation made from quality ingredients. Proprietary delivery technology, competitive pricing and sustainable supply are also expected to increase demand of the product in the region.

GMP Quality Control process

MMJ's GMP Quality Control process is implemented across all parts of the supply chain ensuring a high level of consistency and creating a high quality product with high quality ingredients. The raw materials used are grown in controlled conditions, resulting in a consistent strain of hemp, whereas many other supplements in Europe are made from inconsistent strains of industrial hemp and grown in uncontrolled conditions. Many resulting products are wrongly labeled and do not comply with basic food safety regulations, whereas SativoTM conforms to all applicable regulations and can legally be marketed in any country where CBD is not listed as a controlled substance.

Superior Extraction Processes

The proprietary CO₂-based extraction technique used to extract the CBD for *Sativo*TM is superior to that of other conventional CBD supplements, which utilise a crude extraction process such as ethanol extraction and often leave trace contaminants and results in an unknown total composition of the extract. Whereas the extraction process used by Satipharm results in a reproducible hempflower extract with a consistent 95% CBD content.



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Proprietary Delivery Technology

Satipharm uses proprietary *Gelpell AG* microgel capsules encased in a gastro-resistant gel cap, which ensures accurate and consistent dosages and substantially enhances bioavailability. Other CBD products on the market tend to be sold as liquid extracts, hemp oil mixtures and expensive ‘concentrates’, which raise consistency, dosage and quality concerns.

Sativol™ is the first of a planned line of non-psychoactive, cannabinoid-based health and wellness products to be launched by the merged PhytoTech and MMJ group, and represents an important milestone in the implementation of the Company’s ‘Farm to Pharma’ strategy.

By the end of June 2015, Sativol™ will be ready for distribution in the E.U, with revenues expected in July 2015, following the implementation of a focused marketing and logistics plan.

Significant demand coupled with limited supply in the market is helping support very robust prices for CBD extracts and CBD-based products worldwide and the Company is confident of achieving substantial revenues from the product.

Andreas Gedeon, CEO of MMJ and Designated Managing Director of the Group, commented:

“This is a pivotal moment for PhytoTech and MMJ with the sales of the Sativol™ to bring the Company its first revenue generation. The sales of this product in the E.U also demonstrates the acceptance for the medicinal potential of cannabis. To our knowledge, this is the first time that a product of this quality and safety will be available to consumers.

Sativol™ will be the first of several cannabinoid-based products designed for maximum sales and market penetration to be launched by the MMJ’s Swiss-based Satipharm. With the imminent launch of Sativol™, the Group is quickly approaching initial revenues and demonstrating its ability to execute its strategy on budget and on time.”

For further information on the product, its ingredients, benefits and the market please see below.

About Cannabinoids

Cannabinoids are a class of diverse chemical compounds – including Tetrahydrocannabinol (THC) and Cannabidoil (CBD) - contained in the cannabis plant. CBD is a non-psychoactive cannabinoid that has significant positive health benefits without the intoxicating effect of THC. CBD has been shown to counter the psychoactive effects of THC while simultaneously enhancing some of the positive effects of the cannabinoid. Importantly, Sativol does not contain THC.



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Therapeutic Potential of CBD

Of all the primary cannabinoids, CBD is thought to have the biggest medicinal potential across the greatest range of diseases. Scientific research has shown that CBD may be beneficial for many conditions, including chronic pain, cancer, anxiety, diabetes, epilepsy, rheumatoid arthritis, PTSD, sleep disorders, alcoholism, cardiovascular disease, antibiotic-resistant infections, and various neurological ailments.

The Market for CBD in Europe, the US and Worldwide

The high medicinal potential of cannabinoids – particularly CBD – is being recognised by the public, governments, research institutes, pharmaceutical companies and other organisations worldwide. The Group is well positioned to take advantage of this growing acceptance and use of CBD as a supplement and potentially as a pharmaceutical.

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About PhytoTech Medical Limited

PhytoTech Medical Limited 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. With research facilities located in Israel, a global leader in medical cannabis research, the Company is strategically positioned to become a key player in the global MGC market.

On 23 March 2015, the Company announced that it had entered into an agreement to acquire 100% of the issued capital of MMJ Bioscience Inc., a Canadian-based multinational vertically integrated MC company. Under the terms of the agreement, the two companies will combine in a “Merger of Equals” via a three-stage deal structure based on MMJ achieving key milestones. The combined group will form a vertically integrated MC company which will be involved with the production, research and development and distribution of MC products.



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The transaction remains subject to shareholder approval to be sought at the upcoming general meeting of shareholders on 29 June 2015.

About MMJ Bioscience Inc.

MMJ is a Canadian-based, global, vertically-integrated, cannabis-focused bioscience company specialising in supply chain optimisation and product development for the emerging global cannabis market.

Its Canadian subsidiary, United Greeneries, is currently in the final stage of applying for a federal license under the Marihuana for Medical Purposes Regulations (“MMPR”). An integral part of MMJ’s strategy is to approach medicinal cannabis in a multi-tiered fashion, with a global perspective and a strategy that positions the company in key segments of the legal cannabis supply chain. MMJ aims to continuously incorporate higher value verticals into the Company’s product and service offerings in a disciplined and incremental fashion. United Greeneries will provide a robust cannabis and cannabinoid production capacity, enabling our group to actualise the medical potentials of Cannabis.

Satipharm is MMJ’s European pharma-initiative focused on the research, development and distribution of cannabis-based pharmaceutical, nutraceutical and cosmetic products. Satipharm’s goal is to be the leader in this space by capitalising on its first-mover opportunities. To date, Satipharm has been able to create a platform by closing the loop from ‘Farm to Pharma’. The European base allows Satipharm to take advantage of favourable narcotics laws in different countries and provinces within the European Union (‘Jurisdictional Synergies’). MMJ has established a number of key international partnerships placing us well ahead of the curve when it comes to developing and distributing cannabis and cannabinoid-based pharmaceutical, nutraceutical and wellness products.

<http://mmj.ca/>

About Satipharm’s Swiss Partners

Ai Fame GmbH is an integrated cannabis-focused pharmaceutical compound manufacturer based in St. Gallen Switzerland. Satipharm has exclusive rights to the production hempflower extracts from Ai fame.

Gelpell AG is a premium contract manufacturer of supplements and Phytopharmaka based in St. Gallen, Switzerland and creator of the proprietary Gelpell microgel delivery technology utilized by Sativol™. Satipharm has exclusive rights on all of Gelpell’s technology for the use with cannabis and cannabinoids.