



# Unlocking Near-Term Value & Optimising Assets for Growth

**MMJ PhytoTech Limited (ASX. MMJ)**  
**Developing a World-Class Pure Play Cannabis Company**  
**September 2016 Investor Presentation**

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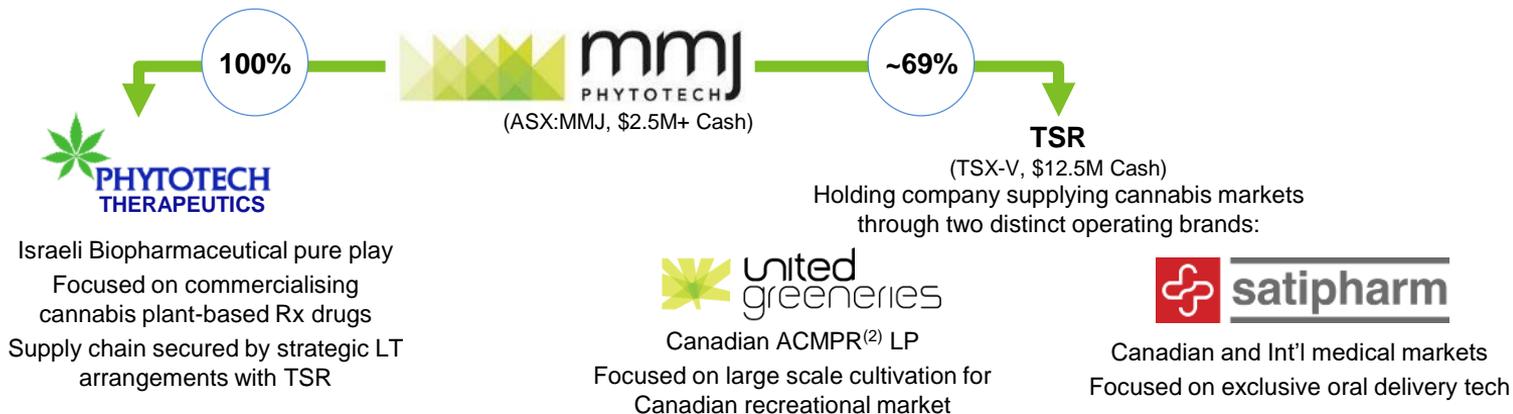
## ***Value-Driven Corporate Restructuring***

- MMJ PhytoTech ('MMJ' or the 'Company') to list Canadian subsidiary United Greeneries ('UG') together with Swiss subsidiary Satipharm ('SAT') on the TSX Venture Exchange ('TSX-V') (the "Transaction").
- The new TSX-V listed entity ('TSR') is expected to unlock significant value by providing MMJ shareholders strategic exposure to the rapidly growing Canadian cannabis markets and robust demand for cannabis-focused equities.
- Transaction to be completed via \$40M Reverse Takeover ('RTO') of TSX-V listed Top Strike Resources (TSX-V:TSR) ('TSR'):
  - MMJ to vend UG and SAT into TSR in exchange for \$37.5M in TSR equity and \$2.5M cash (\$40M total consideration).
  - TSR to undertake concurrent equity financing of at least \$15M (\$2.5M of which will be paid to MMJ as partial consideration).
  - TSR to undergo 6:1 share consolidation and rebranding forming yet-to-be named Can HoldCo.
- Post Transaction, MMJ will have significant ownership in two well-financed, growth-oriented, streamlined cannabis-focused companies:
  - **~69% of TSR:** TSX-V listed cannabis and cannabis-based products company focused on supplying Canadian and international medical and recreational cannabis markets through two distinct operating brands:
    - United Greeneries: Canadian Licensed Producer with focus on large scale horticultural operations for the upcoming Canadian recreational cannabis market.
    - Satipharm: International medical cannabis brand with focus on oral delivery technologies for strategic entry in emerging medical cannabis markets and the existing so medical cannabis market in Canada.
  - **100% of Phytotech Therapeutics ('PTL'):** private Israeli pure play biopharmaceutical company focused on developing and commercialising cannabis-based therapeutics by leveraging unique medical cannabis supply chain secured by strategic long-term arrangements between UG, SAT and PTL.

## Key Value Drivers

- Transaction will streamline and narrow strategic focus of MMJ's businesses potentially unlocking significant shareholder value and optimizing the Company's assets for growth.
- TSR will be well positioned to supply evolving recreational and medical cannabis markets in Canada and internationally
- TSX-V listing of TSR expected to mitigate MMJ's prolonged trading valuation discount by providing direct access to robust Canadian capital markets:
  - 9 publicly traded Canadian peers<sup>(1)</sup> ('Peers') for direct market comparison
  - Enhanced liquidity and availability of capital
  - Equity research coverage from virtually all independent brokerages / investment banks
  - Strong and growing institutional participation (Canadian and international)
  - Very strong appetite for cannabis-focused equities currently

## Post-Transaction Schematic



(1) Includes Aphria, Aurora Cannabis, Canopy Growth, Emerald Health Therapeutics, Mettrum, Organigram, PharmaCan Capital, Supreme Pharmaceuticals and THC Biomed Intl

(2) Access to Cannabis for Medical Purposes Regulations formerly known as Marihuana for Medical Purposes Regulations ('MMPR')



- UG owns and operates two growing facilities in Canada - the Duncan Facility and the Lucky Lake Facility.
- On 30 June 2016, Health Canada (“HC”) officially approved UG as an authorised Licensed Producer (“LP”) at the Company’s flagship Duncan Facility.
- The Duncan Facility is a state of the art Medical Cannabis operation with circa 10,000ft<sup>2</sup> of cultivation area.
- UG recently entered into an option agreement to lease a 13+ acre land package located directly adjacent to the existing Duncan Facility. This land package could support an expansion of up to 10 acres of greenhouse production space with the potential to yield an additional 25,000 kg/year of cannabis.
- Increased production will enable UG to penetrate soon to be legalized Canadian recreational market while also servicing the existing legal medical market - forecast annual sales of combined markets expected to reach ~\$8 to \$9 billion per/year by 2024<sup>(1)</sup>.
- Lucky Lake Facility is a 62,000 ft<sup>2</sup> modern, concrete agricultural facility sitting on over 18 acres of land which is 100% owned by UG. ACMPR licensing is currently at the security clearance stage.

**Post merger TSR to become a large-scale cannabis producer targeting supply to rapidly expanding Canadian medical and recreational markets**



Figure 1: Duncan's State of the art cultivation area.



Figure 2: Duncan Facility automated fertilizer system.

**Low-cost, highly scalable production capacity targeting approx. 26,000 kg/year cannabis**

➤ By 2024 the combined medical and recreational cannabis market in Canada is expected to reach \$8-\$9Bn<sup>(1)</sup> in annual sales

## Medical Growth Outpacing HC Estimates (Clients '000s)



## Medical & Recreational Sales to Reach \$8-9Bn by 2024 (\$Bn)



## Current Capacity a Fraction of Expected 2024 Demand (M Kgs)<sup>(2)</sup>



## UG's Expansion Plans are a Drop in the Bucket (Kg)<sup>(3)</sup>



## The Canadian Cannabis Market is Set for Unprecedented Growth

Source: Equity research, Health Canada and MMJ estimates. (1) Market estimates based on equity research and internal MMJ estimates. (2) Expected total cannabis demand based on following \$/g retail price assumptions: 2016E, 2017E:\$8.00/g; 2018E, 2019E:\$7.50/g; 2020E+ \$7.00/g (2) UG is currently licensed to produce a limited quantity until grant of distribution license. UG expects that the Duncan facility will be licensed to produce ~1,000kg/year. Expansion plans are indicative and for illustrative purposes only.

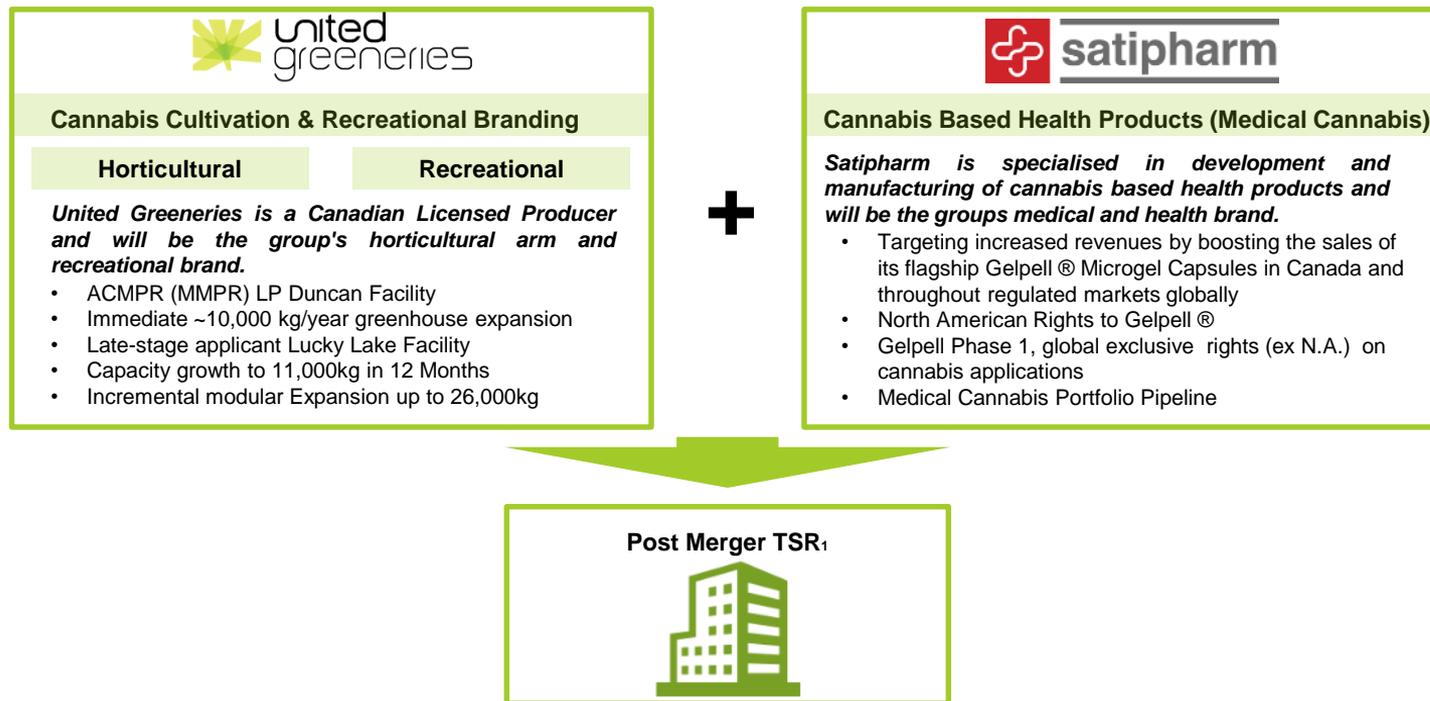


 **Made in Switzerland**

- Based in Switzerland, Satipharm is a pioneer in the development and distribution of medical cannabis based pharmaceutical, nutraceutical and cosmetics products.
- Satipharm has developed the ‘first and only’ product on the market with a pharmaceutical grade GMP (Good Manufacturing Product) production – unique Gelpell® Microgel Capsules.
- Satipharm’s vision is to become a global leading company through the development and commercialisation of its cannabidiol based products.
- Satipharm commenced production of its Gelpell Microgel Capsules in May 2015, and is committed to boosting the sales of its flagship product throughout regulated markets globally.
- Satipharm is currently preparing a significant marketing campaign to drive sales of 10 MG and 50 MG capsules commencing October focusing first on Germany and Poland followed by entry into 10 additional EU countries in April 2017
- Further expansion plans include the introduction of a medical purposes food supplement product and a dermatology product in select EU countries commencing in May 2017

**Market leading pharmaceutical processing and distribution of sophisticated delivery technologies**

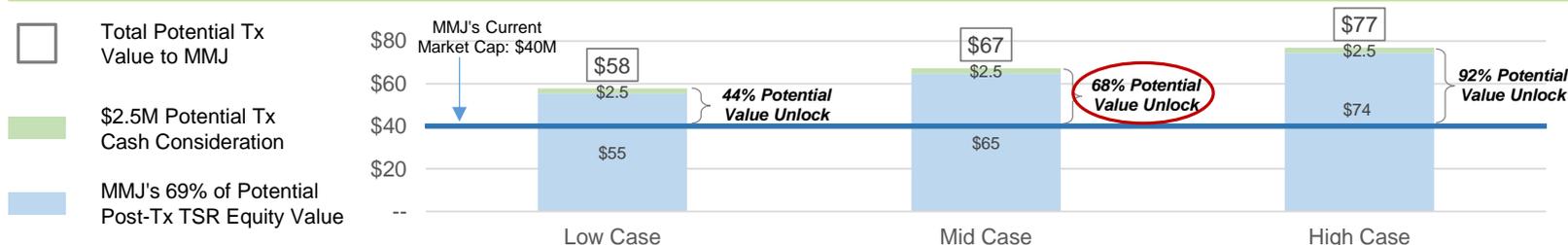
## ***MMJ shareholders will have significant exposure to the two of the largest commercial opportunities in the global cannabis sector***



# Value Enhancing Transaction<sup>(1)</sup>

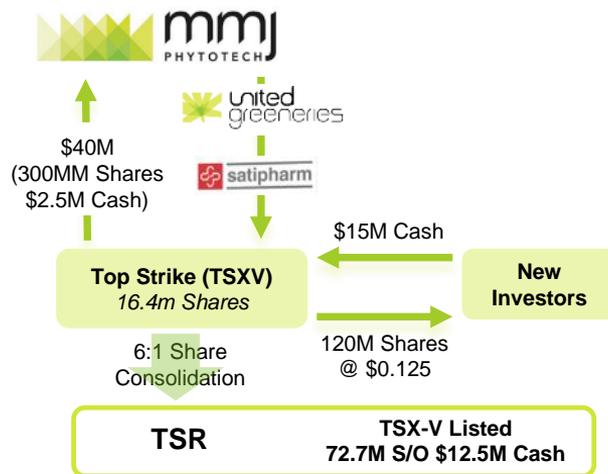
- MMJ appears to be significantly undervalued compared to its Peers<sup>(2)</sup>:
  - MMJ currently trades at 41%<sup>(3)</sup> discount to its Peers
  - Given MMJ’s substantial portfolio of non-ACMPR assets this **should not be the case**
- Canadian listing will provide MMJ with platform to trade inline with TSX-listed Peers;
  - **1 Year** – Peers: **+ 317%** vs MMJ: **-21%**
  - **MMJ as an LP (July 1, 2016 to present)** – Peers: **+175%** vs MMJ: **-6%**
- Recent increased corporate activity in the Canadian cannabis market has further highlighted the disconnect between MMJ and Peers:
  - Since March 1, 2016 over **\$200M** equity has been raised by MMJ’s Peers
  - Share price performance March 1, 2016 – Peers: **+167%** vs MMJ: **-23%**
- The indicative valuation of post-transaction TSR shows a potential value unlock ranging from **44% - 92%** of MMJ’s current share price – **this is without taking into account value of 100% ownership in PTL**

**Indicative Potential Value of Transaction to MMJ (\$M)<sup>(1)</sup>**



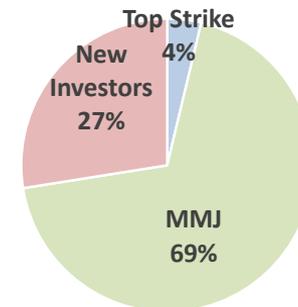
Source: Bloomberg. Share prices as at September 23, 2016 close. Notes: (1) Numbers, projections, valuation metrics and resulting valuations are indicative and for discussion purposes only and should not be used to base investment decisions on. (1) Includes Aphria, Aurora Cannabis, Canopy Growth, Emerald Health Therapeutics, Mettrum, Organigram, PharmaCan Capital, Supreme Pharmaceuticals and THC Biomed Intl. (2) Based on MMJ’s \$EV / Capacity metric \$37,046 vs median of 7 relevant Canadian LPs of \$65,401. See page 13 for full details on comparables.

## Reverse Take Over Transaction Schematic



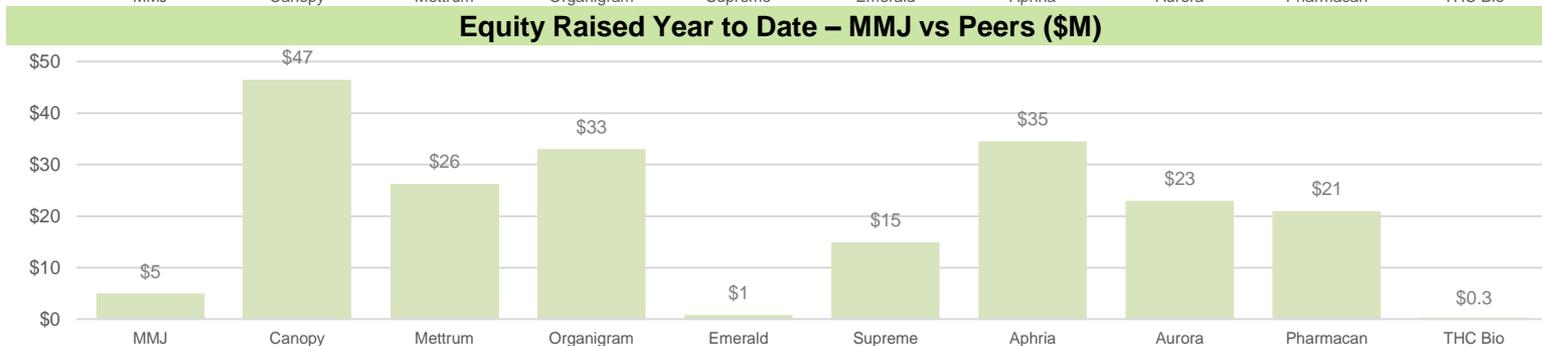
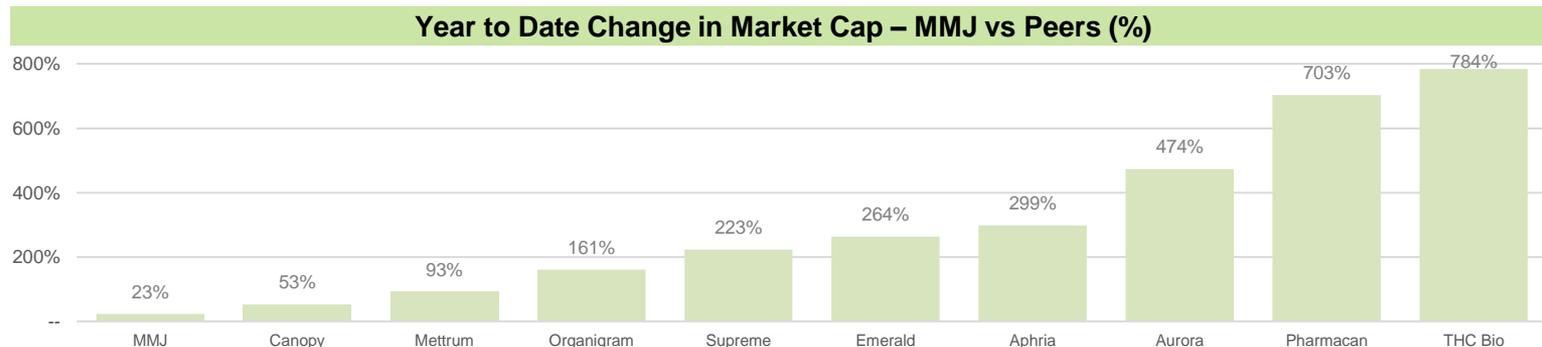
## Pro Forma Ownership of Post Merger TSR

	Shares	Post-Cons	%
Top Strike	16.4	2.7	4%
MMJ	300.0	50.0	69%
New Investors	120.0	20.0	27%
<b>Total</b>	<b>436.4</b>	<b>72.7</b>	<b>100%</b>



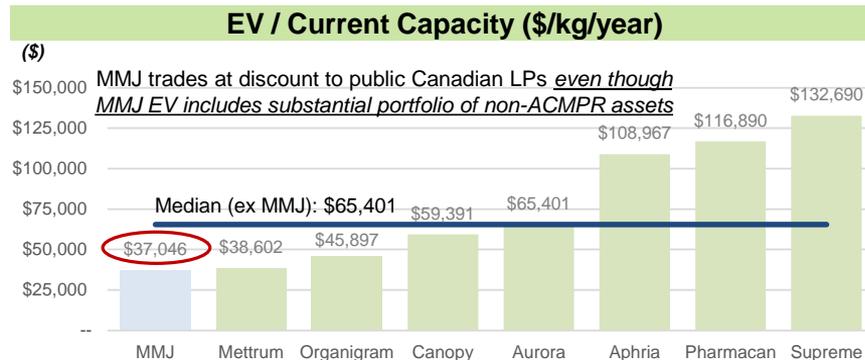
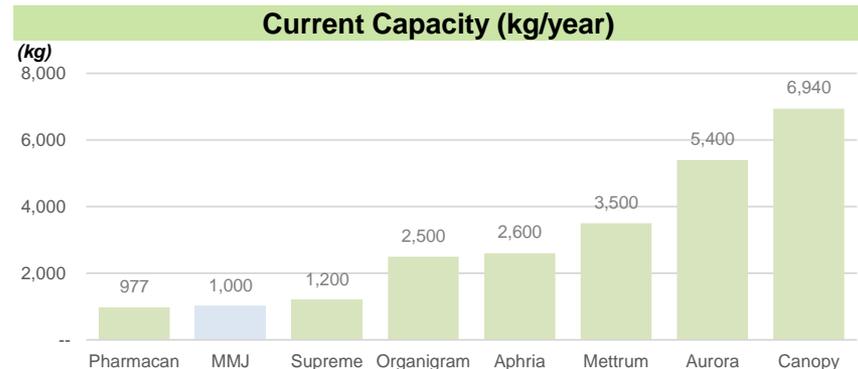
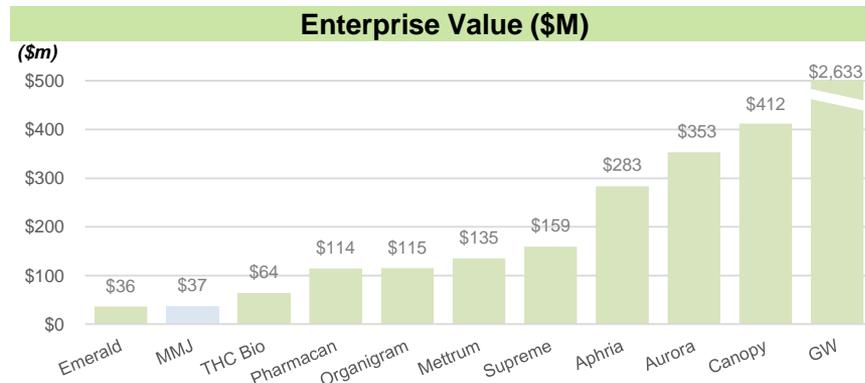
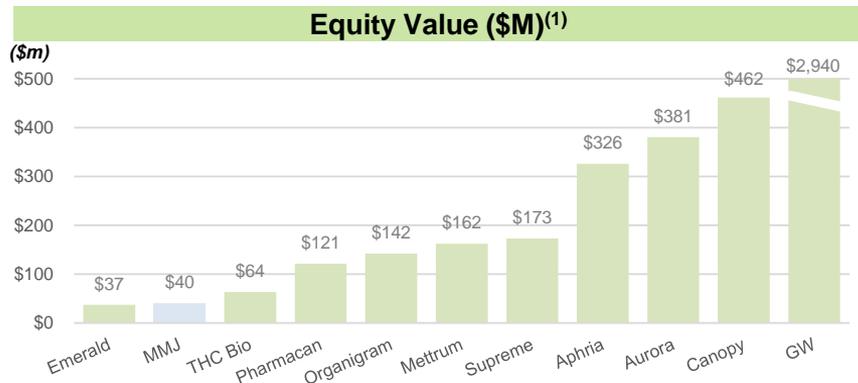
- TSR will acquire UG and SAT from MMJ for total consideration of \$40M | \$2.5M Cash + \$37.5M in TSR Equity (300M TSR Shares @ \$0.125/share)
- Concurrent to RTO, TSR will complete an equity deal of a minimum of \$15M | Deal to be completed at minimum price of \$0.125/share
- TSR to complete 6:1 share consolidation and rebranding forming yet-to-be-named Can HoldCo
- Current MMJ management to be responsible for operations of TSX-V company

# Canadian Cannabis Capital Markets - Peer Comparisons



Source: Bloomberg, public filings. Share prices as at September 23, 2016 close.

# MMJ is Undervalued – Comparable Trading Analysis

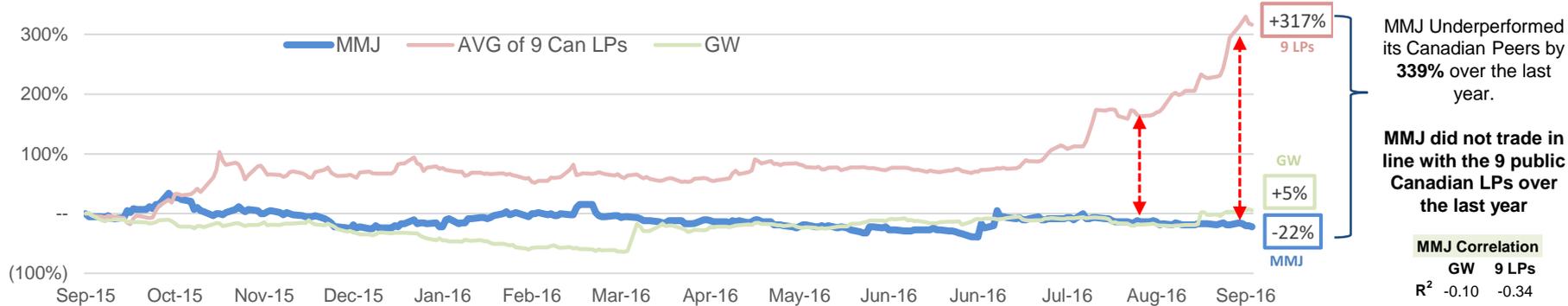


**MMJ should trade at a premium to its ACMPR-focused peers given its significant portfolio of non-ACMPR assets.**

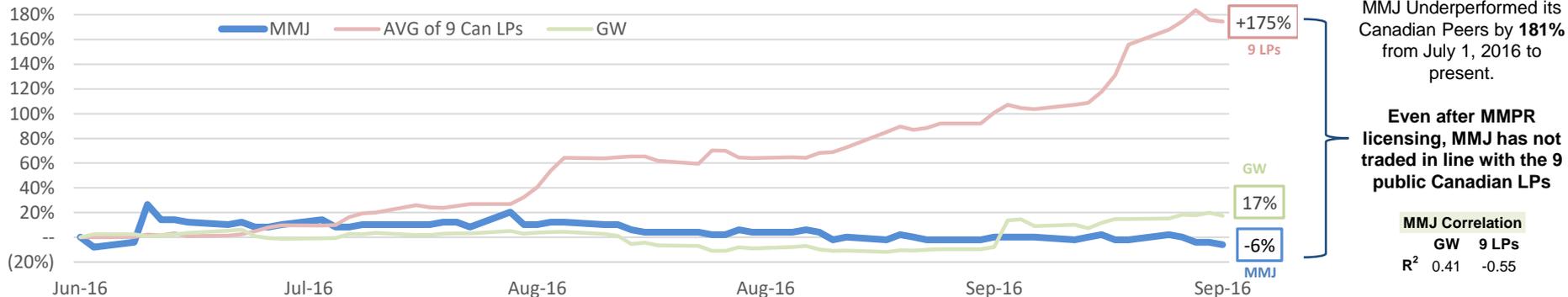
# MMJ Valuation – Relative Share Price Performance



## Relative Share Price Performance – Last Twelve Months



## Relative Share Price Performance – July 1, 2016 to Present (2<sup>nd</sup> Trading Day After MMPR License Grant)



Source: Bloomberg. Share prices as at September 23, 2016 close.

# Potentially Unlocking Value – Illustrative Valuation of Can HoldCo



Median \$EV / Licensed Capacity of Peers



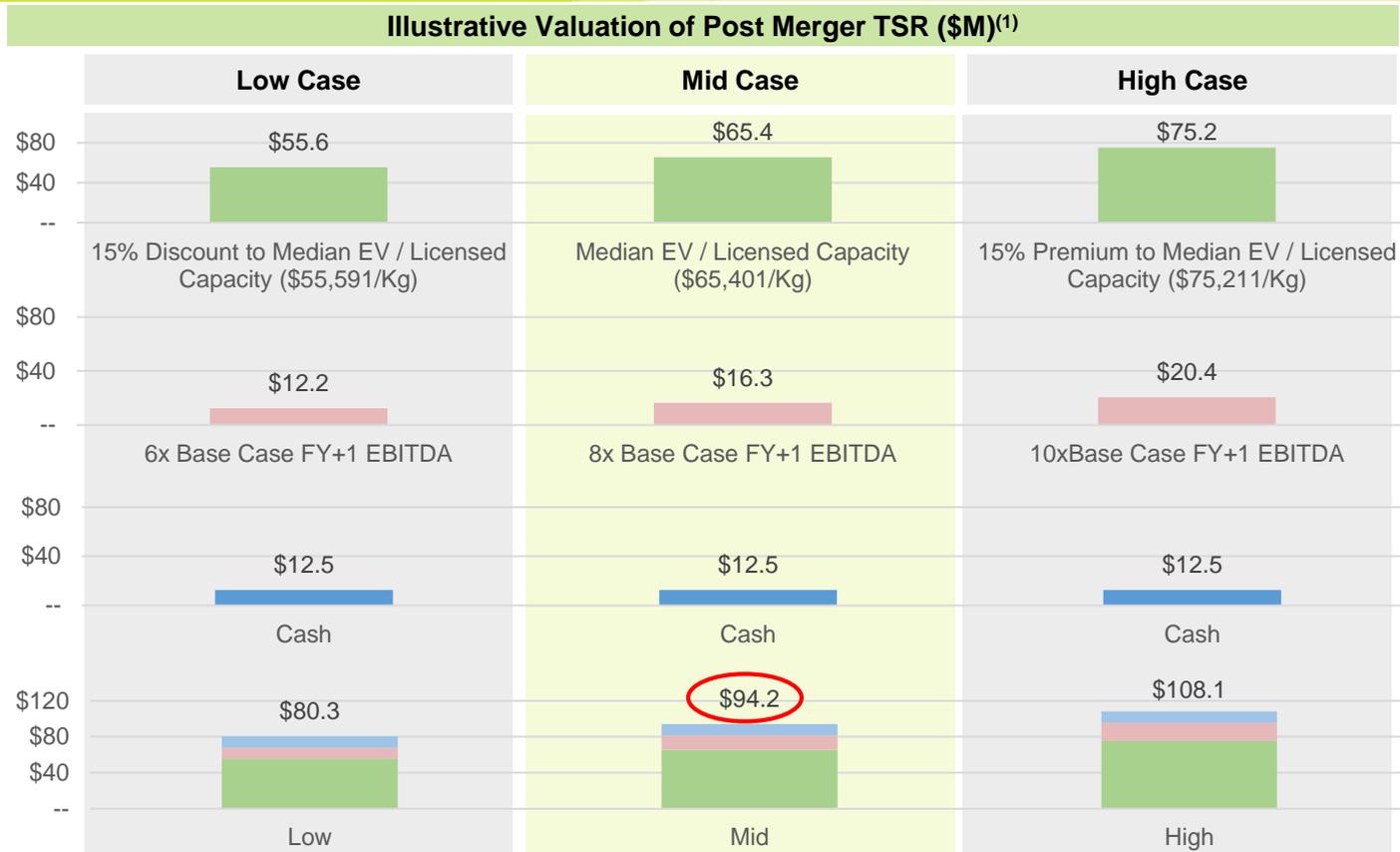
EV / Base Case EBITDA FY + 1 of Functional Foods and Nutraceuticals Comps (6-10x)<sup>(1)</sup>



TSR Cash (\$M)



Illustrative Equity Value of TSR (\$M)



Source: Bloomberg, public filings, MMJ internal estimates. Share prices as at September 23, 2016 close. Note: (1) Valuation multiples, projections and resulting valuations are indicative and for illustrative and discussion purposes only. Numbers, valuation metrics, projections and resulting valuations should not be relied upon and should not be used to base investment decisions on.