ASX RELEASE

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PHASE 2 CLINICAL TRIAL FOR TREATMENT OF PEDIATRIC EPILEPSY UNDERWAY

Highlights:

- **Phase 2 clinical trial of PTL101, MMJ's investigational drug, now underway, following completion of successful Phase 1 trial in 2016**
- **Phase 2 clinical trial is aimed at measuring safety and efficacy of the PTL101 drug-beads for reducing seizures frequency in children with refractory epilepsy**
- **Successful Phase 2 clinical trial will be a major step towards commercial development of the PTL101 drug for epilepsy treatment**
- **Preparation for an additional Phase 2 study to treat spasticity related symptoms of multiple sclerosis patients utilising PTL201 is well advanced**

MMJ PhytoTech Limited (ASX: MMJ) (**"MMJ"** or **"the Company"**) is pleased to advise that its wholly-owned, Israeli-based subsidiary PhytoTech Therapeutics Limited ("PTL"), has commenced following Health Authorities' approval, the Phase 2 clinical study into the safety and efficacy of its PTL101 capsules in treating refractory epilepsy in children.

The phase 2 study follows the highly successful Phase 1 study (announced 3 March 2016), which highlighted the safety and high performance of the Gelpell-CBD™ capsules. The capsules successfully demonstrated the effective delivery profile of CBD compound to trial subjects.

The PTL101 capsules / beads are utilising proprietary formulation developed through the Company's Gelpell-CBD™ product technology.

It is estimated that approximately 100,000 children in North America suffer from refractory epilepsy – a treatment resistant category of the disease, causing uncontrollable seizures.

To date, drug therapy remains ineffective in the treatment of epileptic seizures for approximately 30% of refractory epilepsy patients in North America alone, due to the drug failing to control the frequency of seizures or patients not being able to tolerate the related side effects. A number of currently available epilepsy drugs have been found to have significant side effects including the impairment of a patient's motor skills and cognitive abilities.

Phase 2 Clinical Trial Background

The Phase 2 study is an open-label, single-center clinical study to evaluate the safety, tolerability and efficacy of oral administration of PTL101 as an adjunctive treatment to refractory epileptic children.

The efficacy endpoints will assess the seizure frequency and global impression of improvement in patient's clinical condition following the investigational drug-product PTL101 treatment.

The PTL101 drug beads contain organically derived, highly purified CBD (cannabidiol) packed in seamless natural gelatin beads under 2mm that bound and protect the CBD compound. The beads do not contain filling material or emulsifiers which help to avoid irritation of gastric mucosa.

The gelatin matrix pellets dispense over the gastrointestinal (GI) system to achieve a constant GI-transit time. Maximised surface to volume ratio also contributes to enhanced bioavailability.

In addition to the above investigational product virtues, the Company is expecting high pediatric patients' compliance as they are going to consume the tasteless tiny beads mixed with foods.

The study will be conducted in accordance with the International Conference on Harmonisation guidelines for Good Clinical Practice (ICH E6) and the Code of Federal Regulations on the Protection of Human Subjects (45 CFR Part 46).

MMJ PhytoTech's Managing Director, Andreas Gedeon, commented, "The commencement of the Phase 2 clinical trial of our PTL101 capsules, is a key step towards the potential commercial development of the capsules for treating refractory epilepsy in children.

Importantly, the Phase 2 clinical trial has the potential serve as a significant value catalyst for MMJ's shareholders, in addition to the Harvest One transaction which has been strongly supported to date.

We look forward to providing our shareholders with updates on the progress of our Phase 2 clinical trial, in conjunction with further updates from our Duncan Facility in Canada, as we ramp up production over coming months."

– ENDS –

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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 medical and recreational markets which will have 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.

MMJ has signed a definitive agreement with Canadian-based Harvest One Capital Corp. (TSXV NEX: WON.H) for the sale to Harvest One of 100% of the issued shares of United Greeneries Holdings Ltd and Satipharm AG.

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.

MMJ's Israel-based subsidiary, **PhytoTech Therapeutics Ltd**, is responsible for the Company's R&D and clinical activities, with a key focus on the development and commercialisation of new and existing drug products that have the potential to deliver safe, effective and measured doses of medicinal cannabis to patients.