

5 October 2017

Harvest One Operational Update

MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”) is pleased to advise that TSX-V listed Harvest One Cannabis Inc. (TSX-V: HVST) (“Harvest One”), which is 59% owned by MMJ, has released an operational update on Satipharm AG (“Satipharm”).

The update provides an overview of a number of key recent developments achieved within the Satipharm business including:

- Receipt of German “Free Sales Certificate” reducing constraints for international export
- Australian Regulatory Authority has issued final approval for CBD capsule prescription in Australia
- Strong increase in European dietary supplement sales
- New capsule formulations including THC underway
- Importation of capsules for the Canadian ACMPR market in progress

The announcement has been attached below and can also be found on the Harvest One website at <https://www.harvestone.com>.

– 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 its ~59% interest in TSX-V listed **Harvest One Cannabis Inc** (TSXV: HVST) and its 100% interest in Israeli research and development subsidiary,

ASX RELEASE

PhytoTech Therapeutics Ltd, both of which are strategically located in favourable jurisdictions with supportive regulatory frameworks in place.

About Harvest One Cannabis Inc.

Harvest One Cannabis Inc. (TSXV: HVST) controls operations across the entire cannabis value chain through three business units, with Harvest One serving as the umbrella company over horticultural arm United Greeneries and medical arm Satipharm AG. Each business is strategically located in favourable jurisdictions with supportive regulatory frameworks in place. United Greeneries has received a Canadian medicinal cannabis cultivation licence, making Harvest One one of only a few companies globally with the capacity to commercially cultivate cannabis in a federally regulated environment.

NEWS RELEASE

TSXV – HVST

October 4th, 2017

Harvest One's provides Update on subsidiary Satipharm and Sales License

Harvest One Cannabis Inc. (TSXV:HVST) is pleased to provide a market update on its wholly owned subsidiary, Satipharm AG ("**Satipharm**"):

- *Satipharm has received German "Free Sales Certificate" reducing constraints for international export*
- *Australian Regulatory Authority has issued final approval for CBD capsule prescription in Australia*
- *Strong increase in European dietary supplement sales*
- *New capsule formulations including THC underway*
- *Application to import capsules for the Canadian ACMPR market in progress*
- *Phase 2 Clinical Trials in Israel on Satipharm's Gelpell Technology underway*

Free Sales Certificate as nutritional supplement issued by German authorities

Satipharm recently received a "Free Sale Certificate" by German authorities which reduces constraints for international exports and removes final regulatory trading impediments with other EU jurisdictions. The Free Sales Certificate officially establishes Satipharm's cannabidiol ("CBD") capsules as a food supplement rather than a "Novel Food", and therefore clarifies certain legal concerns that have previously obstructed Satipharm's capsule marketing in some jurisdictions. Satipharm is the only company in Europe with a GMP grade nutraceutical CBD products. As a result, management expects to see an increased demand for the capsules across the EU and increased opportunities to enter other international jurisdictions.

Sales and distribution in Europe

Satipharm's distribution network has rapidly expanded in 2017 with a focus on the largest European consumer markets: Germany, Denmark, United Kingdom, Ireland, Netherlands, Spain and Austria. In these countries, Satipharm's CBD Gelpell capsules are now available in several online shops, on Amazon, mail order pharmacies and in conventional brick and mortar pharmacies.

Consequently, Satipharm has seen a significant increase in sales over the last few months with revenues growing month over month. With some sizable contracts already in place, the Company anticipates revenue to be approximately CAD\$180,000 in the first quarter of the 2018 fiscal year, with further increases expected in the second quarter.

Final regulatory approval for prescription of CBD capsules in Australia

Satipharm's Australian-based distribution partner, HL Pharma, successfully imported its first shipment of Satipharm CBD capsules in May 2017. The initial shipment included two strengths of CBD capsules, 10mg and 50 mg.

The Australian regulatory authority, the Therapeutic Goods Administration, has determined a minimum quality standard for medicinal cannabis products in Australia. This is the Therapeutic Goods Order No. 93 ("TGO 93"), the standard for medicinal cannabis. Medicinal cannabis products must meet this quality standard prior to supply in Australia.

On September 27th 2017, Satipharm received final approval of compliance under TGO 93, making Satipharm's CBD capsules available for prescription by any registered medical practitioner in Australia.

Importation to Canada

Harvest One, through its other wholly owned subsidiary United Greeneries Operations Ltd. ("United Greeneries" or "UG"), has applied to become a Licensed Dealer under the Canadian *Narcotics Control Regulations* to allow for the importation of Satipharm capsules to Canada. Subject to regulatory approval, after successful importation, the capsules may be sold as a medical cannabis product under the Company's *Access to Cannabis for Medical Purposes Regulations* ("ACMPR") licence. UG believes that the provision of Satipharm's products to Canadian consumers will give the Company a significant first mover advantage in the Canadian market and will be a strong catalyst for revenue growth in the near term, as the GMP produced Gelpell Microgel capsules are expected to be the first pharmaceutical grade product available in the ACMPR market.

New Formulations including THC

Satipharm's manufacturing partners in Switzerland have now received narcotics approval for the manufacturing of Satipharm products containing tetrahydrocannabinol ("THC"). Satipharm expects the new formulations, following safety and stability testing, and subject to regulatory approval, to be available to medical cannabis patients in Canada and Australia by the first half of 2018.

Satipharm Patent Cooperation Treaty (PCT) Application

On August 17th 2017, the Patent Cooperation Treaty (PCT) application submitted by Satipharm in February 2017 was published. This comprehensive patent application is directed at Satipharm's proprietary Gelpell-CBD product technology, and covers oral formulations utilising both singular and/or a combination of cannabinoids.

Once granted, the patent will be owned equally by Satipharm and its manufacturing partner Gelpell AG and will also cover, via an exclusive agreement, the cannabis-derived prescription drugs developed by PhytoTech Therapeutics, a wholly owned subsidiary of MMJ Phytotech (ASX: MMJ), which also owns approximately 59% of Harvest One.

Clinical Trials using Satipharm CBD capsules

Two separate Phase 2 clinical trials underway through PhytoTech Therapeutics using Satipharm's proprietary GelpellR technology. For more information please reference [MMJ's Quarterly Activities Report dated July 31st, 2017](#).

Andreas Gedeon, Managing Director and CEO commented: "Satipharm has accomplished several substantial milestones of long-time value: Development of the only GMP produced oral capsule technology to date, the entry into the Australian prescription market, the establishment of solid sales structures within the European Pharmacy distribution system and the advancement of its Gelpell Technology through Phase 2 Clinical Trials.

With the international use patent secured, new formulations and entry to the Canadian market pending, Satipharm, with its leading approach to medical cannabis delivery technologies and together with its unique global reach will keep pressing to further establish our group's cutting edge position in this ever-growing industry.

I strongly believe that the solid revenue base and steady sales increase will be positively recognized by the markets and that both the achieved milestones and upcoming catalysts will significantly add to further future shareholder value."

Application for ACMPR Sales Amendment

The Company also advises that on September 14th, 2017, its wholly owned subsidiary United Greeneries completed the required inspection for an ACMPR Sales and Distribution amendment to its existing ACMPR cultivation license, and expects the issuance of this amendment by Health Canada shortly.

About Satipharm

Based in Cham, Switzerland, Satipharm AG is the pharmaceutical division of Harvest One and is a pioneer in the development and distribution of medical cannabis based pharmaceutical and nutraceutical products. Satipharm holds the rights to a Gelpell Microgel technology for all cannabis related products that overcomes bioavailability and consistency issues associated with oral delivery of cannabis-based products.

About Harvest One Cannabis Inc. (TSX.V: HVST)

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