

30 January 2018

## **MMJ to Acquire Strategic Position in Canadian Specialty Pharma and Healthcare Company Dosecann Inc.**

- **MMJ to invest C\$2.5 million in Dosecann by way of convertible debentures at an attractive pre-money valuation of C\$11.5 million**
- **Dosecann is a consumer healthcare company focused on developing a suite of cannabis-based health and wellness products for supply to key markets globally**
- **Dosecann planning construction of a 45,000ft<sup>2</sup> GMP pharmaceutical level production facility in Canada – aiming to secure Licensed Dealer status by May 2018**
- **Dosecann investment to leverage existing synergies within MMJ portfolio**
- **Following investment in Dosecann, MMJ will maintain a robust cash position of A\$3.98 million.**

**MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”)** is pleased to advise that it has entered into an agreement to acquire a strategic stake in private, Canadian-based healthcare company Dosecann Inc. (“Dosecann”), via the proposed placement of C\$2.5 million in secured convertible debenture units (“**Debentures**”).

Strategically, the investment in Dosecann will further solidify MMJ’s position in the Canadian cannabis sector, leveraging a number of existing operational synergies within MMJ’s current investment portfolio.

The Canadian cannabis market is one of the most highly regulated and favourable operating jurisdictions globally, with established Licensed Producers (“LP”) set to derive significant commercial benefit from the legalisation of the recreational cannabis market scheduled for July 2018.

### Strategic Rationale

- Potential for Dosecann to become a near-term Licensed Dealer (“LD”) – as a LD Dosecann will be capable of importing/exporting cannabis in any form, and any controlled substance.
- Dosecann is also applying to become a LP under ACMPR – while the timing of the license is yet to be determined, if it is awarded it will provide MMJ with a significant foothold in eastern Canada.
- MMJ to potentially gain access to an array of new products aimed at the medical cannabis market.

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### About Dosecann Inc.

Dosecann is a Canadian-based private specialty pharma company that has built a team of experienced scientists, doctors and business leaders. Dosecann offers unique solutions to the emerging cannabis industry for numerous medical conditions.

Dosecann is looking to complete the staged buildout of a 45,000ft<sup>2</sup> GMP pharmaceutical level production facility, encompassing the below key highlights:

- Phase 1 buildout of roughly 20,000ft<sup>2</sup> at cost of approx. C\$5.53 million – targeting completion June 2018
- Proposed facility to include Level 9 security vault
- Facility to include Research & Development and Extraction Lab
- Includes in-house biochemical QA/QC lab
- GMP compliant facility – filling, packaging, labelling and distribution
- Import/export capabilities

### Transaction Summary

The Debentures are convertible in shares and warrants in Dosecann based on a pre-money valuation of C\$11.5 million.

Each debenture unit shall consist of one 8% unsecured debenture and 500 common share purchase warrants. The convertible debentures will have a maturity date of two years from the closing date of the offering and will bear interest at 8.0% per annum, payable semi-annually on June 30 and December 31 of each year.

The debentures will be convertible, at the option of the holder, into common shares of Dosecann at any time prior to the close of business on the last business day immediately preceding the maturity date at a conversion price of \$1.00 per common share. Each warrant entitles the holders to acquire one common share at an exercise price of \$1.20 (20% premium) at any time up to 24 months following the closing date of the offering.

### **MMJ's Managing Director, Andreas Gedeon, commented:**

"We are very pleased to be presenting this latest investment opportunity, as we believe Dosecann's experienced management team and aggressive expansion plans have the potential to create considerable value for our shareholders in the near-term.

"A key focus of the Board has been to solidify MMJ's exposure to the rapidly maturing Canadian cannabis sector and we believe this investment in Dosecann, coupled with our existing holding in Harvest One, is a significant step towards achieving this objective."

**– ENDS –**

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### **About MMJ PhytoTech Limited**

**In October 2017, MMJ PhytoTech Limited (ASX: MMJ)** announced its strategy to become an incubator for strategic investments across regulated jurisdictions globally covering the entire cannabis value chain.

Following the successful listing of United Greeneries Holdings Ltd ("United Greeneries") and Satipharm AG ("Satipharm") on the TSX-V through Harvest One Cannabis Inc. (TSX-V: HVST), MMJ has focused on the identification of a number of independent strategic investment opportunities that have the potential to deliver significant value to the Company's shareholders.

MMJ is actively pursuing early stage opportunities with the ability to deliver significant future revenue and the opportunity to provide dramatic global synergistic value as regulatory frameworks in key international markets continue to evolve. MMJ is targeting the full range of emerging cannabis-related sectors including healthcare products, technology, infrastructure, logistics, processing, cultivation, equipment, R&D, hemp food products and retail.

MMJ currently holds an equity stake of 53,333,333 shares in Harvest One, 100% ownership of Israeli-based R&D division PhytoTech Therapeutics Limited ("PTL") and strategic holdings in e-Sense Lab Limited (ASX: ESE) and private Canadian-based company WeedMe Inc.

### **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 HVST one of only a few companies globally with the capacity to commercially cultivate cannabis in a federally regulated environment.