

ASX RELEASE

19 December 2018

Suspension and planned share purchase plan in 2019

MMJ Group Holdings Limited (ASX: MMJ) ("MMJ") notes that its shares were placed into suspension by the Australian Securities Exchange ("**ASX**") on 13 December 2018 pending the result of further enquiries by the ASX regarding MMJ's cash position and capital raising intentions.

Fundraising Considerations

Since late November 2018, MMJ has been exploring options to raise capital to fund new acquisitions in the cannabis sector following the recent decline in its listed cannabis securities.

This evaluation was consequence of the share prices of its listed investments in Harvest One Cannabis Inc and MediPharm Labs Inc materially declining in line with other listed cannabis companies in Canada.

The Board decided that it may not be in the interests of shareholders to seek to sell further shares in these listed investments (at the current prevailing prices) to fund new investments.

Accordingly, MMJ approached the ASX with a view to clarifying the possibility of a future capital raising to fund further investments as well as additional funding for the exercise of warrants/options in MMJ's existing investments. To this end, MMJ made submissions to the ASX on 30 November 2018 seeking a waiver from ASX Listing Rules 7.1 and 10.11 to enable it to issue shares under a share purchase plan ("**SPP**") prospectus, without the requirement to obtain shareholder approval, such that the Company could undertake the SPP in line with ASX Listing Rules 7.2 (exception 15) and 10.12 (exception 8) (**Waiver**).

The ASX did not grant the requested Waiver and suspended MMJ's shares pending the outcome of ASX's assessment of MMJ's request to raise capital within a relatively short period of relisting as a listed investment company in November 2018.

The ASX has confirmed that MMJ's securities will be reinstated to official quotation by the ASX following the release of this announcement.

Rationale of the SPP

MMJ's Board of Directors ("**Board**") has decided to take the opportunity to announce the intention to launch a SPP, subject to MMJ shareholder approval at a meeting to be called and then held as soon as practicable in early 2019. As MMJ's shares have been suspended for more than 5 trading days in the last 12 months, the company may only proceed with a SPP offer through a prospectus.

If approved by shareholders, the SPP is expected to give all of MMJ's eligible Australian shareholders the opportunity to purchase up to \$15,000 worth of shares each at a price to be determined by the Board.

The Board believes that a SPP is the fairest and most efficient means of raising equity from its existing shareholders.

Further details of the SPP, including the issue price, will be announced by MMJ next year at the time of issuing the prospectus.

In reaching the decision to launch an SPP, the Board took into account the following:

- MMJ's current unaudited cash balance is \$2.57 million and is expected to fund its budgeted operations for the next 15 months excluding any cash received from future asset sales or capital raisings;
- While MMJ has the ability to sell some or all of the shares held in its listed public company investments (namely, at this time, Harvest One Cannabis Inc and MediPharm Labs Inc) on-market (should it be deemed by the Board to be in the best interests of shareholders to do so), it does not currently consider that it would be prudent to liquidate these investments at a time when the Canadian cannabis market is trading at historical lows; and
- MMJ continues to be invited to invest funds into the Canadian and Australian cannabis market in line with its investment mandate and, in light of the recent fall in the share prices of its listed public investments, believes that it is in the best interests of shareholders to raise equity funds from its existing shareholders so that MMJ can be better positioned to participate in such investment opportunities.

Commenting on the suspension and planned SPP, MMJ's Chairman Peter Wall said "The Board regrets the recent suspension of MMJ's shares by the ASX. We have worked diligently to respond to their subsequent enquiries in order for MMJ's shares to be reinstated to trading as soon as practicable. Whilst our current cash position is robust and provides more than a year of budgeted corporate working capital, the planned SPP is expected to position MMJ to both participate in further cannabis sector investment opportunities and enable us to patiently manage our existing portfolio. We look forward to providing further details regarding the SPP to our shareholders early next year."

Investor and Media Enquiries

Jason Conroy
Chief Executive Officer

About MMJ

MMJ Group Holdings Limited (ABN 91 601 236 417) is a global cannabis investment company. MMJ owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, logistics, processing, cultivation, equipment and retail. For MMJ's latest investor presentation and news, please visit: <https://www.mmjgh.com.au/investors/>

Important Notice

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