



SHIBOLET & CO.

LAW FIRM

Tel-Aviv, 18 January, 2015

Ref: P – 455 - 0

To:

Phytotech Medical Limited

c/o Mr Peter Wall,

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street, Perth

WA 6000 Australia

By registered mail and by email: PWall@steinpag.com.au

Dear Sir

Re: **Medical Cannabis - Activities in Israel**

1. Phytotech Medical Limited ACN 601 236 417, a company incorporated under the laws of the Commonwealth of Australia (the "**Company**"), has requested that we present an opinion as to whether activities concerning the development of delivery devices intended for administration of medical cannabis to patients, the financing of research regarding the development of said devices and the financing of research regarding medical applications of cannabis (collectively, the "**Activities**") can be legally conducted in the State of Israel under the Applicable Regulations, as such term is defined herein.

2. In connection with our opinions expressed herein, we have reviewed the following laws and regulations in Israel governing the use of cannabis for medicinal purposes in the State of Israel ("**Applicable Regulations**"):

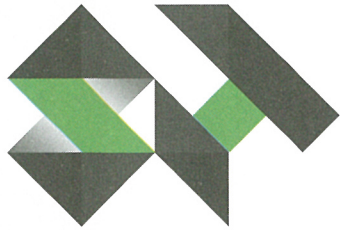
(a) The Dangerous Drugs Ordinance [New Version], 5733 - 1973 (the "**Ordinance**") which, inter alia, mandates which substances are considered to be dangerous drugs, sets forth restrictions on the possession, use and application of any such substances and regulates the approved application and use of any such substances. The Ordinance authorizes the Director-General of the Ministry of Health (or any other official authorized by the Director-General with regard to the matter in question) to allocate permits for the import, export, diversion, manufacture, possession, preparation and use of dangerous drugs and drug delivery devices for dangerous drugs. The Ordinance defines cannabis as such a dangerous drug.

(b) Government decisions 3609, dated August 7, 2011, and 1050, dated December 15, 2013 under which the use of cannabis for medicinal purposes in the State of Israel is permitted, in accordance with the terms and conditions of said government decisions. As prescribed under the said government decisions, the Ministry of Health ("**MOH**") established the Israeli Medical Cannabis Agency (IMCA), a unit within the MOH responsible for the implementation of the Government and MOH decisions regarding all aspects of arrangements for the purchase, supply, instructions, approvals and information as regards the use of medical cannabis.

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(c) The MOH protocol 106 "Licenses for the use of Cannabis", dated March 2013 (second update, July 2, 2014) which defines the criteria for the issuance and maintenance of permits regarding medical cannabis.

3. Based on the foregoing, and subject to the exceptions, qualifications and limitations stated in this letter, **we are of the opinion that, as of the date hereof, subject to receipt of all required permits, licenses and consents under the Applicable Regulations, the Activities can be legally conducted in the State of Israel under the Applicable Regulations.**

4. The above opinion is based on the following exceptions, qualifications, reservations and limitations:

(a) In rendering the opinions set forth herein, we did not receive, nor did we rely on, any information whatsoever from the Company. For the avoidance of any doubt, the opinions set forth herein have been rendered solely as a response to theoretical questions regarding the subject matter hereof and have not been rendered with respect to any such activities which the Company may or may not engage in, nor are the opinions set forth herein expressed with respect to any factual matters concerning and/or relating to the Company. We have not made any independent investigation, verification or examination of any matters concerning the Company or any activities which the Company may engage in. We call to your attention that we have not undertaken any independent examination or due diligence regarding the Company and its activities.

(b) We have not participated in the preparation or filing of the Company's prospectus (or any other related documentation) in connection with the offering and listing of its securities on the Australian Securities Exchange (ASX) and we have not nor shall be deemed to have reviewed the contents of any such prospectus. Accordingly, in connection with our opinion, we have not independently verified and are not passing upon or assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in any such prospectus. Without derogating from the generality of paragraph (f) below, this opinion may not be relied upon by any prospective or actual investor in purchasing or making a decision as to whether to purchase securities of the Company.

(c) We have not made any search of the public docket or the records of any court, governmental agency, administrative agency or any other body in connection with the delivery of this opinion.

(d) We are qualified to practice law in the State of Israel, and the opinions expressed herein are limited to the laws of the State of Israel as the same are in force on the date hereof, insofar as such laws are applicable to the opinions set forth herein. We have not made, for the purpose of rendering this opinion, any investigation of the laws of any other jurisdiction outside of Israel. We do not express any opinion concerning any law of any other jurisdiction or the local laws of any jurisdiction other than the State of Israel.

(e) Any disagreement, claim, dispute, interpretation or any other matter relating or connected to or arising from this opinion letter which cannot be dealt with amicably, (i) shall be governed solely in accordance with and subject to the laws of the State of Israel excluding its conflicts of laws principles; and (ii) shall be subject to the sole and exclusive jurisdiction of the competent courts of the district of Tel-Aviv-Jaffa, Israel.

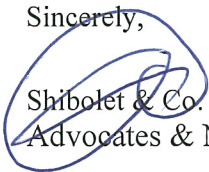
(f) We do not express any opinion on any matters other than those expressly set forth in this opinion. This opinion is furnished pursuant to the request of the addressee hereof and is rendered by us solely to and for the benefit of the addressee hereof. This opinion may not be used, disseminated, circulated, made public, quoted, referred to or relied upon by any other person (including by way of subrogation or



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assignment) or for any other purpose without our prior written consent. This opinion is rendered as of the date set forth above and is based on the facts existing on the date hereof of which we are aware, and we express no opinion as to circumstances or events that may occur subsequent to such date. We call to your attention that the opinions set forth herein, have been rendered following our review of the Applicable Regulations and in the event that any factual matter relating to the subject matter hereof may be brought before any judicial tribunal or regulatory authority under any applicable law, nothing in the opinion rendered herein may serve as a guarantee or assurance that such tribunal or authority may not reach different conclusions from those rendered herein with respect to the subject matter hereof. We assume no duty to update, modify or supplement this opinion to reflect any facts or circumstances or legal developments that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective, even if such may affect or modify any of the opinions expressed herein.

Sincerely,


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Advocates & Notaries