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**PHYTOTECH MEDICAL LIMITED**

**ACN 601 236 417**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10:00 am WST

**DATE:** 29 June 2015

**PLACE:** 38 Station Street  
Subiaco, WA 6008

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 3150.*

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## CONTENTS

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Business of the Meeting (setting out the proposed Resolutions)	3
Explanatory Statement (explaining the proposed Resolutions)	10
Glossary	38
Schedule 1 – MMJ Shareholders and MMJ Debenture Holders	41
Schedule 2 – Pro-forma Balance Sheet	44
Schedule 3 – Summary of Employee Share Option Plan	47
Schedule 4 – Terms and Conditions of Options	49
Schedule 5 – Terms and Conditions of Related Party Options	52
Schedule 6 – Valuation of Related Party Options	55
Schedule 7 – Terms and Conditions of Related Party Performance Rights	56
Proxy Form	58

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 10:00 am WST on 29 June 2015 at:

38 Station Street  
Subiaco, WA 6008

### Your vote is important

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The business of the Meeting affects your shareholding and your vote is important.

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am WST on 27 June 2015.

### Voting in person

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To vote in person, attend the Meeting at the time, date and place set out above.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;

- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – APPROVAL FOR THE ACQUISITION OF MMJ BIOSCIENCE INC.

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, Shareholders approve a change in the scale of the Company's activities as described in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – ISSUE OF SHARES IN CONSIDERATION FOR MMJ ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 68,000,000 Shares to the MMJ Shareholders and MMJ Debenture Holders (or their nominees) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 3. RESOLUTION 3 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, subject to completion of the Acquisition, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to **MMJ PhytoTech Limited**."*

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#### 4. RESOLUTION 4 – ISSUE OF SHARES AS INTRODUCTORY FEE FOR MMJ ACQUISITION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,040,000 Shares to Turul Ltd and OS Media SEZC Ltd (or their nominees) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 – ELECTION OF DIRECTOR – ANDREAS GEDEON**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to completion of the Acquisition , for the purpose of clause 14.3 of the Constitution and for all other purposes, Andreas Gedeon, who, being eligible and having consented to act, be elected as a director of the Company on and from the date of successful completion of the Acquisition."*

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**6. RESOLUTION 6 – ELECTION OF DIRECTOR – JASON BEDNAR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to completion of the Acquisition , for the purpose of clause 14.3 of the Constitution and for all other purposes, Jason Bednar, who, being eligible and having consented to act, be elected as a director of the Company on and from the date of successful completion of the Acquisition."*

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**7. RESOLUTION 7 – ELECTION OF DIRECTOR – ROSS MCKAY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, subject to completion of the Acquisition , for the purpose of clause 14.3 of the Constitution and for all other purposes, Ross McKay, who, being eligible and having consented to act, be elected as a director of the Company on and from the date of successful completion of the Acquisition."*

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**8. RESOLUTION 8 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Share Option Plan and for the issue of securities under that plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who is eligible to participate in the employee incentive scheme and any associates of those persons, including any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,500,000 Options to Dr Daphna Heffetz and 350,000 Options to Dr Hagit Sacks on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Dr Daphna Heffetz and Dr Hagit Sacks and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 10 – ISSUE OF OPTIONS TO BENAD GOLDWASSER**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Options to Benad Goldwasser (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Benad Goldwasser (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 11. RESOLUTION 11 – ISSUE OF OPTIONS TO WINTON WILLESEE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Winton Willesee (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Winton Willesee (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 12. RESOLUTION 12 – ISSUE OF OPTIONS TO JASON BEDNAR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Options to Jason Bednar (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Jason Bednar (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**13. RESOLUTION 13 – ISSUE OF OPTIONS TO ROSS MCKAY**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Ross McKay (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Ross McKay (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**14. RESOLUTION 14 – AMENDMENT TO THE TERMS OF ALL PERFORMANCE RIGHTS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 6.23.4, and for all other purposes, approval is given to amend the terms and conditions of all Performance Rights in the manner set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any holders of Performance Rights and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**15. RESOLUTION 15 – AMENDMENT TO THE TERMS OF PERFORMANCE RIGHTS HELD BY BOAZ WACHTEL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 6.23.4, and for all other purposes, approval is given to amend the terms and conditions of 5,000,000 Performance Rights held by the nominee of Mr Boaz Wachtel, International Water and Energy Savers Ltd, in the manner set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Boaz Wachtel, International Water and Energy Savers Ltd and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the



person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**16. RESOLUTION 16 – AMENDMENT TO THE TERMS OF PERFORMANCE RIGHTS HELD BY PETER WALL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, approval is given to amend the terms and conditions of 2,000,000 Performance Rights held by the nominee of Peter Wall, Pheakes Pty Ltd<Senate A/C>, in the manner set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Peter Wall, Pheakes Pty Ltd <Senate A/C> and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**Dated: 25 May 2015**

**By order of the Board**

A handwritten signature in black ink, appearing to read 'E Dale', with a stylized, cursive script.

**Eryn Dale  
Company Secretary**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. BACKGROUND TO ACQUISITION OF MMJ

#### 1.1 The Company

PhytoTech was incorporated on 14 August 2014 and was admitted to the official list of the ASX on 20 January 2015 with a focus on the research and development of non-smoking medical cannabis (**MC**) delivery systems, and the establishment of cannabis growing facilities in the short to medium term to provide MC to the growing markets throughout the world.

Since being listed on the ASX, PhytoTech has commenced expenditure on the research and development of MC delivery systems. This expenditure is consistent with PhytoTech's principal activities.

As stated in the IPO Prospectus, part of PhytoTech's business plan was to become a vertically integrated enterprise that is able to service all major parts of the MC industry. In this regard, PhytoTech has previously disclosed its intention to finalise feasibility studies on establishing MC growing facilities to supply the MC industry throughout the world.

#### 1.2 The Acquisition

On 24 March 2015, the Company announced it had entered into a binding Heads of Agreement (**HOA**) with MMJ and key shareholders holding approximately 69.3% of the common shares in MMJ to acquire 100% of the issued capital of MMJ (the **Acquisition**) in consideration for the issue of up to 68,000,000 Shares as follows:

- (a) up to 51,000,000 Shares (**Initial Shares**) upon settlement of the Acquisition (**Settlement**);
- (b) up to a total of 8,500,000 PYL Shares (**First Deferred Shares**) in the event that a facility controlled by MMJ or one of its subsidiaries is granted a cultivation licence under the Marihuana for Medical Purposes Regulations in Canada (**MMPR**) within 12 months of Settlement (**First Milestone**); and
- (c) up to a total of 8,500,000 PYL Shares (**Second Deferred Shares**) in the event that MMJ and its subsidiaries (**MMJ Group**) generate in aggregate at least CDN\$5,000,000 in revenue from operating activities within 36 months of Settlement (**Second Milestone**),

(the **Consideration Shares**).

The Consideration Shares will be issued to the MMJ Shareholders and MMJ Debenture Holders who currently hold debentures in MMJ with a total face value of CDN\$3,166,332 (**Debentures**). Refer to Schedule 1 for a list of the current MMJ Shareholders and MMJ Debenture Holders and the estimated amount of Consideration Shares that each will receive upon settlement of the Acquisition.

The amount of Consideration Shares to be issued by the Company may be adjusted if any Debentures are retired prior to Settlement.

### **Conditions Precedent**

The Transaction is conditional upon the satisfaction (or waiver) of various conditions precedent, including:

- (a) mutual completion of due diligence by PhytoTech and MMJ;
- (b) the Debenture Holders that hold a majority of the face value of the Debentures agreeing to vary the terms of the Debentures so that they are converted into shares in MMJ prior to Settlement;
- (c) PhytoTech obtaining a waiver from ASX to permit the issue of the First Deferred Shares and Second Deferred Shares more than three months after the date of shareholder approval;
- (d) MMJ preparing audited accounts for the shorter period of three years and the date of incorporation of MMJ and delivering those accounts to PhytoTech;
- (e) PhytoTech obtaining all necessary shareholder approvals required by the Corporations Act 2001 (Cth) (Corporations Act) and the ASX Listing Rules in relation to the Transaction, including the approval under Resolution 1 and 2;
- (f) MMJ raising equity finance of no less than CDN\$500,000, on terms acceptable to PhytoTech;
- (g) the Parties obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, Corporations Act or any other law;
- (h) each MMJ shareholder and Debenture Holder agreeing to the following voluntary escrow on their Consideration Shares:
  - (i) the Initial Shares being escrowed for 3 months, 9 months and 15 months from the date of issue (in equal thirds); and
  - (ii) the First Deferred Shares and Second Deferred Shares being escrowed for 3 months from the date of issue;
- (i) if required by ASX, each MMJ shareholder and Debenture Holder entering into restriction agreements as required by ASX in respect of the Consideration Shares; and
- (j) each of the existing employees of MMJ agreeing to terminate their employment with MMJ and enter into new employment or consultancy agreements with the Company or a subsidiary of MMJ,

(together, the **Conditions**).

### **Loan to MMJ**

On 17 April 2015, PhytoTech advanced CDN\$1,000,000 to MMJ under a secured loan agreement (**Loan**) to fund the working capital requirements of MMJ. The Loan incurs interest at a rate of 6% per annum and will be capitalised for the first 12 months.

### **Board Appointments**

It is contemplated that up to three nominees of MMJ will be appointed to the PhytoTech board of directors, leaving a seven person Board. The nominees of MMJ

are currently intended to be Andreas Gedeon, Ross McKay and Jason Bednar (**Proposed Directors**). The Company is seeking Shareholder approval for the appointment of the Proposed Directors under Resolutions 5, 6 and 7. MMJ's CEO Andreas Gedeon will also be appointed Managing Director with PhytoTech's current Managing Director, Boaz Wachtel, assuming the office of President.

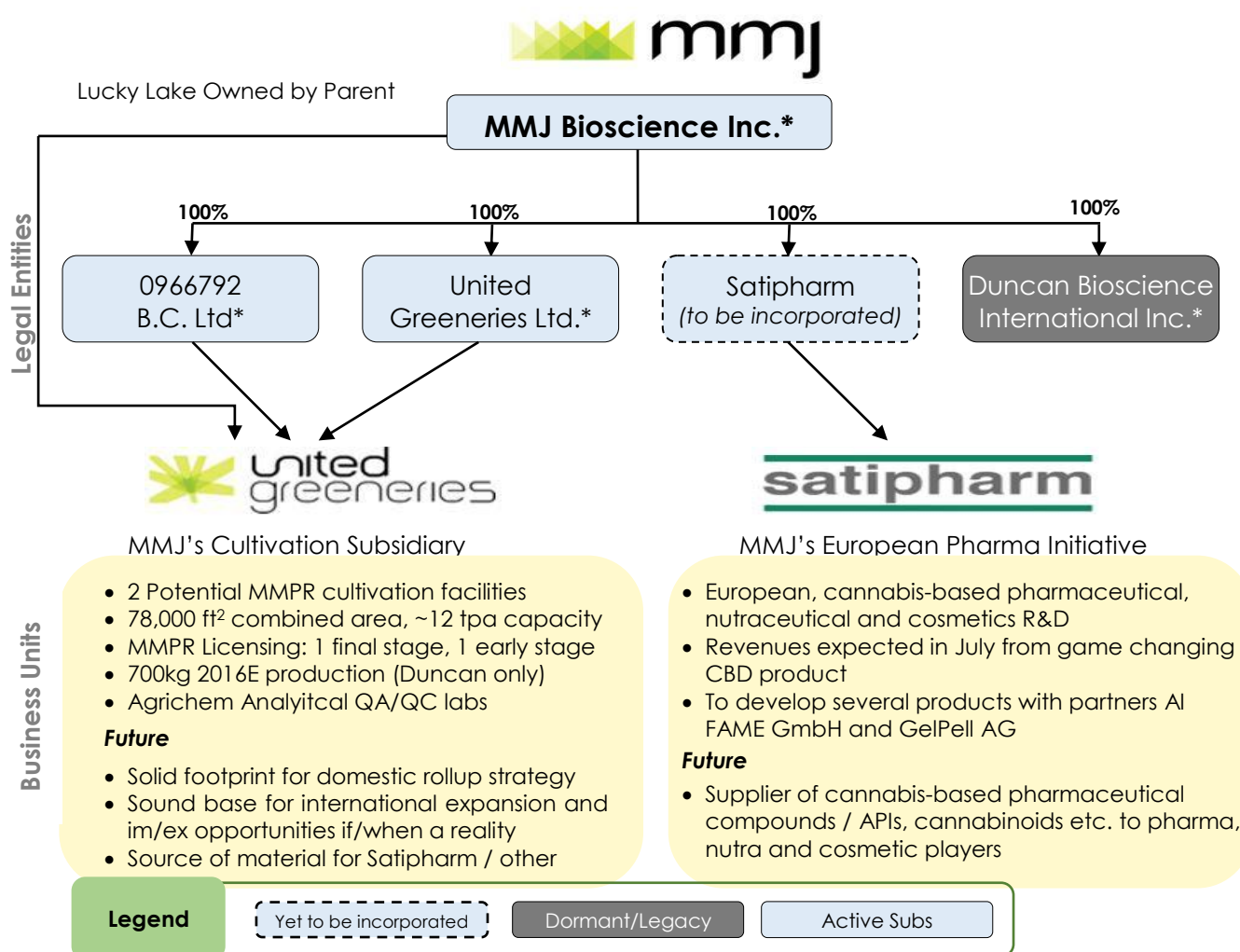
### Introduction Fee

PhytoTech and MMJ have acknowledged and agreed that an introduction fee in the amount of 3% of the Consideration Shares is to be issued to parties that introduced the transaction to the Company (**Introduction Fee**).

The HOA contains other terms and conditions considered standard for a transaction of its nature including representations and warranties, confidentiality, exclusivity and restrictions on certain activities.

## 1.3 Overview of MMJ

MMJ is a Canadian-based, multinational, vertically-integrated, cannabis-focused bioscience company specialising in supply chain optimisation and product development for the emerging global cannabis market. MMJ operates through two main business units – United Greeneries and Satipharm - that are held across the following four wholly-owned subsidiaries.



## **Description of Legal Entities**

- (a) **MMJ Bioscience Inc.:** MMJ is a holding company that owns 100% of 0967792 B.C. Ltd, 100% United Greeneries Ltd., 100% of Duncan Biosciences International and, 100% of Satipharm. Currently, MMJ owns Lucky Lake and a few related assets but the intention is to move those assets into appropriate subsidiaries.
- (b) **0966792 B.C. Ltd (0966792):** The long-term lease on the Duncan facility is held by 0966792 as are all of the building improvements, rights to equipment uses and usage of certain genetic materials. 0966792 also has liabilities in the form of a note payable to the owner of Duncan, Elk Valley Properties Ltd., for work completed to upgrade the Facility.
- (c) **United Greeneries Ltd (UG):** UG was incorporated in June 2013 for the purposes of submitting a license application to become a licensed producer of MC (**Licensed Producer**) at the Duncan Facility. The application was submitted on 12 July 2013, and is currently in the final stages.
- (d) **Satipharm** (to be incorporated): European, cannabis-based, pharmaceutical, nutraceutical and cosmetics subsidiary. It is MMJ's intention that this will be the group's supplier of cannabis-based pharmaceutical ingredients to customers in the pharmaceutical, nutraceutical and cosmetic spaces. MMJ is currently in process of determining the best jurisdiction (financially and strategically) for Satipharm to be incorporated under. MMJ currently intends to incorporate Satipharm in Switzerland.
- (e) **Duncan Bioscience International Inc.:** Incorporated on 13 February 2013. This subsidiary is currently dormant and MMJ and the Company have no current intentions for its operation in respect to the business going forward.

Practically MMJ's assets are organised and managed under two main business units, being UG and Satipharm which are summarised further below.

## **United Greeneries**

UG is MMJ's Canadian cultivation subsidiary. It controls two facilities, the Duncan Facility and the Lucky Lake Facility, both of which have pending applications to become Licensed Producers under the MMPR. The Duncan Facility is in the final stage of the licensing process and a pre-license inspection is expected in July of 2015. The application for the Lucky Lake was submitted in March 2015 and is in the initial phase of review. MMJ, along with its consultants in the industry, expect that the Duncan Facility will be granted a cultivation license by August 2015 and then full License Producer status by November or December of 2015.

The Duncan and Lucky Lake Facilities have a combined area of 78,000 ft<sup>2</sup> and potential production capacity of 11,700 kg of dried cannabis per year. Additionally, UG owns 18 acres of land at the Lucky Lake Facility site which is available for organic expansion that could support up to an additional 800,000 ft<sup>2</sup> of cultivation area in custom two storey structures. Other related businesses such as AgriChem Analytical, which operates a fully compliant in-house quality assurance and quality control (**QA/QC**) laboratory, which are also managed through the UG subsidiary.

### **(a) Duncan Facility**

UG's Duncan Facility is in the final stages of license approval under the MMPR, having received all required clearances and awaiting a final inspection by Health Canada.

On April 1, 2015, UG received a 'confirmation of readiness letter' from Health Canada regarding the Duncan Facility. Very few letters of this nature are issued by Health Canada and to the knowledge of MMJ and its advisors, a letter has never been issued regarding a facility without that facility subsequently being licensed in some form under the MMPR. The receipt of this letter was welcomed by both PYL and MMJ as it significantly de-risks the operation of the business going forward. UG is now focusing all of its efforts on the Duncan Facility in an attempt to move the licensing along as quickly as possible. With the assistance of best-in-class consultants and the continued hard work of the onsite crew at the Duncan Facility, MMJ management is estimating a pre-licensing inspection date in July.

The Duncan Facility is a 16,000ft<sup>2</sup> state of the art MC facility on Vancouver Island, BC. The facility has roughly 10,000ft<sup>2</sup> of cultivation area, a 1,000ft<sup>2</sup> cleaning area, and is also home to AgriChem Analytical's fully compliant QA/QC laboratory. The facility has a level 8 vault which, once licensed, will allow for the storage of up to 600 kg of MC (with an estimated worth of approximately \$6 million). With cultivation capacity of ~700kg/year, Duncan has significant excess processing capacity that can be potentially utilised later by UG to process internal or third party materials. The current market price for most medical cannabis sold in Canada is CDN\$7 to CDN\$10 per gram.

The Duncan Facility is currently leased to MMJ with an initial term expiring on 31 April 2021, with two options to extend the lease for a further 5 years (total extension of 10 years).

(b) **Lucky Lake**

The Lucky Lake Facility, in Lucky Lake Saskatchewan, is a 62,000 ft<sup>2</sup> modern agricultural facility sitting on over 18 acres of land. The facility's 18+ acres of land including a potential residential property for future employees is 100% owned by MMJ. Additionally, the vast supply of water and electricity make the Lucky Lake Facility ideal for the production of MC on a large scale. Strong community support for the project combined with the potential integration into UG's Duncan quality control and distribution system, may allow for expansion of up to 11, 700kg of MC product per annum. The land and infrastructure at the property are capable of accommodating another 800,000ft<sup>2</sup> of cultivation area in custom two storey structures in the future (each of which would need to be licensed.)

(c) **The MMPR, the MMPR Licensing Process and MMJ's MMPR Statutes**

The Medical Marihuana Access Regulations (**MMAR**) came into effect across Canada on July 30, 2001. The objective of the MMAR was to provide seriously ill persons residing in Canada with a means to obtain an authorisation to possess marihuana and/or a licence to produce marihuana for medical purposes.

Further to court decisions that took place in 2003, Health Canada was mandated to provide a framework under the MMAR for authorised persons to gain access to a legal supply of marihuana seeds and/or dried marihuana for medical purposes. This was undertaken so that authorised persons would not have to use the illicit market. In December 2003, Health Canada released its policies, which provided the framework by which authorised persons could access Health Canada's supply of marihuana seeds and/or dried marihuana for medical purposes.

In order to deal with the unintended consequences of diversion, quality control issues and safety concerns in respect to a number of Canadian communities, Health Canada refined its approach with the development of the MMPR.

The MMPR was designed to develop minimal production and distribution conditions for the commercial industry. The MMPR provide access to quality-controlled dried marijuana for medical purposes, produced under secure and sanitary conditions, to those Canadians who need it, while strengthening the safety of Canadian communities.

Under the MMPR:

- (i) the process for applicants and health care practitioners is streamlined, eliminating the need for individuals to provide Health Canada with their personal information or apply to the department;
- (ii) personal and designated production by individuals in their homes was eliminated on March 31, 2014, however as indicated below, the effect of some interim injunctions allows certain individuals to continue to produce;
- (iii) dried marijuana is distributed for medical purposes through regulated, commercial Licensed Producers who produce a variety of strains;
- (iv) Licensed Producers must demonstrate compliance with regulatory requirements such as quality control standards, record-keeping of all activities, as well as inventories of marijuana, and physical security measures to protect against potential diversion;
- (v) storefronts or retail outlets are not permitted; and
- (vi) physicians and nurse practitioners, if permitted within their respective province or territory, may enable patients to purchase the appropriate amount for their medical condition from a Licensed Producer.

The MMAR were repealed on 31 March 2014, however, as a result of a Federal Court interim injunction granted on 21 March 2014, individuals who were previously authorized to grow marijuana under the MMAR, and who meet the terms of the Court order, will be able to continue to do so on an interim basis until the Court reaches a final decision. As ordered by the Court, individuals who had a valid "Authorisation to Possess" on 21 March 2014 may continue to hold a maximum quantity of dried marijuana as specified by their Authorisation to Possess up to a maximum of 150 grams.

The process of becoming a Licensed Producer under the MMPR has been refined and made more comprehensive since its introduction. For example, after passing the pre-license inspection applicants are no longer granted a fully authorised license but a cultivation only license. The cultivation license does not allow for distribution or sale of marijuana to the public. Applicants are granted the full distribution license and become a "Fully Authorised Licensed Producer" after demonstrating the ability to cultivate marijuana properly and safely and once they have built sufficient inventory.

In Canada, the following activities require a fully authorised commercial production licence under the MMPR:



- (i) possessing, producing, selling, providing, shipping, delivering, transporting, and destroying marihuana;
- (ii) possessing and producing cannabis, other than marihuana, solely for the purpose of conducting in vitro testing that is necessary to determine the percentages of cannabinoids in dried marihuana; and
- (iii) selling, providing, shipping, delivering, transporting, and destroying cannabis that was obtained or produced solely for the purpose of conducting in vitro testing that is necessary to determine the percentages of cannabinoids in dried marihuana.

It is necessary for a Licensed Producer to submit separate applications for each physical site where they propose to undertake activities licensed under the MMPR.

A Licensed Producer may sell or provide dried marihuana to another Licensed Producer, a licensed dealer under the MMPR, the Minister, or a person or class of persons to whom the Minister has exempt under section 56 of the Controlled Drugs and Substances Act 1996 (S.C.).

A Licensed Producer may also import and export marihuana if they do so in accordance with an import permit issued under section 75 and an export permit issued under section 83 of the MMPR.

(d) **Application process steps for becoming an MMPR Licensed Producer (as per Health Canada)**

Step 1: Preliminary Screening:

The application is screened for completeness. If complete, an application number is assigned. Otherwise, the application is returned.

Step 2: Enhanced Screening:

Once an application has been assigned an application number, it will be reviewed to ensure:

- (i) that the location of the proposed site does not pose a risk to public health, safety and security;
- (ii) that the proposed security measures outlined in the application meet the requirements of the MMPR; and
- (iii) the proposed quality assurance person has the appropriate credentials to meet the good production requirements outlined in Division 4 of the MMPR.

Step 3: Security Clearance

Security clearance forms for key personnel are sent for processing. The time required to conduct mandatory security checks varies with each application. Applicants should expect that security clearances will take several months at a minimum. Applications do not advance until clearances for the key personnel are completed. Health Canada will not communicate with you until results of security checks are received.

#### Step 4: Review

Once all security clearances are obtained, an application will be thoroughly reviewed to validate the information provided. Given the extensive review process, applicants should anticipate communicating with the Office of Controlled Substances multiple times to provide clarifications on the application.

#### Step 5: Ready to build letter (if required by applicant)

Upon successful completion of the review stage, applicants may request that Health Canada issue a "ready to build letter". The "ready to build letter" is a notice informing the applicant that, if the Licensed Producer's site is built to the specifications outlined in their application, the physical security measures will meet the requirements of the MMPR. The "ready to build letter" is not a guarantee that a licence will be issued.

#### Step 6: Pre-licence inspection

Upon confirmation from the applicant that the site has been built and security measures are in place, a pre-licence inspection will be scheduled. If any deficiencies are identified, they will be communicated to the applicant and must be addressed prior to a licence being issued.

#### Step 7 (& 8): Licensing

If the pre-license inspection is passed, a license will be issued. Health Canada has introduced a staged process for the issuance of licences. Applicants will first be issued a licence to produce only. This will enable Health Canada inspectors to confirm that the first batch of dried marijuana produced meets the good production practices and record keeping requirements outlined in the MMPR. It also allows Health Canada to verify the test results of the dried marijuana (e.g. for microbial and chemical contaminants) to ensure that the dried marijuana meets all quality control requirements before it is made available for sale.

#### **(e) The Duncan Facility's MMPR Status**

The MMPR application for the Duncan Facility was submitted very early in the process, with the details of the MMPR being announced on 10 June 2013, and the Duncan Facility's application being submitted on 12 July 2013. Application #23 (#10-MM0023) was assigned to the file shortly thereafter. At the time the steps were slightly different than the ones detailed above:

- (i) application submitted in July 2013;
- (ii) application #23 assigned in July 2013;
- (iii) 'ready to build letter' provided in January 2014;
- (iv) RCMP security clearings received in June 2014;
- (v) additional QA/QC, marketing etc. questions: July to December 2014; and
- (vi) 'confirmation of readiness letter' dated 1 April 2015.

In attempting to align to Health Canada's official steps to the MMPR licensing process, the Duncan Facility is approaching the pre-license inspection (Step 6). There is a strong correlation between an applicant reaching the "confirmation of readiness" stage and subsequently being granted a license. Upon MMJ confirming that the site has been fully built and security measures are in place, a pre-license inspection will be scheduled. UG is in the process of confirming with Health Canada that the site is ready.

UG and its consultants predict a likely timeline to becoming a fully authorised Licensed Producer is as follows (assuming all licensing steps are satisfied):

- (i) pre-license inspection on or about July 2015;
- (ii) license to cultivate to be granted on or about August 2015; and
- (iii) License Producer status granted on or about November to December 2015.

(f) **The Lucky Lake Facility's MMPR Status**

Lucky Lake Facility's application was submitted on 30 March 2015. MMJ has not received any status update from Health Canada but this is expected in the near future. The Lucky Lake Facility application is the culmination of months of work completed by management, MMPR consultants, security consultants and a number of others. The length, quality and comprehensiveness of the application is not comparable to what was submitted for the Duncan Facility as the requirements have become significantly more onerous since the Duncan Facility application was submitted. In addition to the enhanced quality and comprehensiveness of the application, MMJ considers that the timeline for the application process will be significantly shorter than the process for the Duncan Facility for the following reasons:

- (i) **Existing License:** the fact that MMJ will likely have been granted a license at the Duncan Facility within a few months of the Lucky Lake Facility application being submitted. Previous license approvals granted by Health Canada suggest there is a propensity for Health Canada to more readily grant further license approvals to Licensed Producers that have already demonstrated the ability to satisfy the MMPR licensing requirements. Three Licensed Producers now have two licenses and all of the second licenses appear to have been granted on accelerated timelines.
- (ii) **Common Key Personnel:** to the extent possible, security cleared, common key personnel were used on the Lucky Lake Facility application. This will presumably act to shorten or eliminate the time associated with getting the clearances.
- (iii) **Fewer Applicants:** the number of applicants applying for MMPR licenses in recent times has reduced. Due to the high costs associated with becoming a Licensed Producer and complying with the regulatory and compliance standards, the initial rush of applications has reduced and accordingly the backlog of applications will likely start to clear.

- (iv) **Application Process Streamlined, Better Defined:** During the initial two years of the MMPR, Health Canada's process for regulating medical marijuana has likely improved and become more efficient. As Health Canada continue to learn how to regulate this industry, the licensing lead times will likely continue to improve.

(g) **MMPR Licences Today**

As at the date of this Notice, Health Canada has a total of 25 companies listed on its list of Licensed Producers. Of these Licensed Producers, 17 are fully authorised to sell finished product to registered customers and 8 have a license restricted to the cultivation of medical marijuana. Of the 8 restricted to cultivation, 3 are owned by fully authorised producers. So there are 22 unique companies with some form of licensing under the MMPR.

There are also a number of existing growers of medical marijuana operating under the prior regulatory regime who have or will likely seek to obtain Licensed Producer status under the MMPR. The stringent application and compliance requirements of the MMPR may prove too onerous for some of those existing producers. However, there could be a number of new competitors licensed and launched in the near future. In addition, due to the Federal Court injunction order described above, existing growers of medical marijuana operating under the MMAR may continue to produce medical marijuana pursuant to their licenses provided they meet the requirements of the court order. How long this situation will continue depends on the outcome of the Federal Court hearing.

(h) **Contingency Planning in case of MMPR Licensing Delay or Denial**

The ability of MMJ to successfully and legally grow, store and distribute medical marijuana in Canada will depend on the success of MMJ in acquiring an MMPR license at one or both of its facilities. Health Canada has received hundreds of applications to date, the number of submissions continues to grow, and there are indications that the approval process is becoming elongated. Once a license is obtained, any failure to comply with the terms of the license, or any failure to renew the license after its expiry date, would have a material adverse impact on the financial condition and operations of the business.

MMJ's approach to MMPR contingency planning considers both Duncan and Lucky Lake and is fairly broad in its application. When considering the myriad of potential negative situations MMJ developed a dynamic framework that is implemented when and if needed. The framework requires an assessment of the situation and its likely impact on licensing issues. It is then reviewed at a higher level and tuned more finely with the input of a broader group with more time to assess. If the issues are such that they could be considered "significant" all the way to "catastrophic" then a formal analysis is requested where a full cost benefit analysis is completed, the goal of which is to standardise on a financial basis these costs and outcomes versus alternatives at the Lucky Lake or Duncan Facilities, at Satipharm or other possible subsidiaries. MMJ will make its decision based on where value can be maximised. The most difficult part of this is accurately valuing the strategic value of the MMPR license to the broader group.

In summary, management's intended contingency planning will be as follows:

- (i) identify issue;

- (ii) analyse issue in context of impact on licensing;
- (iii) consider the costs and benefits associated with the situation; and
- (iv) analyse potential alternatives at other MMPR facilities or opportunities at Satipharm.

The opportunities available at Satipharm are vast and MMJ consider there will be no shortage of contingency options in the event that a license is not granted.

### **Satipharm**

Satipharm, a business unit of MMJ in Switzerland, develops cannabis based pharmaceutical, nutraceutical and cosmetic products for a variety of conditions. The company, in conjunction with its partners, has developed a proprietary GMP-produced gastro-resistant Cannabidiol (**CBD**) pill, which will initially be legally sold as a dietary supplement over the counter in the E.U. From July 2015, Satipharm is targeting to sell a minimum of 30,000 CBD pills per month quickly ramping up to 135,000 pills per month at a price of 3 Euro each. While suitable for sales as a dietary supplement, the pill qualifies in all aspects of its production and delivery technology for clinical purposes. As one of the many expected synergetic situations between MMJ and PYL, PhytoTech Therapeutics Ltd., PYL's wholly owned Israel-based subsidiary, intends to immediately engage in the clinical testing of safety and bioavailability of this pill for the purpose of integrating it into its pharmaceutical product development.

Satipharm does not require any licenses or government approvals to operate its proposed operations. CBD, the active compound in Satipharm's product, is not scheduled as a narcotic under narcotic laws in Switzerland or the European Union, and is not restricted or regulated in any other way.

### **AgriChem**

AgriChem provides state of the art biochemical quality control testing and Cannabinoid analytics as required under the MMPR. These services play an essential role in the expansion of MMJ's supply base, for furthering Cannabinoid drug development and in UG's strategy to become a supplier of high compliance services to other commercial Licensed Producers.

## **1.4 Pro forma capital structure**

The table below sets out the effect that the Acquisition will have on the capital structure of the Company due to the issue of Consideration Shares and Shares to be issued under the Introduction Fee (assuming no other securities are issued prior to settlement of the Acquisition other than the Related Party Options under Resolutions 10, 11, 12 and 13).

	Shares	Options	Performance Rights
Current issued capital	64,662,050 <sup>1</sup>	12,350,000 <sup>2</sup>	20,000,000 <sup>3</sup>
Initial Shares	51,000,000	Nil	Nil
First Deferred Shares	8,500,000	Nil	Nil
Second Deferred Shares	8,500,000	Nil	Nil
Introduction Fee Shares	2,040,000	Nil	Nil
Total	<b>134,702,050</b>	<b>12,350,000</b>	<b>20,000,000</b>

**Notes:**

The table above uses the following assumptions:

1. This assumes 20,000,000 Shares have been issued upon conversion of 20,000,000 Class A and Class B Performance Rights that have not yet been issued due to escrow restrictions. The Class B Performance Rights have not yet been issued but will be issued upon conversion of the Class A Performance Rights and will then immediately vest upon issue.
2. Options are unquoted and are distributed across the following classes:
  - I. 2,500,000 Options exercisable at \$0.20 on or before 8 January 2018 and subject to escrow until January 2017;
  - II. 4,500,000 Options issued to Dr Daphna Heffetz on the terms set out in Schedule 4;
  - III. 350,000 Options issued to Dr Hagit Sacks on the terms set out in Schedule 4;
  - IV. 5,000,000 Related Party Options to be issued to Benad Goldwasser, Winton Willesee, Jason Bednar and Ross McKay on the terms set out in Schedule 5; and
3. This includes 10,000,000 Class C Performance Rights and 10,000,000 Class D Performance Rights on issue which have not vested at the date of this letter. The terms and conditions attaching to the Performance Rights are set out in Schedule 7.

**1.5 Proforma balance sheet**

An unaudited pro forma balance sheet of the Company following settlement of the Acquisition and issues of all securities contemplated by this Notice is set out in Schedule 2.

**1.6 Indicative timetable**

Event	Date
Notice of Meeting despatched to Shareholders	27 May 2015
General Meeting	29 June 2015
Settlement of Acquisition	1 July 2015

**1.7 Additional risk factors**

The risk profile of the MMJ businesses is similar to that of the Company which has previously been disclosed to Shareholders as the Company would be continuing with its proposed activities of research and development of non-smoking MC delivery systems, and the establishment of cannabis growing facilities.

However, the Directors have identified the following risks the Company may be exposed to following settlement of the Acquisition that are in addition to those currently applying:

**(a) Pending Licence Approvals**

MMJ's cannabis production business is contingent on Health Canada granting MMJ a commercial production licence for MC under the MMPR first for the Duncan Facility and then later for the Lucky Lake Facility.

If Health Canada refuses to grant the commercial production licences then this would severely determent MMJ's business and forecast revenue and ultimately the financial performance of the Company and its securities.

The Company has no current reason to believe that MMJ will not be able to satisfy the relevant licensing criteria to receive approval from Health Canada.

(b) **On-going Licensing Requirements**

If MMJ receives commercial production licenses in respect of the Duncan Facility and Lucky Lake Facility then it will need to ensure it maintains the facilities and conducts its growing operations within the prescribed requirements set out in the MMPR.

The facilities will be subject to inspections by Health Canada and failure to comply with the MMPR requirements may result in Health Canada revoking the relevant production licences. This will be materially adverse to the financial performance of MMJ and as a result the performance of the Company securities.

(c) **Contractual Risk**

Satipharm's ability to sell the GMP-produced gastro-resistant Cannabidiol (CBD) pill in the E.U. is dependent on Al Fame GmbH complying with their contractual obligations to manufacture and provide the CBD pill to Satipharm.

Any failure of Al Fame GmbH to manufacture and provide the CBD pill as and when due, or otherwise comply with their contractual obligations, could have a significant impact on MMJ's revenue and ultimately the financial performance of the Company and its securities.

The Company has no reason to believe that Al Fame GmbH will not meet and satisfy their obligations under the relevant supply contract.

(d) **Additional requirements for capital**

The Company may have additional expenditure commitments for a number of years after the Acquisition completes with respect to the start-up costs associated with the Duncan and Lucky Lake Facilities and also the clinical trials proposed in relation to the Company's oral products and vaporizer development in Israel. The Company considers that it will be required to obtain further financing in the future by way of equity or debt financing, joint ventures, production sharing arrangements or other means prior to MMJ's operations becoming self-sustaining.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

(e) **Change in Law, Regulations and Guidelines**

The Company is and will continue to be subject to particular laws, regulations, and guidelines. The production and distribution of medical marijuana is a highly regulated, and although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control. On March 21, 2014, the Federal Court of Canada issued an order allowing certain individuals to continue under their MMAR licenses, thereby affecting the repeal of the MMAR. The Government of Canada decided to appeal the order, however, it is unclear what a final ruling on this issue may be, and how it may affect the Company's Canadian operations. It is possible that a ruling in favour of the original order could allow a persons

who had a license under the MMAR to opt out of the new MMPR regime, thereby decreasing the size of the market for the MMJ-PhytoTech's business, and potentially materially and adversely affecting the combined business, its financial condition and operations.

## **1.8 Advantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the strategic value of incorporating one of the world's few potentially federally legal cultivators of MC has immeasurable value to PhytoTech as it closes the entire supply chain and makes the combined company a legitimate comparable to other big competitors in the industry worldwide;
- (b) the Acquisition represents an opportunity for the Company to increase the scale of its activities and become a vertically integrated enterprise that is able to service all major parts of the MC industry;
- (c) the Acquisition will increase the number and size of the investor pool that may invest in the Company's Shares;
- (d) the Acquisition will result in the engagement of additional members of the Company management team that bring skill sets that will augment the existing management team of the Company;
- (e) as a larger company (in both market capitalisation and operations), the Company may be able to attract additional capital and a better quality of investors; and
- (f) it is highly likely that the operations of MMJ will bring revenue to the Company much earlier than would otherwise have been the case.

## **1.9 Disadvantages of the Acquisition**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisition will result in the issue of significant Shares to the MMJ Shareholders and MMJ Debenture Holders, which if completed, will have a dilutionary effect on the holdings of current Shareholders;
- (c) future outlays of funds from the Company will be required for the operations of MMJ; and
- (d) there are additional risks associated with the Acquisition that the Company is not presently exposed to as set out in section 1.7 of the Explanatory Statement.

## **1.10 Plans if Acquisition does not proceed**

If Resolutions 1 and 2 are not passed and the Acquisition does not complete, the Company will continue its research and development of non-smoking MC delivery systems, and continue to look for opportunities to establish cannabis growing facilities in the short to medium term.



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## **2. RESOLUTION 1 – APPROVAL FOR CHANGE IN NATURE AND SCALE OF ACTIVITIES**

### **2.1 General**

Resolution 1 seeks Shareholder approval for a change to the scale of the activities of the Company to complete the Acquisition and expand the focus of the Company's activities into the potential production of MC from the Duncan and Lucky Lake growing facilities and the development and sale of cannabis based pharmaceutical, nutraceutical and cosmetic products by Satipharm.

As outlined in section 1.2 of this Explanatory Statement, the Company has entered into the Term Sheet to acquire all the issued capital in MMJ which is the owner of the Duncan and Lucky Lake facilities, together with the Satipharm and AgriChem businesses. A detailed description of the assets and operations of MMJ are outlined in section 1.3 of this Explanatory Statement.

### **2.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature and scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the official list of ASX.

ASX has indicated to the Company that the Acquisition only requires the Company to obtain Shareholder approval for the purposes of ASX Listing Rule 11.1.2. Resolution 1 seeks this approval.

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## **3. RESOLUTION 2 – ISSUE OF SHARES IN CONSIDERATION FOR MMJ ACQUISITION**

### **3.1 General**

Resolution 2 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of up to 68,000,000 Shares to the MMJ Shareholders and MMJ Debenture Holders (or their nominees) in consideration for the transfer of 100% of the common shares on issue in MMJ. A full list of the MMJ Shareholders and MMJ Debenture Holders is set out in Schedule 1.

The Company will be issuing Consideration Shares to the Proposed Directors in their capacity as MMJ Shareholders and/or MMJ Debenture Holders. The Company is not seeking Shareholder approval under Chapter 2E of the Corporations Act for the issue of the Consideration Shares to the Proposed Directors on the basis that the Proposed Directors are participating in the Acquisition on the same terms as other non-related party participants, and the Acquisition was negotiated on arm's length terms prior to the Proposed Directors becoming related parties of the Company. The Board also considers that Shareholder approval under ASX Listing Rule 10.11 is not required as the Proposed Directors are only related parties of the Company by virtue of being proposed Directors, which is a direct result of the Acquisition transaction (ASX Listing Rule 10.12, Exception 6).

To the best knowledge of the Company, no person will obtain a relevant interest in over 20% of the voting power attaching to Shares as a result of the Acquisition.

Refer to Section 1.2 for further details in relation to the Term Sheet, specifically the Consideration Shares to be issued under the Acquisition.

### **3.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Consideration Shares to the MMJ Shareholders and MMJ Debenture Holders for which approval is sought under ASX Listing Rule 7.1 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The Company will be seeking a waiver of ASX Listing Rule 7.1 from ASX to allow the Company to issue the First Deferred Shares and Second Deferred Shares outside the 3 months permitted under ASX Listing Rule 7.1.

### **3.3 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the maximum number of Shares to be issued is 68,000,000;
- (b) the Shares will be issued to MMJ Shareholders and MMJ Debenture Holders (who will be converting their Debentures into common shares prior to Settlement). None of the MMJ Shareholders or MMJ Debenture Holders are related parties of the Company, other than Andreas Gedeon, Ross McKay and Jason Bednar (and their controlled entities);
- (c) 51,000,000 of the Consideration Shares to be issued under ASX Listing Rule 7.1 will be issued no later than 3 months after the date of the Meeting. The Company will be seeking a waiver of ASX Listing Rule 7.1 from ASX in respect of the First Deferred Shares and Second Deferred Shares to be issued under ASX Listing Rule 7.1 to allow the Company to issue those Shares upon the satisfaction of the First Milestone and Second Milestone which will occur outside 3 months from the date of Shareholder approval. Subject to such waivers being granted by the ASX, it is intended that the issue of the Consideration Shares will occur progressively in line with the settlement of the Acquisition and the achievement of the First Milestone and Second Milestone;
- (d) the Shares will be issued for nil cash consideration in consideration for the transfer to the Company of 100% of the issued common shares in MMJ;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as they are being issued in consideration for the acquisition of MMJ.

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#### **4. RESOLUTION 3 – CHANGE OF COMPANY NAME**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 3 seeks the approval of Shareholders for the Company to change its name to “MMJ PhytoTech Limited”, subject to the successful completion of the Acquisition.

If Resolution 3 is passed the change of name will take effect when ASIC alters the details of the Company's registration. The proposed name has been reserved by the Company and if Resolution 3 is passed, the Company will lodge a copy of the special resolution with ASIC on successful completion of the Acquisition in order to effect the change.

The Board proposes this change of name to equally represent both PhytoTech and MMJ upon completion of the Acquisition.

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#### **5. RESOLUTION 4 – ISSUE OF SHARES AS INTRODUCTION FEE FOR MMJ ACQUISITION**

##### **5.1 General**

Resolution 4 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue of up to 2,040,000 Shares to Turul Ltd and OS Media SEZC Ltd (**Introducers**) (or their nominees) as an introductory fee for introducing the Company to the Acquisition transaction (**Introduction Fee**).

The Introduction Fee is based on a 3% fee of the consideration payable by the Company to MMJ under the Acquisition. Section 1.2 of the Explanatory Statement sets out the Consideration Shares to be issued to the MMJ shareholders under the Acquisition, of which 51,000,000 Shares will be issued upon settlement and 8,500,000 Shares will be issued subject to satisfaction of each of the First Milestone and Second Milestone. Therefore, the Company will issue 1,530,000 Shares to the Introducers on settlement of the Acquisition and will issue up to a further 255,000 Shares upon satisfaction of each of the First Milestone and Second Milestone.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Introduction Fee during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity. The Company will be seeking a waiver of ASX Listing Rule 7.1 from ASX to allow the Company to issue 255,000 Shares upon satisfaction of each of the First Milestone and Second Milestone which will occur outside 3 months from the date of Shareholder approval.

##### **5.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of Shares to be issued is 2,040,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or

modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;

- (c) the Shares will be issued for nil cash consideration as an introductory fee for the Acquisition Transaction;
- (d) the Shares will be issued to Turul Ltd and OS Media SEZC Ltd (or their nominees) who are not related parties of the Company;
- (e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as they are being issued as an introductory fee for the acquisition of MMJ.

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## 6. RESOLUTIONS 5 TO 7 – ELECTION OF DIRECTORS

As set out in section 1.2, under the terms of the Acquisition, MMJ has the right to appoint 3 nominees to the Board. MMJ has nominated Andreas Gedeon, Ross McKay and Jason Bednar as its nominees.

Clause 14.3 of the Constitution allows Shareholders to elect a person as a Director by resolution at a general meeting.

In order for the Proposed Directors to be eligible for election, the Proposed Directors, or a Shareholder intending to propose their nomination, must leave at the Registered Office at least 30 Business Days before the Meeting, a written notice from the Proposed Directors consenting to their nomination and signifying their candidature for the office, or a written notice from a Shareholder signifying their intention to nominate the Proposed Directors.

A Director elected at a general meeting is taken to be elected immediately after the end of the general meeting unless the resolution by which the Director is appointed specifies a different time. Resolutions 5 to 7 specify that the Proposed Directors will not be appointed Directors until the successful completion of the Acquisition. If Shareholders approve Resolutions 5, 6 and 7 then the Proposed Directors will become Directors upon the successful completion of the Acquisition.

The qualifications and experience of the Proposed Directors are set out below:

### **Andreas Gedeon, Dipl.-Paed. - Managing Director / Director Nominated by MMJ**

Mr. Gedeon, a former Officer in the German Navy, holds a degree in Educational Science from the University of Federal Armed Forces Munich. He is an experienced business man with proven expertise in large-scale and HR intensive projects. His previous areas of work include media production, the food industry, horticulture and commercial construction. As the founder of MMJ, Mr. Gedeon currently oversees the global expansion strategy of the MMJ group and is the designated Managing Director of MMJ/PYL post-merger.

### **Ross McKay (CMA) - Director Appointed by MMJ**

Ross has significant experience in the pharmacy, medical clinic and veterinarian fields and holds a BSc Pharm, Pharmacy degree from UBC. He is the Managing Partner in charge of operations at VetStrategy, a manager of veterinary practices in Canada.

Former President of Medicine Shoppe Canada where he oversaw the growth of the chain into a leading independent Canadian pharmacy which, along with Drug Trading Company Ltd., was sold by Katz Group to McKesson Corp. for \$920mm in 2012. Mr. McKay also worked with Save-On-Food and Wal-Mart Canada, helping build out their successful pharmacy divisions in BC and Alberta. He is working to advance the development and execution of MMJ's veterinarian product strategy.

**Jason Bednar (CA), Director Appointed by MMJ**

Chartered Accountant with significant public markets experience at both management and board levels. He is currently the CFO of MENA Hydrocarbons, and board member of Canacol Energy and Solimar Energy. Mr. Bednar is actively involved in MMJ's corporate finance, strategy and business development activities.

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**7. RESOLUTION 8 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN**

Resolution 8 seeks Shareholder approval for the adoption of the employee incentive scheme titled Employee Share Option Plan (**ESOP**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to issue Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The Company has previously issued 4,500,000 Options to Dr Daphna Heffetz and 350,000 Options to Dr Hagit Sacks under the Plan. Details of the issue of these Options are set out in the Explanatory Statement to Resolution 9.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected Directors (executive or non-executive), and permitted employees and contractors of the Company with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (Erlyn Dale). Shareholders are invited to contact the Company if they have any queries or concerns.

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## **8. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF OPTIONS**

### **8.1 General**

The Company has issued 4,500,000 Options to Dr Daphna Heffetz and 350,000 Options to Dr Hagit Sacks as part of their employment remuneration packages to incentive and motivate them in carrying out their employment for the Company. The terms of the Options are set out in Schedule 4. The Options were also issued pursuant to the terms of the ESOP set out in Schedule 3.

As announced on 29 January 2015, Dr Daphna Heffetz was appointed CEO of the Company's Israel subsidiary and is leading the Company's research, development and commercialisation of cannabis based therapeutics products.

Dr Hagit Sacks is employed by the Company's Israel subsidiary as the vice president of research and development of cannabis based therapeutics products.

Dr Daphna Heffetz was issued 4,500,000 unlisted Options exercisable at \$0.20 each on or before 6 May 2019, with the following vesting conditions:

- (a) 1,500,000 Options will vest after twelve (12) months of continuous employment with the Company; and
- (b) thereafter, the balance of the Options shall vest monthly on a pro-rata basis for each month of continuous employment with the Company Group up to thirty-six (36) months. (i.e. 125,000 Options will vest after each month between thirteen (13) and 36 months of continuous employment).

Hagit Sacks was issued 350,000 unlisted Options exercisable at \$0.31 each on or before 6 May 2019, with the following vesting conditions:

- (a) 116,666 Options will vest after twelve months of employment;
- (b) 116,666 Options will vest after twenty four months of employment; and
- (c) 116,667 Options will vest after thirty six months of employment.

Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 4,850,000 Options to Dr Daphna Heffetz and Hagit Sacks.

A summary of ASX Listing Rule 7.1 is set out in section 2 above.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **8.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 9:

- (a) 4,850,000 Options were issued as follows:

- (i) 4,500,000 Options to Dr Daphna Heffetz; and
- (ii) 350,000 Options to Dr Hagit Sacks;
- (b) the Options were issued for nil cash consideration as part of the remuneration packages offered to Dr Daphna Heffetz and Dr Hagit Sacks;
- (c) the Options were issued on the terms and conditions set out in Schedule 4, as well as under the terms set out in the ESOP summarised at Schedule 3;
- (d) the Options were issued to Dr Daphna Heffetz and Dr Hagit Sacks, who are not related parties of the Company; and
- (e) no funds were raised from this issue as the Options were issued as remuneration.

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## 9. RESOLUTION 10 TO 13 – ISSUE OF OPTIONS TO RELATED PARTIES

### 9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 5,000,000 Options (**Related Party Options**) to Messrs Benad Goldwasser, Winton Willesee, Jason Bednar and Ross McKay (or their respective nominees) (**Related Parties**) on the terms and conditions set out below. For the avoidance of doubt, the issue of the Related Party Options to Jason Bednar and Ross McKay are subject to their appointments as Directors and the successful completion of the Acquisition.

### Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit. Benad Goldwasser and Winton Willesee are related parties of the Company by virtue of being Directors and Jason Bednar and Ross McKay are related parties of the Company by virtue of being proposed Directors.

### ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

## 9.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) Benad Goldwasser and Winton Willesee are related parties by virtue of being Directors and Jason Bednar and Ross McKay are related parties by virtue of being proposed Directors;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties (or their nominees) is:
  - (i) 1,500,000 Related Party Options to Benad Goldwasser;
  - (ii) 1,000,000 Related Party Options to Winton Willesee
  - (iii) 1,500,000 Related Party Options to Jason Bednar; and
  - (iv) 1,000,000 Related Party Options to Ross McKay;
- (c) the Related Party Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 5;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 6;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Benad Goldwasser	Nil	Nil
Winton Willesee	Nil	Nil
Jason Bednar <sup>1</sup>	Nil	Nil
Ross McKay <sup>2</sup>	Nil	Nil

**Notes:**

- 1. Mr Bednar is currently a MMJ Debenture Holder and may receive up to approximately 1,120,170 Consideration Shares under his participation in the Acquisition.
  - 2. Mr McKay is currently a MMJ Shareholder and may receive up to approximately 108,682 Consideration Shares under his participation in the Acquisition.
- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:



<b>Related Party</b>	<b>Current Financial Year</b>	<b>Previous Financial Year</b>
Benad Goldwasser <sup>1</sup>	\$62,843	N/A
Winton Willesee <sup>2</sup>	\$24,000	N/A
Jason Bednar <sup>3</sup>	N/A	N/A
Ross McKay <sup>4</sup>	N/A	N/A

**Notes:**

3. Mr Goldwasser is entitled to remuneration of \$36,000 per annum for his role as non-executive director of the Company as well as a further \$36,000 per annum for his role as Chairman of the Company's wholly owned Israeli subsidiary, PhytoTech Therapeutics Ltd. Mr Goldwasser also provides contract executive services at a rate of US\$1,000 per day for work reasonably required of him outside the scope of his directorships.
4. Mr Willesee is entitled to remuneration of \$36,000 per annum for his role as non-executive director of the Company.
5. If appointed, Messrs Bednar and McKay will each be entitled to remuneration of \$36,000 per annum for their roles as directors of the Company.

- (i) if the Related Party Options granted to the Related Parties are exercised, a total of 5,000,000 Shares would be issued. This will increase the number of Shares on issue from 64,662,050 (this assumes 20,000,000 Shares have been issued upon conversion of 20,000,000 Class A and Class B Performance Rights that have not yet been issued due to escrow restrictions) to 69,562,050 (assuming that no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.19%, comprising 2.16% by Benad Goldwasser, 1.44% by Winton Willesee, 2.16% by Jason Bednar and 1.44% by Ross McKay.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	<b>Price</b>	<b>Date</b>
Highest	92 cents	23/1/15
Lowest	25.5 cents	9/2/15
Last	29 cents	22/5/15

- (k) the Board acknowledges the grant of Related Party Options to Messrs Benad Goldwasser Winton Willesee, Jason Bednar and Ross McKay is contrary to Recommendation 8.2 of the Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) as published by the ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to the Related Parties is reasonable in the circumstances for the reason set out in paragraph (m);

- (l) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (m) Benad Goldwasser declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 10 be passed. However, he recommends that Shareholders vote in favour of Resolutions 11, 12 and 13 for the following reasons:
  - (i) the grant of Related Party Options to Winton Willesee, in particular, the vesting conditions of the Related Party Options, will align the interests of Winton Willesee, Jason Bednar and Ross McKay with those of Shareholders;
  - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (n) Winton Willesee declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 11 be passed. However, in respect of Resolutions 10, 12 and 13 he recommends that Shareholders vote in favour of Resolutions 10, 12 and 13 for the reasons set out in paragraph (m);
- (o) with the exception of Winton Willesee and Benad Goldwasser, no other current Director has a personal interest in the outcome of Resolutions 10, 11, 12 and 13;
- (p) Messrs Peter Wall and Boaz Wachtel recommend that Shareholders vote in favour of Resolutions 10, 11, 12 and 13, for the reasons set out in paragraph (m);
- (q) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price, vesting conditions and expiry date of those Related Party Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 10, 11, 12 and 13.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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**10. RESOLUTION 14 – AMENDMENT TO THE TERMS OF ALL PERFORMANCE RIGHTS**

The Company currently has on issue 10,000,000 Class A Performance Rights, 10,000,000 Class C Performance Rights and 10,000,000 Class D Performance Rights. The Company has not yet issued any Class B Performance Rights, however the Company will issue 10,000,000 Shares and 10,000,000 Class B Performance Rights upon the vesting criteria of the Class A Performance Rights being satisfied and the holders electing to convert.

As announced on 24 February 2015, the performance milestones attaching to the Class A Performance Rights and Class B Performance Rights have been satisfied however the Performance Rights have not yet converted because, under the terms of the Performance Rights, they cannot vest any earlier than two years from the date that Company listed on ASX.

The Company wishes to amend the terms of the Performance Rights so that the Performance Rights may vest as soon as the performance milestones are satisfied. The reason for removing the 2 year vesting timeframe is so the holder can elect to convert the Class A Performance Rights and Class B Performance Rights which will give a more accurate representation of the Company's equity capital structure to market participants. Refer to the current issued capital set out in the capital structure at section 1.4 of the Explanatory Statement for a representation of the Company's capital structure assuming the Class A Performance Rights and Class B Performance Rights are fully converted.

Any Shares issued on conversion of the Performance Rights will remain subject to the existing escrow arrangements for a period of 2 years from the date the Company was admitted on ASX.

Related parties of the Company currently have a relevant interest in the Performance Rights as set out in the table below.

<b>Director</b>	<b>Class A Performance Rights<sup>4</sup></b>	<b>Class C Performance Rights</b>	<b>Class D Performance Rights</b>
Peter Wall <sup>1</sup>	1,000,000	1,000,000	1,000,000
Boaz Wachtel <sup>2</sup>	2,500,000	2,500,000	2,500,000
Ross Smith <sup>3</sup>	2,500,000	2,500,000	2,500,000

**Notes:**

1. Peter Wall is a related party of the Company by virtue of being a Director. The Performance Rights are currently held Pheakes Pty Ltd <Senate A/C>, an entity controlled by Peter Wall.
2. Boaz Wachtel is a related party of the Company by virtue of being a Director. The Performance Rights are currently held International Water and Energy Savers Ltd, an entity controlled by Boaz Wachtel.
3. Ross Smith is no longer a Director of the Company but remains a related party by virtue of section 228(5) of the Corporations Act as he was a Director within the previous 6 months.
4. The Class A Performance Rights convert into one Share and one Class B Performance Right once they vest and the holder elects to convert.

**10.1 Proposed Amendment**

The current terms of the Performance Rights are set out in Schedule 7. Resolution 14 seeks Shareholder approval to vary the terms of the Performance Rights so that the

vesting condition set out in clause (c)(ii) of Schedule 7 is deleted. This variation will allow the Performance Rights holders to convert their Performance Rights as soon as the relevant performance milestones are satisfied.

The Company is proposing to make some further amendments under Resolutions 15 and 16 in respect to the performance milestones attaching to Class C Performance Rights and Class D Performance Rights that Boaz Wachtel and Peter Wall have a relevant interest in. All other terms of the Performance Rights will remain the same including the number of Performance Rights awarded and the number of securities to be issued upon conversion of the Performance Rights.

## **10.2 ASX Listing Rule 6.23.4**

ASX treats performance rights as options for the purposes of compliance with Chapter 6 of the ASX Listing Rules.

ASX Listing Rule 6.23.4 provides that a change to the Performance Rights which is not prohibited under ASX Listing Rule 6.23.3 (being a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise) can only be made with Shareholder approval (unless an ASX waiver is obtained).

The proposed amendments to the Performance Rights are not prohibited by ASX Listing Rule 6.23.3.

Accordingly, Resolution 14 seeks Shareholder approval, in accordance with ASX Listing Rule 6.24.4, to amend the terms of the Performance Rights by deleting the vesting condition set out in (c)(ii) of Schedule 7.

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## **11. RESOLUTIONS 15 AND 16 – AMENDMENT TO THE TERMS OF PERFORMANCE RIGHTS HELD BY BOAZ WACHTEL AND PETER WALL**

### **11.1 Background**

As part of the Company's employee and Director incentive arrangements, the Company has issued:

- (a) 2,500,000 Class C Performance Rights and 2,500,000 Class D Performance Rights to International Water and Energy Savers Ltd, an entity controlled by Mr Boaz Wachtel; and
- (b) 1,000,000 Class C Performance Rights and 1,000,000 Class D Performance Rights to Pheakes Pty Ltd <Senate A/C> (**Pheakes**), an entity controlled by Mr Peter Wall,

(the **Related Party Performance Rights**).

The Related Party Performance Rights were issued to the nominee companies of Messrs Boaz Wachtel and Peter Wall as incentive based remuneration to provide incentive in the performance of their duties as Managing Director and Non-Executive Chairman (respectively) and to secure their ongoing commitment to the Company.

A Related Party Performance Right is a right to receive a Share at a future date, subject to the relevant performance based milestones being achieved prior to conversion. If the performance criteria are achieved, the Related Party Performance Rights vest (subject to the relevant vesting criteria) and the holder may convert the Related Party Performance Rights into Shares for nil consideration.

Related Party Performance Rights have the following performance milestones that must be satisfied before the Performance Rights can vest:

- (a) **(Class C Performance Right):** the Company being granted a patent in any jurisdiction over any claim of the patent applications in which the Company had an interest at the date it lodged the IPO Prospectus with the ASIC; and
- (b) **(Class D Performance Right):** the Company entering into a licensing agreement (or similar arrangement) to commercialise or develop intellectual property that is the subject of a patent application at the date the Company lodged the IPO Prospectus with the ASIC.

As set out in section 1 of the Explanatory Statement, the Company is proposing to acquire MMJ. Upon the successful settlement of the Acquisition, the Company will continue to pursue the Company's existing research and development of non-smoking MC delivery systems together with the business activities of MMJ (as explained above).

As such the Directors (other than Messrs Boaz Wachtel and Peter Wall, who have an interest in the Performance Rights) propose to vary the performance milestones attaching to the Class C Performance Rights and Class D Performance Rights held by International Water & Energy Savers Ltd. and Pheakes so the vesting conditions better reflect the objectives of the Company post-merger with MMJ.

## 11.2 Proposed Amendment

The current terms of the Performance Rights are set out in Schedule 7.

The Company is proposing to amend the terms of the Related Party Performance Rights to adjust the performance milestones of the Related Party Performance Rights as follows:

- (a) **(Class C Performance Rights):** The Class C Performance Rights held by Peter Wall's controlled entity shall vest upon completion of the Acquisition transaction; and
- (b) **(Class D Performance Rights):** The Class D Performance Rights held by Peter Wall's controlled entity shall vest upon MMJ or one of its subsidiaries being granted a license to produce under the Marihuana for Medical Purposes Regulations in Canada;
- (c) **(Class C Performance Rights):** The Class C Performance Rights held by Boaz Wachtel's controlled entity shall vest upon either:
  - (i) the Company Group (either directly, or through an affiliate, subcontractor or joint venture partner) producing and exporting 500 kg of MC; or
  - (ii) the Company Group receiving revenue (including commissions) in excess of US\$5,000,000 from the sale of cannabidiol (and/or other cannabinoids) products to or through a party or parties introduced by Mr Wachtel; and
- (d) **(Class D Performance Rights):** The Class D Performance Rights held by Boaz Wachtel's controlled entity shall vest upon the Company Group or a collaborating partner/s, setting up a MC growing facility or production facility of MC and/or cannabinoid products in a jurisdiction (including Uruguay) which laws do not currently, but in the future, permit the growth of

MC or the production of medical cannabinoid products and achieving first commercial sales of MC from such facility,

**(Proposed Amendments).**

The vesting criteria for Peter Wall has been referenced to the fact that he has sourced, negotiated and largely been responsible for securing the Acquisition transaction for the Company. For the reasons set out in this Explanatory Statement, the Board considers that this transaction will bring substantial benefits to the Company.

The vesting criteria for Boaz Wachtel has been referenced to the future value creating events that are within the ambit of Mr Wachtel's role within the Company. The Board considers that these events will bring substantial benefits to the Company.

If Shareholders approve Resolutions 15 and 16, the current performance milestones set out in clause (a)(iii) and (a)(iv) of Schedule 7 will be deleted and replaced with the Proposed Amendments above.

Other than as set out in Resolution 14, all other terms of the Related Party Performance Rights will remain the same.

### **11.3 ASX Listing Rule 6.23.4**

ASX treats performance rights as options for the purposes of compliance with Chapter 6 of the ASX Listing Rules.

ASX Listing Rule 6.23.4 provides that a change to the Related Party Performance Rights which is not permitted under ASX Listing Rule 6.23.3 (being a change which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise) can only be made with Shareholder approval (unless an ASX waiver is obtained).

The Proposed Amendments are not prohibited by ASX Listing Rule 6.23.3.

Accordingly, Shareholder approval, in accordance with ASX Listing Rule 6.24.4, is being sought for the Proposed Amendments pursuant to Resolutions 15 and 16.

### **11.4 Chapter 2E of the Corporations Act and Reasonable Remuneration**

Section 9.1 provides a summary of Chapter 2E of the Corporations Act. The Directors (other than Boaz Wachtel and Peter Wall who have a material personal interest in the Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the variations to the Related Party Performance Rights because the Performance Rights have already been issued and the variations are considered reasonable remuneration in the circumstances.

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## GLOSSARY

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**\$** means Australian dollars unless otherwise noted.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Acquisition** means the acquisition of MMJ summarised at section 1 of the Explanatory Statement.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**CDN\$** means Canadian dollars.

**Chair** means the chair of the Meeting.

**Class A Performance Right** means a performance right that is convertible into a one Share and one Class B Performance Right subject to the terms and conditions applicable to a Class A Performance Right set out in Schedule 7.

**Class B Performance Right** means a performance right that is convertible into a Share subject to the terms and conditions applicable to a Class B Performance Right set out in Schedule 7.

**Class C Performance Right** means a performance right that is convertible into a Share subject to the terms and conditions applicable to a Class C Performance Right set out in Schedule 7.

**Class D Performance Right** means a performance right that is convertible into a Share subject to the terms and conditions applicable to a Class D Performance Right set out in Schedule 7.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** or **PhytoTech** means PhytoTech Medical Limited (ACN 601 236 417).

**Company Group** means the Company and its subsidiaries.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**IPO** means initial public offer on the ASX.

**IPO Prospectus** means the prospectus lodged by the Company with ASIC on 20 November 2014, which was subsequently supplemented by the supplementary prospectus lodged with ASIC on 5 January 2015, in relation to the Company's IPO.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**MMJ** means MMJ Bioscience Inc, (a company incorporate in British Columbia, Canada, Incorporation Number BC0993871).

**MMJ Debenture Holders** means the holders of debentures in MMJ (with a total face value of CDN\$3,166,332) as set out in Schedule 1.

**MMJ Shareholders** mean the shareholders of MMJ who collectively hold 100% of the issued share capital in MMJ as set out in Schedule 1.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Right** means either a Class A Performance Right, Class B Performance Right, Class C Performance Right or Class D Performance Right (as the context requires).

**Plan** or **ESOP** means the employee share option plan the subject of Resolution 8 and as summarised in Schedule 3.

**Proposed Directors** mean Andreas Gedeon, Ross McKay and Jason Bednar being the current proposed nominees of MMJ under the Acquisition transaction.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option to be issued to either Benad Goldwasser, Winton Willesee, Jason Bednar or Ross McKay (or their nominees) in accordance with Resolutions 10, 11, 12 and 13, on the terms and conditions set out in Schedule 5.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Satipharm** means a company to be incorporated in Switzerland as a 100% owned subsidiary of MMJ that will be responsible for operating MMJ's Switzerland based satipharm business.

**Share** means a fully paid ordinary share in the capital of the Company.



**Shareholder** means a registered holder of a Share.

**US\$** means United States dollars.

**VWAP** means the volume weight average price of Shares.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## SCHEDULE 1 – MMJ SHAREHOLDERS AND DEBENTURE HOLDERS

### Item 1 – MMJ Shareholders

MMJ Shareholders	MMJ Shares held	Consideration Shares to be issued
Greenline Holdings	12,762,195	5,548,087
Guido Wiesmann	11,809,830	5,134,067
Andreas Gedeon	11,524,830	5,010,169
Michael Hinam	4,015,000	1,745,434
Paralumen de Leon	4,000,000	1,738,913
Tomas Edvinsson	3,000,000	1,304,185
Jaime Maddalozzo	2,000,000	869,457
Peter Hinam	2,000,000	869,457
Maurus Resistenthel	1,929,260	838,704
Henrik Schreiber	1,929,260	838,704
John Harris	1,750,115	760,824
Timothy Hamilton	1,500,000	652,092
Devon Brown	1,500,000	652,092
Larry Davis	1,500,000	652,092
Jonas Laforge	1,000,000	434,728
Derrick Lewis	570,000	247,795
Gibran Quintero	551,217	239,630
Grant McNeill	500,000	217,364
Suzane O'Donoghue	430,000	186,933
Rosss McKay	250,000	108,682
Thomas Minard	200,000	86,946
William R. Cheston	200,000	86,946
Carol Birch	137,804	59,907
Werner Probst	137,804	59,907
Riccardo Divillio	110,000	47,820
Phillip Esser	82,683	35,945
Tamara MacPherson	20,000	8,695
Deirdre Dhakiwal	20,000	8,695
\$260k Equity Raise <sup>1</sup>	2,600,000	1,130,293
Other (Settlement or Fees) <sup>2</sup>	3,000,000	1,304,184
<b>Total</b>	<b>71,029,998</b>	<b>30,878,747</b>

#### Notes:

- 1) This refers to investors that will participate in a proposed equity raising of CDN\$260,000 that MMJ proposes to complete prior to settlement of the Acquisition.

- 2) These MMJ Shares will be issued to consultants/ brokers of MMJ prior to settlement of the Acquisition.

**Item 2 – MMJ Debenture Holders**

Debenture Holder <sup>1</sup>	Principal Face Value (CDN\$)	Estimated Interest (CDN\$) <sup>2</sup>	Face Value + Interest (CDN\$)	MMJ Shares issued on Conversion	Consideration Shares to be issued
The Magnum Partnership	350,000	37,877	387,877	9,696,918	4,215,524
Mohamed Elsaghir	292,000	28,800	320,800	8,020,000	3,486,521
Phytotech Medical Limited	275,000	6,404	281,404	7,035,103	3,058,358
David Slang	200,000	17,753	217,753	5,443,836	2,366,589
1661070 Alberta Ltd.	200,000	11,507	211,507	5,287,671	2,298,700
Elysium Pacific Solutions Inc	200,000	8,110	208,110	5,202,740	2,261,778
Bruce Mcdonald	100,000	10,822	110,822	2,770,548	1,204,435
R. Steven Smith	100,000	10,822	110,822	2,770,548	1,204,435
Al Jackson	100,000	7,123	107,123	2,678,082	1,164,238
Jason Bednar	100,000	3,068	103,068	2,576,712	1,120,170
Amanda Elsaghir	58,000	5,721	63,721	1,593,014	692,528
Tony Loria	\$50,000	\$5,644	\$55,644	1,391,096	604,749
Robert Schiesser	50,000	5,644	55,644	1,391,096	604,749
Fevzi Ogelman	50,000	5,644	55,644	1,391,096	604,749
Mark Heim	50,000	4,932	54,932	1,373,288	597,007
Ali Assaf	50,000	3,562	53,562	1,339,041	582,119
Terry Ryan	50,000	2,027	52,027	1,300,685	565,444
Robert K. Schulz	50,000	2,027	52,027	1,300,685	565,444
0955583 Bc Ltd.	40,000	4,329	44,329	1,108,219	481,774
Manuel Castanho	40,000	4,055	44,055	1,101,370	478,797
Jason Zabinsky	38,000	4,112	42,112	1,052,808	457,685
Radical Capital Ltd.	35,000	3,452	38,452	961,301	417,905
John Hinam	34,000	1,956	35,956	898,904	390,779
Sherry Zabinsky	31,000	3,355	34,355	858,870	373,375
Jason Zabinsjy	31,000	3,058	34,058	851,438	370,144
Tim Hamilton	30,000	2,959	32,959	823,973	358,204
Suzanne O'Donoghue	30,000	2,959	32,959	823,973	358,204
Dsk Management	30,000	2,844	32,844	821,096	356,954
Marcon Enterprises	30,000	2,326	32,326	808,151	351,326
Paul Barrow S	30,000	1,216	31,216	780,411	339,267

Olaf Herr	25,000	2,705	27,705	692,637	301,109
Michael Hallett	25,000	2,466	27,466	686,644	298,503
William Wihsart	25,000	1,781	26,781	669,521	291,060
Benoit Harris	25,000	1,014	26,014	650,342	282,722
David Cowern	20,000	2,164	22,164	554,110	240,887
Teymur Englesby	20,000	1,973	21,973	549,315	238,803
Christopher Reid	20,000	1,973	21,973	549,315	238,803
Catriona Laforge	20,000	1,775	21,775	544,384	236,659
William Cheston	20,000	1,425	21,425	535,616	232,848
Thomas Lo	20,000	811	20,811	520,274	226,178
Ron Kulay	15,000	1,479	16,479	411,986	179,102
Stephen Roux	15,782	640	16,422	410,548	178,477
James Gulliver	10,000	1,082	11,082	277,055	120,444
Neil Martin	10,000	1,082	11,082	277,055	120,444
Richard Defreitas	10,000	1,082	11,082	277,055	120,444
Patrick O. Onyekw Eli	10,000	1,082	11,082	277,055	120,444
Dean Simpson	10,000	1,082	11,082	277,055	120,444
Patrick T. Kennedy	10,000	1,082	11,082	277,055	120,444
Aaron Chan	10,000	986	10,986	274,658	119,401
Marion Gallovich	10,000	888	10,888	272,192	118,329
Carrie Smeaton	10,000	712	10,712	267,808	116,424
Sofia L. Coulson	10,000	712	10,712	267,808	116,424
Suzanne O'Donoghue	10,000	575	10,575	264,384	114,935
Franklin Russell Schultz	10,000	405	10,405	260,137	113,089
D.F. Technologies Ltd.	10,000	307	10,307	257,671	112,017
NMH Consulting Inc.	7,800	239	8,039	200,984	87,373
Harley Ruder	5,000	541	5,541	138,527	60,222
Bryce Mushaluk	5,000	493	5,493	137,329	59,701
William Mushaluk	5,000	493	5,493	137,329	59,701
Nicole Longmore	5,000	356	5,356	133,904	58,212
Marino Gallovich	5,000	288	5,288	132,192	57,468
Geoffrey Sean Mckenzie	5,000	203	5,203	130,068	56,544
Pamela R. Sayer	5,000	153	5,153	128,836	56,008
Randy King	4,000	162	4,162	104,055	45,236
Danell Piero	3,000	214	3,214	80,342	34,927

David Solberg	2,500	178	2,678	66,952	29,106
David Solberg	2,500	178	2,678	66,952	29,106
Garland Mcanerin	1,500	107	1,607	40,171	17,464
Marlene White	1,500	107	1,607	40,171	17,464
Noreen Canavan	1,500	46	1,546	38,651	16,803
Chris Ormiston	1,250	51	1,301	32,517	14,136
Clayton Solberg	500	29	529	13,219	5,747
Christine Cowern	500	20	520	13,007	5,654
<b>Total</b>	<b>3,166,332</b>	<b>249,250</b>	<b>3,415,582</b>	<b>85,064,248</b>	<b>37,121,253</b>

**Notes:**

- 1) These parties could change if any debentures are sold or transferred prior to completion of the Acquisition.
- 2) The amount of interest accrued on the MMJ Debentures has been calculated assuming the Acquisition settles on 2 July 2015. If settlement does not occur on 2 July 2015 then the amount of interest owing to each Debenture holder may change and consequently the distribution of Consideration Shares may change.

## SCHEDULE 2 – PRO-FORMA BALANCE SHEET

To illustrate the effect of the Acquisition on the Company, a pro forma statement of financial position has been prepared based on the unaudited consolidated balance sheets of the Company and MMJ both as at 31 March 2015.

The pro-forma balance sheet shows the effect of the Acquisition as if it had been made at 31 March 2015 based on the accounting principles for a business combination whereby the Company is the acquirer along with the following pro-forma adjustments;

- (a) the conversion of the convertible debentures in MMJ to equity in MMJ; and
- (b) the issue of 51 million Shares (being the acquisition consideration to be issued on completion) at a deemed value of 31c per Share.

The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	<b>Phytotech Medical Limited 31-Mar-15 (Consolidated - Unaudited) \$</b>	<b>MMJ Biosciences Inc 31-Mar-15 (Consolidated - Unaudited) \$</b>	<b>pro-forma 31-Mar-15 (Consolidated - Unaudited) \$</b>
<b>Current Assets</b>			
Cash and cash equivalents	4,577,217	7,150	4,584,367
Trade and other receivables	71,996	64,847	136,843
Prepayments	-	15,422	15,422
<b>Total current assets</b>	<b>4,649,213</b>	<b>87,419</b>	<b>4,736,632</b>
<b>Non Current Assets</b>			
Other non-current assets	32,855	-	32,855
Deposits	-	51,594	51,594
Plant and equipment	138,415	2,714,746	2,853,161
Goodwill	-	-	19,312,213
<b>Total non-current assets</b>	<b>171,270</b>	<b>2,766,340</b>	<b>22,249,823</b>
<b>Total assets</b>	<b>4,820,483</b>	<b>2,853,759</b>	<b>26,986,455</b>
<b>Current liabilities</b>			
Trade and other payables	123,138	462,126	585,264
Due to related parties	-	54,000	54,000
Note payable	-	110,244	110,244
Convertible debentures	-	3,341,078	-
<b>Total current liabilities</b>	<b>123,138</b>	<b>3,967,448</b>	<b>749,508</b>
<b>Non-current liabilities</b>			
Other liabilities	4,949	-	4,949
Note payable	-	459,602	459,602
<b>Total non-current liabilities</b>	<b>4,949</b>	<b>459,602</b>	<b>464,551</b>
<b>Total liabilities</b>	<b>128,087</b>	<b>4,427,050</b>	<b>1,214,059</b>
<b>Net assets</b>	<b>4,692,396</b>	<b>(1,573,291)</b>	<b>25,772,396</b>
<b>Equity</b>			
Issued capital	5,820,270	661,461	26,900,270
Reserves	1,056,918	-	1,056,918
Accumulated losses	(2,184,793)	(2,234,752)	(2,184,793)
<b>Total equity</b>	<b>4,692,396</b>	<b>(1,573,291)</b>	<b>25,772,396</b>

NB: An adjustment to record the amended vesting terms of the Class A and Class B Performance Rights, subject to the Shareholder approval being sought under Resolution 15 has not been included.

NB: The Acquisition potentially includes the issue of a further 17 million Shares upon the satisfaction of the First Milestone and Second Milestone. Based on the uncertainty of these milestones and the fact that the milestones have not yet been satisfied, these Shares have not been included.

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### SCHEDULE 3 – SUMMARY OF EMPLOYEE SHARE OPTION PLAN

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The material terms and conditions of the Employee Share Option Plan (**ESOP**) are as follows:

- (a) **Eligibility and Grant of Plan Options:** The Board may grant ESOP Options to any full or part time employee or Director of the Company or an associated body corporate (**Company Group**) or subject to, and in accordance with, any necessary ASIC relief being obtained, a casual employee or contractor the Company Group (**Eligible Participant**). ESOP Options may be granted by the Board at any time.
- (b) **Consideration:** Unless the ESOP Options are quoted on ASX, ESOP Options will be issued for no more than nominal cash consideration.
- (c) **Conversion:** Each ESOP Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for ESOP Options granted under the Plan will be determined by the Board prior to the grant of the ESOP Options.
- (e) **Exercise Restrictions:** The ESOP Options granted under the ESOP may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Plan Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the ESOP Options.
- (a) **Renounceability:** Eligible Participants may renounce their offer in favour of a nominee (the Eligible Participants and their nominees are each **Participants**).
- (f) **Lapsing of ESOP Options:** Subject to the terms of the offer made to a Participant, an unexercised ESOP Option will lapse:
  - (i) on the Eligible Participant ceasing to be an Eligible Participant:
    - (A) any Exercise Conditions have not been met by the date the Relevant Person ceases to be an Eligible Participant (**Ceasing Date**); or
    - (B) where any Exercise Conditions have been met by the Ceasing Date or the ESOP Option is not subject to any Exercise Conditions, the Participant does not exercise the ESOP Option within a period of 6 months after the Ceasing Date (or a further date as determined by the Board after the Ceasing Date);
  - (ii) if any Exercise Condition is unable to be met; or
  - (iii) the expiry date has passed.
- (g) **Share Restriction Period:** Shares issued on the exercise of ESOP Options may, at the discretion of the Board, be subject to a restriction that they may not be transferred or otherwise dealt with until a restriction period has expired, as specified in the offer for the ESOP Options.
- (h) **Disposal of Options:** Plan Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.



- (i) **Trigger Events:** The Company may permit ESOP Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (j) **Participation:** There are no participating rights or entitlements inherent in the ESOP Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the ESOP Options.
- (k) **Change in exercise price:** An ESOP Option will not confer a right to a change in exercise price or a change in the number of underlying Shares over which the ESOP Option can be exercised.
- (l) **Reorganisation:** If at any time the capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an offer under the ESP, that the number of Shares to be received on exercise of Options offered under an ESOP offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under an employee incentive scheme covered by an ASIC Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

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## **SCHEDULE 4 – TERMS AND CONDITIONS OF OPTIONS**

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The Options issued under Resolution 9 were issued on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of the Options is as follows:

- (i) 4,500,000 Options exercisable at \$0.20 each; and
- (ii) 350,000 Options exercisable at \$0.31 each,

**(Exercise Price)**

(c) **Expiry Date**

The Options will expire at 5:00 pm (WST) on 6 May 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Vesting Conditions**

The 4,500,000 Options issued to Dr Daphna Heffetz are subject to the following vesting conditions:

- (i) 1,500,000 Options will vest after twelve (12) months of continuous employment with the Company Group; and
- (ii) thereafter, the balance of the Options shall vest monthly on a pro-rata basis for each month of continuous employment with the Group up to 36 months (i.e. 125,000 Options will vest after each month between thirteen (13) and thirty-six (36) months of continuous employment).

The 350,000 Options issued to Dr Hagit Sacks are subject to the following vesting conditions:

- (i) 116,666 Options will vest after twelve months (12) of continuous employment with the Company Group;
- (i) 116,666 Options will vest after twenty four months (24) of employment with the Company Group; and
- (ii) 116,667 Options will vest after thirty six months (36) of employment with the Company Group.

(e) **Exercise Period**

The Options are exercisable at any time on and from the earlier of the satisfaction of the relevant vesting condition set out in (d) above until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

The Options are not transferable, without the prior consent of the Company.

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## SCHEDULE 5 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

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The Options to be issued under Resolutions 10 11, 12 and 13 will be issued on the following terms and conditions:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be determined at the time of issue but shall be:

- (i) in respect of the Options to be issued to Benad Goldwasser - \$0.20 per Option; and
- (ii) in respect of the Options to be issued to Winton Willesee, Jason Bednar and Ross McKay the lesser of \$0.40 and 135% of the 30 day VWAP of Shares in the Company as traded on ASX prior to the date of the Meeting,

**(Exercise Price).**

(c) **Expiry Date**

The Options will expire at 5:00 pm (WST) on the date that is three years from the date of issue **(Expiry Date)**. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Vesting Conditions**

The Options to be issued to Benad Goldwasser, Winton Willesee, Jason Bednar and Ross McKay shall vest and become exercisable over a period of 3 years from their respective appointment dates, such that one twelfth of the Options shall vest on the end of each three (3) month period following their respective appointments.

If any of the holders cease to be directors of the Company, any unvested Options will immediately lapse (in the absence of the Company agreeing otherwise).

(e) **Exercise Period**

The Options are exercisable at any time on and from the earlier of the satisfaction of the relevant vesting condition set out in (d) above until the Expiry Date **(Exercise Period)**.

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate **(Notice of Exercise)** and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

The Options are not transferable, without the prior consent of the Company.

## SCHEDULE 6 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 10, 11, 12 and 13 have been independently valued by BDO Corporate Finance (WA) Pty Ltd (**BDO**).

Using the binomial options pricing model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	28 April 2015
Market price of Shares	\$0.315 per Share
Exercise price:	
- Options to be issued to Benad Goldwasser	\$0.20 per Option
- Options to be issued to Winton Willesee, Jason Bednar and Ross McKay	\$0.40 per Option
Expiry date (length of time from issue)	3 years
Risk free interest rate	1.83%
Volatility (discount)	100%
Vesting Conditions	All Options will vest
<b>Indicative value per Related Party Option</b>	
- Options to be issued to Benad Goldwasser	\$0.2269 per Option
- Options to be issued to Winton Willesee, Jason Bednar and Ross McKay	\$0.1819 per Option
<b>Value of Related Party Options</b>	
- 1,500,000 Options to Benad Goldwasser	\$340,408
- 1,000,000 Options to Winton Willesee	\$181,889
- 1,500,000 Options to Jason Bednar	\$272,834
- 1,000,000 Options to Ross McKay	\$181,889
<b>Total</b>	<b>\$977,020</b>

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes. The valuation has not been adjusted for non market related vesting conditions.



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## SCHEDULE 7 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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The Performance Rights have been issued on the following terms and conditions:

- (a) **(Milestones):** The Performance Rights shall have the following milestones attached to them **(Milestones)**:
  - (i) **Class A Performance Rights:** if the 5 day volume weighted average price of Shares on the ASX is \$0.40 or higher;
  - (ii) **Class B Performance Rights:** if the 5 day volume weighted average price of Shares on the ASX is \$0.60 or higher;
  - (iii) **Class C Performance Rights:** if the Company obtains a granted patent in any jurisdiction in relation to the patent applications which the Company has an interest at the date the Company lodged its IPO Prospectus with the ASIC; and
  - (iv) **Class D Performance Rights:** if the Company enters into a licensing agreement (or similar arrangement) to commercialise or develop the intellectual property the subject of a patent application referred to in paragraph (iii) above.
- (b) **(Notification to holder):** The Company shall notify the holder in writing when the relevant Milestones have been satisfied.
- (c) **(Vesting):** The relevant Performance Rights shall vest on the later to occur of:
  - (i) the date that the Milestone relating to that Performance Right has been satisfied;
  - (ii) two years from the date that Company lists on ASX; and
  - (iii) the date that the holder gives a notice to the Company confirming that the holder would like the Performance Rights to vest.
- (d) **(Consideration):** The Performance Rights will be issued for \$0.0001 each and no consideration will be payable upon the vesting of the Performance Rights.
- (e) **(Conversion):** Upon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the holder, vest and convert as follows:
  - (i) **Class A Performance Right:** into one Share and one Class B Performance Right;
  - (ii) **Class B Performance Right:** into one Share;
  - (iii) **Class C Performance Right:** into one Share; and
  - (iv) **Class D Performance Right:** into one Share.
- (f) **(Lapse of a Performance Right):** If the Milestone attaching to a Performance Right has not been satisfied in the time periods set out below, it will automatically lapse:
  - (i) **Class A Performance Rights:** 2 years from the date the Company is admitted to the Official List of the ASX **(Admission Date)**;
  - (ii) **Class B Performance Rights:** 3 years from the Admission Date;

- (iii) **Class C Performance Rights:** 3 years from the Admission Date; and
- (iv) **Class D Performance Rights:** 4 years from the Admission Date.

Otherwise, any Performance Right that has not been converted into a Share within 5 years of the Admission Date will automatically lapse.

- (g) **(Share ranking):** All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (h) **(Listing of Shares on ASX):** The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.
- (i) **(Transfer of Performance Rights):** A Performance Right is not transferable except with the prior written consent of the board of the Company.
- (j) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (k) **(Adjustment for bonus issue):** If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.
- (l) **(Adjustment for reconstruction):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including the Vesting Conditions) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) **(Dividend and Voting Rights):** A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.

## PROXY FORM

PHYTOTECH MEDICAL LIMITED  
ACN 601 236 417

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

☐

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00 am (WST), on 29 June 2015 at 38 Station Street Subiaco, WA 6008, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 8, 10, 11, 15 and 16 (except where I/we have indicated a different voting intention below) even though Resolutions 8, 10, 11, 15 and 16 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Approval for the Acquisition of MMJ Bioscience Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Shares in Consideration for MMJ Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares as Introductory Fee for MMJ Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Election of Director – Andreas Gedeon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Jason Bednar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Ross McKay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Options to Benad Goldwasser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Options to Winton Willesee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Options to Jason Bednar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Issue of Options to Ross McKay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Amendment to the terms of all Performance Rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Amendment to the terms of Related Party Performance Rights held by International Water & Energy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16	Amendment to the terms of Related Party Performance Rights held by Pheakes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name:

Contact ph (daytime):

E-mail address:

Consent for contact by e-mail  
in relation to this Proxy Form:

YES ☐ NO ☐

### Instructions for completing Proxy Form

- (Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
- (Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
- (Signing instructions):**
  - (Individual):** Where the holding is in one name, the Shareholder must sign.
  - (Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - (Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - (Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
- (Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
- (Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - post to PhytoTech Medical Limited, Suite 25, 145 Stirling Highway, Nedlands, WA, Australia, 6009; or
  - facsimile to the Company on facsimile number +61 8 9389 3199; or
  - email to the Company at [info@phytotechmed.com](mailto:info@phytotechmed.com).

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**