
MMJ PHYTOTECH LIMITED
ACN 601 236 417
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am AWST
DATE: Monday, 28 November 2016
PLACE: Offices of BDO
38 Station Street
Subiaco, WA 6008

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

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.

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 11:00am AWST on 26 November 2016.

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BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-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, for the purpose of clause 14.2 of the Constitution, and for all other purposes, Jason Bednar, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF OPTIONS – STANISLAV SOLOGUBOV

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 4,000,000 unlisted Options exercisable at \$0.24 on or before 6 June 2019 to Stanislav Sologubov 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 Stanislav Sologubov (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.

5. RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE – PLACEMENT

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 19,512,196 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue 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.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise 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 issue of Equity Securities under this Resolution 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 will 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.

Dated: 27 October 2016

By order of the Board



**Erlyn Dale
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the following time, date and place:

TIME: 11:00am AWST
DATE: Monday, 28 November 2016
PLACE: Offices of BDO
38 Station Street
Subiaco, WA 6008

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by **11:00am AWST on 26 November 2016** 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:

- 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.

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.

EXPLANATORY STATEMENT

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.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.mmjphytotech.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

Shareholders will have a reasonable opportunity to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JASON BEDNAR

3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Jason Bednar, who has served as a director since 27 July 2015, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr Bednar is a Chartered Accountant with more than 18 years of direct professional experience in the financial and regulatory management of companies listed on the Toronto Stock Exchange, TSX Venture Exchange, American Stock Exchange and ASX. He is currently the CFO and director of Canacol Energy Ltd., a Colombian focused oil and gas exploration and production company with an enterprise value of approximately US\$650 million.

Mr Bednar has been the past CFO of several international oil and gas E&P companies, most notably the founding Chief Financial Officer of Pan Orient Energy Corp, a South East Asia exploration company, who during his tenure grew organically to operate 15,000 bbl/d and a market cap of \$700 million. He has previously sat on the board of directors of several internationally focused E&P companies, including being the past Chairman of Gallic Energy Ltd.

Over the past three years Mr Bednar has held directorships with the following listed public companies:

- Director, Canacol Energy Ltd (current)
- Director, Tilting Capital Corp. (current)
- Director, Sintana Energy Inc (resigned 13 May 2015)
- Director, Charlotte Resources Ltd (resigned 9 February 2015)
- Director, Solimar Energy Limited (resigned 13 December 2014)
- Director, MENA Hydrocarbons Inc (resigned 3 February 2014)

3.3 Independence

The board considers Mr Bednar to be an independent director.

3.4 Board recommendation

The Board supports the re-election of Mr Bednar and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF OPTIONS – STANISLAV SOLOGUBOV

4.1 General

On 6 June 2016, the Company and Satipharm AG (the Company's Swiss subsidiary) entered into a consultancy agreement with Mr Stanislav Sologubov, whereby Mr Sologubov was engaged to perform the services of Chief Executive Officer of Satipharm AG (**Consultancy Agreement**). Under the Consultancy Agreement, the Company agreed to issue to Mr Sologubov 4,000,000 Options on the terms and

conditions set out in Schedule 1. On Friday, 14 October 2016, the Company issued those Options to Mr Sologubov.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Ratification**).

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 7.4 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.

4.2 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 Ratification:

- (a) 4,000,000 Options were issued;
- (b) the Options were issued to Mr Sologubov for nil cash consideration, as a performance-based component of his remuneration package offered under the Consultancy Agreement;
- (c) the Options are unlisted options exercisable at \$0.24 on or before 6 June 2019 and are otherwise issued on the terms and conditions set out in Schedule 1;
- (d) the Options were issued to Mr Stanislav Sologubov, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Options were issued as remuneration for services provided as the Chief Executive Officer of Satipharm AG, the Company's Swiss subsidiary, in accordance with the Consultancy Agreement.

5. RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE - PLACEMENT

5.1 General

On 14 October 2016 the Company issued 19,512,196 Shares at an issue price of \$0.205 per Share to raise \$4,000,000 (before costs).

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 4.1 above.

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.

5.2 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 Ratification:

- (a) 19,512,196 Shares were issued;
- (b) the issue price was \$0.205 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investor clients introduced to the Company by Bell Potter Securities Limited. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue will be used for general working capital.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

6.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation below the threshold.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: MMJ).

If Shareholders approve this Resolution, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

6.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 6.2(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 18 October 2016.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.120 50% decrease in Issue Price	\$0.24 Issue Price	\$0.36 50% increase in Issue Price
191,193,343 (Current Variable A)	Shares issued - 10% voting dilution	19,119,334 Shares	19,119,334 Shares	19,119,334 Shares
	Funds raised	\$2,294,320	\$4,588,640	\$6,882,960
286,790,015 (50% increase in Variable A)	Shares issued - 10% voting dilution	28,679,001 Shares	28,679,001 Shares	28,679,001 Shares
	Funds raised	\$3,441,480	\$6,882,960	\$10,324,441
382,386,686 (100% increase in Variable A)	Shares issued - 10% voting dilution	38,238,669 Shares	38,238,669 Shares	38,238,669 Shares
	Funds raised	\$4,588,640	\$9,177,280	\$13,765,921

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 191,193,343 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 18 October 2016, being \$0.24.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for:
 - (A) advancing the Company's existing operations, including the development and commercialisation of cannabis-based therapeutics via the Company's Israeli-based subsidiary Phytotech Therapeutics Ltd;
 - (B) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and
 - (C) general working capital; or
- (ii) as non-cash consideration for the acquisition of complementary new assets and investments, and as consideration for services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 24 November 2015 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 25 November 2015, the Company otherwise issued a total of 49,100,529 Shares (not including those issued on conversion of Options or Performance Rights) and 23,621,307 Options which represents approximately 40% of the total diluted number of Equity Securities on issue in the Company on 25 November 2015, which was 180,837,623.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

6.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

GLOSSARY

\$ or A\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 6.1.

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

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.

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.

Chair means the chair of the Meeting.

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) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means MMJ Phytotech Limited (ACN 601 236 417).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Eligible Entity means an entity that, at the date of the relevant general meeting is not included in the S&P/ASX 300 Index and has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

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.

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.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

A summary of the terms and conditions of the Options is set out below:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (m), the amount payable upon exercise of each Option will be \$0.24 (**Exercise Price**).

(c) **Vesting Date**

Subject to (d) below, the Options which have not lapsed in accordance with (e) will vest over a period of 2 years, such that 1/4 of the Options shall vest on the end of each six (6) month period following 6 June 2016 (**Vesting Date**).

(d) **Accelerated Vesting**

Unvested Options which have not lapsed in accordance (e) will automatically vest and become fully exercisable immediately prior to the closing of the earlier of:

- (i) a merger of the Company with or into another entity and/or acquisition of all or substantially all of the shares or assets of the Company; or
- (ii) the termination of the engagement by the Company without cause, or termination of the engagement as a result of the Company committing any serious or persistent breach of the Consultancy Agreement which is not rectified within 14 days of notice.

(e) **Lapsing of Unvested Options**

Where the Engagement is validly terminated other than for the reasons described in (d)(ii) above, any unvested Options will automatically lapse and will have no further force or effect.

(f) **Expiry Date**

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

(g) **Exercise Period**

The Options are exercisable at any time during the period commencing on and from the relevant Vesting Date and ending on the Expiry Date (**Exercise Period**).

(h) **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.

(i) **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**).

(j) **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 (j)(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.

(k) **Shares issued on exercise**

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

(l) **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.

(m) **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.

(n) **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.

(o) **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.

(p) **Unquoted**

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

(q) **Transferability**

The Options are only transferable:

- (i) with the consent of the board; or
- (ii) by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.

SCHEDULE 2 – ISSUES OF EQUITY SECURITIES SINCE 25 NOVEMBER 2015

Date	Quantity & Class ²	Recipients	Cash/ Non-Cash Consideration	Details of consideration
9/12/2015	2,500,000 Unlisted Class F Options	Nominees of Merchant Corporate Pty Ltd	Non-cash	The Unlisted Class F Options were issued in lieu of consideration for corporate advisory services in connection with the capital raising completed by the Company in October 2015 and as set out in the Notice of Meeting dated 22 October 2015. The Unlisted Class F Options have a Current Value ³ of \$202,500 based on a valuation of \$0.081 each.
1/3/2016 & 4/3/2016 27/04/2016	20,833,333 Shares + 10,416,666 Unlisted Class G Options	Sophisticated and institutional investors introduced to the Company by Merchant Corporate Pty Ltd.	Cash consideration of \$5,000,000 (before costs)	The Shares were issued at \$0.24 each, which represented a 20% and 14% discount to the Market Price ¹ of \$0.30 and \$0.28 per Share respectively, together with one free attaching Unlisted Class G Option for every 2 shares issued* The Unlisted Class G Options have a Current Value ³ of \$1,125,000 based on a valuation of \$0.108 each. *Note, the Unlisted Class G Options were issued on 27 April 2016 following shareholder approval on 22 April 2016.
4/3/2016	2,204,641 Unlisted Class H Options	Eligible participants to the employee incentive scheme approved at the Shareholder meeting held on 29 June 2016	Non-cash	Unlisted Class H Options were issued for nil cash consideration to certain key employees and consultants as a performance-based incentive component of remuneration for services provided to the Company. The Unlisted Class H Options have a Current Value ³ of \$317,468 based on a valuation of \$0.144 each.
27/4/2016	1,500,000 Unlisted Class G Options	Nominee of Merchant Corporate Pty Ltd	Non-cash	The Options were issued in lieu of consideration for corporate advisory services in connection with the capital raising completed by the Company in March 2016 and as set out in the Notice of Meeting dated 14 March 2016. The Unlisted Class G Options have a Current Value ³ of \$162,000 based on a valuation of \$0.108 each.
8/7/2016	8,500,000 Shares	Vendors of MMJ Bioscience Inc	Non-cash	Shares were issued in connection with the acquisition of MMJ Biosciences Inc following the satisfaction of the First Performance Milestone under the Amalgamation Agreement between the Company and MMJ Bioscience Inc dated 19 May 2015. The Shares have a Current Value ³ of \$2,040,000.
8/7/2016	255,000 Shares	Parties who facilitated the introduction of the merger transaction with MMJ Bioscience Inc.	Non-cash	Shares were issued in consideration for facilitating the introduction of the merger transaction between the Company and MMJ Bioscience Inc. The Shares have a Current Value ³ of \$61,200.
14/10/2016	19,512,196 Shares	Sophisticated and institutional investors introduced to the Company by Bell Potter Securities Ltd.	Cash consideration of \$4,000,000	The Shares were issued at \$0.205 per Share, which represented a 15% discount to the Market Price ¹ of \$0.24 per Share.
14/10/2016	4,000,000 Unlisted	Stanislav Sologubov	Non-cash	Unlisted Class I Options were issued for nil cash consideration to Stanislav Sologubov as a performance-based incentive component of

Date	Quantity & Class ²	Recipients	Cash/ Non-Cash Consideration	Details of consideration
	Class I Options			his remuneration package for his role as Chief Executive Officer of Satipharm AG, The Unlisted Class I Options have a Current Value ³ of \$548,000 based on a valuation of \$0.137 each.
14/10/2016	3,000,000 Unlisted Class J Options	Catherine Harvey	Non-cash	Unlisted Class J Options were issued for nil cash consideration to Catherine Harvey as a performance-based incentive component of her remuneration package for her role as Chief Operating Officer of the Company. The Unlisted Class J Options have a Current Value ³ of \$477,000 based on a valuation of \$0.159 each.

Notes:

- Market Price** means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the trading day prior to the date of issue of the relevant Equity Securities.

- Terms of Securities:**

All Shares issued during the 12 months preceding the date of this Meeting were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares (terms are set out in the Constitution of the Company).

The material terms and conditions of Options issued during the 12 months preceding the date of this Meeting are set out below:

- Unlisted Class F Options are exercisable at \$0.45 each on or before 8 September 2018.
- Unlisted Class G Options are exercisable at \$0.36 each on or before 1 March 2019.
- Unlisted Class H Options are exercisable at \$0.27 each on or before 31 January 2020.
- Unlisted Class I Options are exercisable at \$0.24 each on or before 6 June 2019.
- Unlisted Class J Options are exercisable at \$0.24 each on or before 1 September 2020.

- Current Value:**

In respect of quoted Equity Securities, the value is based on the closing price of the Shares \$0.24 on the ASX on 18 October 2016.

In respect of unquoted Equity Securities, the value of Options is measured using the Black & Scholes option pricing model as at 18 October 2016. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

- Use of Funds:** During the 12 months preceding the date of this Meeting, the Company received a total cash consideration of \$9,000,000 (before costs) from the issue of Equity Securities, of which approximately 45% was spent on costs associated with the various capital raisings, development of the Company's Duncan Facility in Canada, advancement of Clinical Trials in Israel and manufacture and production of CBD pills inventory.

The Company intends to apply remaining funds towards additional working capital as it progresses the proposed transaction to spin out its core cannabis subsidiaries, United Greeneries Holdings Ltd and Satipharm AG on the TSX-V as announced to the ASX on 28 September 2016, as well as towards the advancement of the Company's clinical trials in Israel, and the acquisition of other complementary businesses or assets.

This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

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Option A – Please choose to vote online, because:

- ✓ **Save Your Money:** This company you own a part of has to spend thousands of dollars each year in print and postage costs. Online voting will reduce this unnecessary expense.
- ✓ **It's Quick and Secure:** Voting online provides you with greater privacy over your instructions, eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **Receive Vote Confirmation:** Voting online is the only method which provides you with confirmation that your vote has been processed. It also allows you to amend your vote if required.



To Access online voting you can scan the barcode to the right with your tablet or mobile device or you can enter the following link into your browser:

<https://investor.automic.com.au/#/loginsah>

Option B – Appoint a proxy, by paper:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at **11.00am AWST on Monday, 28 November 2016 at the Offices of BDO, 38 Station Street, Subiaco, WA 6008** hereby appoint as my/our proxy:

☐

THE CHAIRMAN OF THE MEETING

(Tick this box to appoint the Chairman as your proxy)

OR

(Insert Name of Proxy)

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

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 Resolution 1 & 3 (except where I/we have indicated a different voting intention below) even though Resolution 1 & 3 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the space above the name of the person or body corporate you are appointing as your 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 and at any adjournment thereof.

STEP 1: APPOINT A PROXY

STEP 2: VOTE

RESOLUTIONS

1. Adoption of Remuneration Report

For Against Abstain

☐ ☐ ☐

2. Re-Election of Director – Jason Bednar

☐ ☐ ☐

3. Ratification of Issue of Options – Stanislav Sologubov

☐ ☐ ☐

RESOLUTIONS

4. Ratification of Prior Share Issue – Placement

For Against Abstain

☐ ☐ ☐

5. Approval of 10% Placement Capacity

☐ ☐ ☐

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.

STEP 3: SIGN

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name..... Telephone..... Date / / 2016

To consent to receive all available Shareholder Communications by email (including Notice of Meetings, Proxy Forms and Annual Reports) please provide your email:

EMAIL ADDRESS.....

HOW TO COMPLETE THIS PROXY VOTING FORM

LODGING YOUR PROXY VOTE


This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11.00am (AWST) on Saturday, 26 November 2016**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.


Proxy Voting Forms can be lodged:


 **ONLINE**
<https://investor.automic.com.au/#/loginsah>



Login to the Automic website using the holding details as shown on the Proxy Voting Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, shareholders will need their Holder Number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on front of the Proxy Voting form.

 **BY MAIL**
Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012

 **BY HAND**
Automic Registry Services
Level 3, 50 Holt Street, Surry Hills NSW 2010

 **ALL ENQUIRIES TO**
Telephone: 1300 288 664 Overseas: + 61 2 9698 5414

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home>. Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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 lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting 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.