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Harvest One Cannabis Signs Funding Agreements for Construction of Two Additional Production Facilities

- Harvest One Cannabis enters agreements with PanCann Streaming Corp. to fund construction of Lucky Lake facility and new additional production facility
- Combined with fully-funded expansion of existing Duncan facility, Harvest One Cannabis will have in excess of 250,000ft² of cultivation space
- Highly scalable production capacity to position Harvest One as a Top-Tier producer ahead of proposed legalisation of recreational cannabis in Canada

MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”) is pleased to advise that Harvest One Cannabis Inc. (TSXV: HVST) (“Harvest One”) through its wholly-owned subsidiaries United Greeneries Ltd. (“UG”) and United Greeneries Saskatchewan Ltd. (“UGS”), has entered into two separate agreements with PanCann Streaming Corp. (“PanCann”) to finance the construction of both the Lucky Lake facility and a new additional production facility to be identified. Consideration for the funding will be equity participation in the applicable entity and a production yield allocation from both facilities.

Importantly, these agreements, if funded, will enable UG to substantially scale up its production capacity of both medicinal and recreational cannabis (as applicable), without any additional capital outlay or further dilution to Harvest One shareholders.

Post construction, UG anticipates that the Lucky Lake facility will have at least 60,000ft² of cultivation space, with the new additional facility, once chosen by Harvest One and accepted by PanCann, designed to accommodate a minimum 60,000ft² of cultivation space.

As previously advised (see ASX release dated 9 March 2017), UG has executed an agreement with Cowichan Tribes in respect to the leasing of a 13-acre land package located adjacent to the Company’s existing Duncan facility. The agreement with Cowichan underpins the fully-funded Phase 1 Expansion of the Duncan facility, which combined with the two additional production facilities will potentially provide UG with in excess of 250,000ft² of cultivation space.

PanCann Agreements Overview:

Agreement 1: Construction of Lucky Lake Facility

Under the agreement, PanCann will provide all necessary funding to complete the construction of the Lucky Lake facility and provide sufficient working capital for its initial operations.

As consideration, PanCann will receive 49% of the equity of UGS and 40% of the production yield generated by the Lucky Lake facility at a price per gram equal to the cost of production +10%.

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Agreement 2: Additional Site Agreement

UG and PanCann will work cooperatively to source an additional expansion site that will be developed by a wholly-owned subsidiary of UG ("NewCo"). Once such site and the construction budget for the new facility have been agreed, PanCann will provide all necessary funding to complete the construction of the new facility and provide sufficient working capital for its initial operations and in consideration for doing so will receive 49% of the equity of NewCo and 50% of the production yield generated by the new facility at a price per gram equal to the cost of production + 10%.

The agreements remain subject to a number of conditions precedent, including availability of financing on the part of PanCann, receipt by Harvest One of applicable Health Canada and other regulatory approvals, due diligence by the parties, execution of definitive agreements, and the ability of the parties to agree future construction budgets and timelines. There is no assurance that these financings will be completed on the terms contemplated herein or at all.

Lucky Lake Facility Overview:

The Lucky Lake facility, in Lucky Lake Saskatchewan, is a 62,000ft² modern, concrete agricultural facility sitting on over 18 acres of land which is 100% owned by UG. The facility includes a potential residential property for future employees and has a vast supply of water and electricity.

MMJ PhytoTech's Managing Director, Andreas Gedeon, commented:

"This is an excellent opportunity for Harvest One, as it will enable the Company to substantially increase its cannabis production capacity without the requirement for any additional capital outlay.

The construction of two new production facilities, in addition to the expansion of our existing Duncan facility, will transition the business into one of the pre-eminent cannabis production businesses globally.

We are also excited to form a long-term partnership with PanCann, considering their excellent management team and industry reputation, and look forward to providing additional updates in due course."

-ENDS-

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About MMJ PhytoTech Limited

MMJ PhytoTech Limited (ASX: MMJ) is focused on becoming a large-scale cannabis producer, targeting direct supply to the growing Canadian medical and recreational markets which will have an estimated combined value of C\$8-9 billion by 2024. The Company controls operations across the entire medicinal cannabis value chain through its ~60% interest in TSX-V listed **Harvest One Cannabis Inc** (TSXV: HVST) and its 100% interest in Israeli research and development subsidiary, **PhytoTech Therapeutics Ltd**, both of which are strategically located in favourable jurisdictions with supportive regulatory frameworks in place.

About Harvest One Cannabis Inc.

Harvest One Cannabis Inc. (TSXV: HVST) controls operations across the entire cannabis value chain through three business units, with Harvest One serving as the umbrella company over horticultural arm United Greeneries and medical arm Satipharm AG. Each business is strategically located in favourable jurisdictions with supportive regulatory frameworks in place. United Greeneries has received a Canadian medicinal cannabis cultivation licence, making Harvest One one of only a few companies globally with the capacity to commercially cultivate cannabis in a federally regulated environment.