

29 March 2017

Canadian Government Announces Legalisation of Recreational Cannabis by July 2018

- **Canadian Federal Government set to release plans in early April 2017 outlining framework for legalisation of recreational cannabis market by 1 July 2018**
- **Latest development is a significant catalyst for Canadian Licensed Producers as it provides a clear timeline on opening up of estimated CAD\$5 billion market**
- **Proposed timeline synergizes with current ramp-up of production at flagship Duncan Facility – targeting 8,500kg of cannabis production capacity by the end of 2017**

MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”) is pleased to advise that the Canadian Federal Government has confirmed it will move to legalise the recreational cannabis market by 1 July 2018. The Federal Government’s initial plans and proposed legislative framework are expected to be publically released on 10 April 2017.

The latest development follows the release of the Federal Government’s Final Report into Cannabis Legalisation and Regulation (the “Report”) in December 2016. The Report incorporated the findings and recommendations submitted by the Health Canada instigated Task Force, and outlined the need for a safe and responsible production system, with the development of regulatory framework to support commercial production by the private sector a key priority.

The proposed timeline coincides strategically with the Company’s aggressive expansion strategy at the world-class Duncan Facility, initially targeting a production capacity of approx. 8,500kg of dried cannabis buds p.a. by the end of calendar year 2017.

Following a recently signed agreement to secure a strategic land package located adjacent to the existing Duncan Facility (see ASX release 9 March 2017), the Company is aiming to drive production capacity to up to 50,000kg p.a. by 2020. This would potentially establish United Greeneries as one of the largest cannabis producers in Canada.

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

“This is a very encouraging development for Licensed Producers in Canada, as it provides all parties involved with a clear timeline and heightened clarity around the legalisation of the recreational cannabis market next year.

Not only does the decision remove any doubts around the Canadian Federal Government’s willingness to legalise recreational cannabis, it also confirms our previously held view that provinces will be responsible for retail sales, if any, in their own jurisdictions much like alcohol.

ASX RELEASE

We are entering an exciting phase in the Company's development as a leading cannabis producer and we look forward to providing our shareholders with further operational updates in coming weeks."

-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 three business units, strategically located in favourable jurisdictions with supportive regulatory frameworks in place.

MMJ signed a definitive agreement with Canadian-based Harvest One Capital Corp. (TSXV NEX: WON.H) for the sale to Harvest One of 100% of the issued shares of United Greeneries Holdings Ltd and Satipharm AG.

United Greeneries Holding Ltd. has established world-class growing facilities in Canada, including the fully licensed Duncan Facility. MMJ is the first Australian-based company to receive a Canadian medicinal cannabis cultivation licence, and one of only a few companies globally with the capacity to commercially cultivate medicinal grade cannabis in a federally regulated environment.

The Company's Swiss-based, medicinal products division operates under its 100% owned subsidiary, **Satipharm AG**, and is currently focused on developing regulatory compliant, unique oral delivery technologies that have the potential to deliver safe, effective and measured doses of medicinal cannabis to customers. MMJ began production of its first capsule product in May 2015, and is committed to providing novel treatment options throughout regulated markets globally.

PhytoTech Therapeutics Ltd is MMJ's Israel-based subsidiary responsible for the clinical research and development activities. In March 2016, PhytoTech Therapeutics completed a phase 1 clinical study which highlighted the safety and performance of Satipharm's capsule formulations in delivering CBD compounds to trial subjects.