

23 October 2015

MMJ completes capital raising and accelerates entry into the Australian market

- MMJ PhytoTech accelerates its entry into the Australian medicinal cannabis market as a result of the indicated regulatory reform by the Federal Government
- MMJ has engaged Australian based Legal Firm Piper Alderman as a strategic partner to guide MMJ on regulatory and licensing approvals in the Australian market
- MMJ has completed a successful share placement of \$2m from a leading European based Institutional Investor
- As a result of the fund raising, MMJ is capitalised to expedite and execute its entry into the Australian market whilst continuing its European, Canadian and Israel operations

MMJ Phytotech set to enter the Australian Market

MMJ PhytoTech Limited (ASX:MMJ) ("MMJ" or the "**Company**") is pleased to announce that it is accelerating its strategy to enter the Australian Medical Cannabis market, following the indicated regulatory reform by the Federal Government to legalise the use of cannabis for medical purposes and establish a licensed growing program to provide a safe and local source.

Andreas Gedeon, Managing Director, MMJ PhytoTech Medical commented:

"We're incredibly supportive of the recent announcement from the Federal Government and it is this which has driven our decision to expedite our strategy to enter the Australian market. It is important that we capitalise on the opportunity that has opened up in Australia and this is key to enhancing value for our shareholders. Our background within the medical cannabis sector provides us with the necessary experience and expertise to quickly establish ourselves as a leading player in the domestic space."

Appointment of Piper Alderman as Strategic Advisor

The Company has appointed leading national legal firm Piper Alderman as strategic advisor in Australia. Piper Alderman has been engaged to partner with MMJ and advise on the regulatory approvals and licensing process in the domestic Australian market.

Piper Alderman is a commercial law firm with over 300 employees throughout Australia. Piper Alderman's strength within the pharmaceutical and healthcare sector positions them as the ideal partner to guide MMJ through the Australian medical cannabis regulatory and licencing process.

Completion of Capital Raise to Fund Entry into Australian Market

MMJ has successfully completed a placement of \$2 million via the Company's corporate advisor Merchant Corporate Finance to a leading European based institutional investor with a proven investment track record within the healthcare and resources sectors. Further details are set out in the attached Appendix 3B.

The \$2 million investment will provide MMJ with capital to fund its entry into the Australian market.

Daniel Fraser – Head of Corporate Finance at Merchant Corporate Finance, commented:

"We are encouraged by MMJ's move into the Australian market and are pleased to continue to support MMJ's growth domestically and internationally. MMJ provides investors with a unique opportunity due to its integration of operations across the value chain. MMJ is one of the only vertically integrated listed junior medical cannabis companies. MMJ is well placed to take advantage of the huge opportunity within the Australian market and it is this sentiment which is shared by our investors."

Notice Under Section 708A(5)(e) of the Corporations Act

The Company gives this notice pursuant to section 708A(5)(e) of the Corporations Act 2001 (Cth) (Corporations Act).

The Company advises that it has issued Securities per the attached Appendix 3B and those Securities were issued without disclosure to investors under Part 6D.2 of the Act. The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) section 674 of the Corporations Act.

As at the date of this notice, there is no information to be disclosed which is excluded information (as defined in section 708A(7) of the Corporations Act) that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

- Ends -

For more information please contact:

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About MMJ PhytoTech Limited

MMJ PhytoTech is a Medical Cannabis company, which aims to commercialise Medical Grade Cannabis (MGC) and high potential cannabis based therapeutics products to the rapidly growing international market with regulated medical cannabis laws. The Company operates three subsidiaries with operations across the entire Medical Cannabis value chain, encompassing the Company's "Farm to Pharma" strategy.

Its **United Greeneries** subsidiary has growing facilities in Canada and is fully integrated with Agrichem Analytical, its quality control and testing laboratory. **Satipharm** has a number of key international distribution partnerships for the distribution of cannabinoid-based pharmaceutical, nutraceutical and wellness products.

Through its **PhytoTech Therapeutics** subsidiary in Israel the Company has an exclusive research and licensing agreement with Yissum, the prestigious Research Development and technology transfer Company of Hebrew University in Jerusalem, Israel, a global leader in medical cannabis research.

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MMJ PhytoTech Limited

ABN

91 601 236 417

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares
Class F Options (\$0.45, 8 Sep 2018) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 6,754,099 Fully paid ordinary shares
1,311,475 Class F Options (\$0.45, 8 Sep 2018) |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully Paid Ordinary Shares

Unlisted Class F Options are exercisable at \$0.45 on or before 8 September 2018. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Shares – Yes</p> <p>Class F Options – No. Shares issued upon the exercise of Class F options will rank equally with existing quoted fully paid ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>6,557,377 Shares were issued at 30.5 cents per Share together with 1,311,475 free attaching Class F Options to raise a total cash consideration of \$2 million (“Placement”).</p> <p>196,722 Shares were issued for nil cash consideration at a deemed issue price of 30.5 cents per Share.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>6,557,377 Shares and 1,311,475 Class F Options were issued under the Placement to raise \$2 million. The funds raised will be used to accelerate the Company’s entry into the Australian medical cannabis market and to fund the Company’s operations in Europe, Canada and Israel.</p> <p>196,722 Shares were issued in lieu of cash consideration for capital raising fees relating to the Placement.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1					
6d	Number of +securities issued with security holder approval under rule 7.1A					
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)					
6f	Number of +securities issued under an exception in rule 7.2					
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.					
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR7.1 – 11,724,900				
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	22 October 2015				
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">117,259,482</td> <td>Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	117,259,482	Fully paid ordinary shares
Number	+Class					
117,259,482	Fully paid ordinary shares					

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9		Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)
	23,833,332	Fully paid ordinary shares (escrowed to 21/1/2017)
	83,334	Class A Performance Rights* (escrowed to 21/1/2017)
	9,000,000	Class C Performance Rights (escrowed to 21/1/2017)
	10,000,000	Class D Performance Rights (escrowed to 21/1/2017)
	2,500,000	Class A Options (\$0.20, 8 Jan 2018) (escrowed to 21/1/2017)
	4,500,000	Class B Options (\$0.20, 6 May 2019)
	350,000	Class C Options (\$0.31, 6 May 2019)
	3,500,000	Class D Options (\$0.40, 27 Jul 2018)
	1,500,000	Class E Options (\$0.20, 27 Jul 2018)
	8,311,475	Class F Options (\$0.45, 8 Sep 2018)
		* Milestones attaching to Class A Performance Rights have been satisfied and can vest at any time upon the election of holder. Each Class A Performance Right converts into 1 fully paid ordinary share and 1 Class B Performance Right. Milestones attaching to Class B Performance Rights have also been satisfied and may be converted into 1 fully paid ordinary share any time at the election of the holder. Shares issued upon vesting remain escrowed on the same terms as the underlying Performance Rights.
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Unchanged

Part 2 - Pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	

+ See chapter 19 for defined terms.

Appendix 3B New issue announcement

- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1 Fully paid ordinary shares only
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

⁺ See chapter 19 for defined terms.

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
Company secretary

Date: 23 October 2015

Print name: Erlyn Dale

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital															
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated															
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	Fully paid ordinary shares on issue upon listing on the ASX on 22 January 2015 44,662,050														
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <table style="margin-left: 20px; border: none;"> <tr> <td style="text-align: right;">27/07/2015</td> <td style="text-align: right;">51,000,000</td> </tr> <tr> <td style="text-align: right;">27/07/2015</td> <td style="text-align: right;">1,530,000</td> </tr> </table> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <table style="margin-left: 20px; border: none;"> <tr> <td style="text-align: right;">27/07/2015</td> <td style="text-align: right;">5,541,666</td> </tr> <tr> <td style="text-align: right;">27/07/2015</td> <td style="text-align: right;">5,541,666</td> </tr> </table> • Number of partly paid +ordinary securities that became fully paid in that 12 month period <table style="margin-left: 20px; border: none;"> <tr> <td style="text-align: right;">27/07/2015</td> <td style="text-align: right;">1,000,000</td> </tr> <tr> <td style="text-align: right;">26/08/2015</td> <td style="text-align: right;">8,750,000</td> </tr> </table> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	27/07/2015	51,000,000	27/07/2015	1,530,000	27/07/2015	5,541,666	27/07/2015	5,541,666	27/07/2015	1,000,000	26/08/2015	8,750,000	<table style="border: none;"> <tr> <td style="text-align: right;">5/08/2015</td> <td style="text-align: right;">16,000,000</td> </tr> </table>	5/08/2015	16,000,000
27/07/2015	51,000,000														
27/07/2015	1,530,000														
27/07/2015	5,541,666														
27/07/2015	5,541,666														
27/07/2015	1,000,000														
26/08/2015	8,750,000														
5/08/2015	16,000,000														
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-														
“A”	134,025,382														

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”							
“B”	0.15 <i>[Note: this value cannot be changed]</i>						
Multiply “A” by 0.15	20,103,807						
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used							
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<table> <tr> <td>5/08/2015</td> <td>313,333</td> </tr> <tr> <td>22/10//2015</td> <td>6,754,099</td> </tr> <tr> <td>22/10//2015</td> <td>1,311,475</td> </tr> </table>	5/08/2015	313,333	22/10//2015	6,754,099	22/10//2015	1,311,475
5/08/2015	313,333						
22/10//2015	6,754,099						
22/10//2015	1,311,475						
“C”	8,378,907						
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1							
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	20,103,807						
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	8,378,907						
Total [“A” x 0.15] – “C”	11,724,900 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>						

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not eligible
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	-
“E”	-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	-
Total ["A" x 0.10] – "E"	Not Eligible <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.