

3 August 2016

MMJ ENTERS STRATEGIC 13 ACRE LAND PACKAGE AGREEMENT TO EXPAND DUNCAN FACILITY PRODUCTION

Highlights:

- **MMJ enters strategic option agreement to lease 13 acre land package located directly adjacent to existing Duncan Facility**
- **Expansion land has capacity to support up to 10 acres of greenhouse production space yielding additional ~25,000 kg/year of cannabis**
- **Potential for 25x increase to current production capacity – which would position MMJ as one of the leading large-scale cannabis producers globally**
- **Increased production would provide MMJ with the necessary flexibility and scale to supply existing MMPR market and soon to be legalised estimated C\$5 billion Canadian recreational market**

MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”) is pleased to advise that its wholly-owned subsidiary United Greeneries (“**UG**”) has executed a binding letter of intent (“**LOI**”) with Cowichan Tribes (“**Cowichan**”) in respect to the leasing of a 13-acre strategic land package (“**Expansion Land**”) located immediately adjacent to the Company’s existing Duncan Facility.

The Company estimates that the Expansion Land could support up to 10 acres of greenhouse production space potentially yielding ~25,000 kg/year of cannabis, which is more than 25 times the current production capacity of the Duncan Facility. Together with the existing production capacity, the expanded Duncan Facility could produce up to 26,000 kg of cannabis per year, which would position it as one of the largest cannabis cultivation operations in Canada.

The expansion of the Duncan Facility would further strengthen the Company’s supply chain and will play a key role in supplying the soon to be legalised Canadian recreational market, with conservative estimates forecasting annual sales of ~C\$5 billion. As one of only 29 companies currently licensed to produce medical cannabis in Canada, MMJ expects to be well positioned as a first mover in this emerging recreational market.

Cowichan Tribes Agreement and Strategic Land Package

The LOI grants MMJ an option to lease 13 acres of the 40-acre strategic land package directly adjacent to the existing Duncan Facility until June 1, 2017. Additionally, the agreement provides that MMJ can increase the acreage beyond 13 acres if needed upon exercise of the option. The terms of the lease agreement will be subject to further negotiation but will be consistent with common commercial lease agreements with annual lease rates negotiated based on the appraised value of the property.

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MMJ's Managing Director, Andreas Gedeon, commented:

"The Company is pleased to have entered this strategic land expansion agreement for our Duncan Facility, which provides the land access which would be required for the requisite scale for MMJ to become one of the largest commercial producers of cannabis globally.

The Board is encouraged by the strong level of support we have received from both the Canadian Government and local stakeholders, and we believe that this will enable us to deliver significant value to both our shareholders and the local community.

The Company looks forward to providing the market with additional updates from our Duncan Facility in the near-term."

– ENDS –

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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.

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FORWARD LOOKING INFORMATION

This news release contains forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. These risks and uncertainties include, but are not limited to, the UG's ability to satisfy the conditions associated with its cultivation license, the UG's ability to obtain a sales license and the related timing considerations, the availability of further financing, consumer interest in its products, competition, regulation, operational and technological risks, and anticipated and unanticipated costs and delays. These statements speak only as of the date of this news release. Actual results could differ materially from those currently anticipated due to a number of factors and risks.

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