

3 November 2016

MMJ RECEIVES SUPERIOR PROPOSAL TO LIST CORE CANNABIS ASSETS ON TSX-V

Highlights:

- **MMJ has received an unsolicited offer from Harvest One Capital Corp. to acquire United Greeneries Holdings Ltd and Satipharm AG on superior terms to the Top Strike transaction**
- **Harvest One proposal includes total consideration for UG assets of C\$42M in comparison to C\$40M outlined in Top Strike deal**
- **Pro Forma ownership of TSX-V listed entity is 70% vs 69% with Top Strike deal**
- **Harvest One principals are experienced in Canadian cannabis sector and provide access to extensive institutional and retail investor networks**
- **MMJ focused on major expansion opportunity in Canadian medical and future recreational markets, estimated to grow to C\$8-9b p.a. by 2024**

MMJ PhytoTech Limited (ASX: MMJ) (“MMJ” or “the Company”) advises that it has executed a binding Term Sheet (“Term Sheet”) with Canadian-based Harvest One Capital Corp. (“Harvest One”) (TSXV NEX: WON.H) for the sale to Harvest One of 100% of the issued shares of United Greeneries Holdings Ltd (“UG”) and Satipharm AG (“Satipharm”) respectively.

On 28 September 2016, MMJ signed a binding Term Sheet (“TSR Term Sheet”) with TSX-V listed company Top Strike Resources Limited (TSX-V: TSR) (“Top Strike”), to sell MMJ’s 100% shareholding in UG and Satipharm to Top Strike. The Company has subsequently received a superior proposal from Harvest One that has the potential to deliver increased value to MMJ shareholders and the TSR Term Sheet with Top Strike has been terminated.

The Harvest One proposal, which remains subject to MMJ shareholder approval, offers MMJ shareholders a number of strategic benefits including an improved valuation for UG and Satipharm. Importantly, the timetable to complete the transaction is not anticipated to be impacted.

In addition the principals behind Harvest One will provide access to extensive networks within the Canadian capital markets, having formerly been the principals of Potash One Inc., a vehicle which sold for C\$430 million in 2011. Further, a lead consultant and shareholder of Harvest One has significant experience in the Canadian cannabis sector, principally resulting from his involvement in originating the TSX-V listing and concurrent \$7.6M equity financing of one of the early companies licensed to produce medical marijuana pursuant to Canada’s Marihuana for Medical Purposes Regulations (“MMPR”) in September 2014.

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Harvest One Proposal Summary of Key Terms:

- Harvest One will complete a 1.79:1 share consolidation resulting in it having 2,286,659 shares and 223,464 options on issue;
 - Harvest One will acquire UG and Satipharm for total consideration of \$42M;
 - \$40M equity (53.3M shares @ \$0.75/share) and \$2M cash;
 - Pro Forma ownership of TSX listed entity is 70% versus 69% in TSR deal;
- All other terms are materially consistent with previously outlined TSR deal.

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

"The Company is very pleased to have received this proposal from Harvest One, as it provides MMJ with the potential to deliver increased value to MMJ's shareholders in the near-term.

The Harvest One proposal offers a number of compelling advantages, including a materially higher valuation for the United Greeneries and Satipharm assets, which is a significant endorsement of MMJ's assets and development strategy.

We look forward to providing our shareholders with further updates on the Harvest One transaction in the near-term."

– ENDS –

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