



ASX Release

REVISED NZ MEDICAL CANNABIS AND TECHNOLOGY COMMERCIALISATION STRATEGY

- JHL is implementing a revised strategy to commercialise its P2U[®] script processing and BluePoint[®] remote dispensing technologies in NZ's emerging medical cannabis market.
- The Company has established a wholly-owned NZ subsidiary, with an experienced, qualified and high-profile NZ board to guide and execute this strategy.
- An application for the appropriate licenses to establish a medical cannabis research facility, and, subject to regulations being passed, commercially cultivate medical cannabis, is progressing with NZ's Ministry of Health.
- Commercial discussions to produce medical cannabis products for distribution via the Company's technology are ongoing, and subject to the granting of licences and regulation.
- Based on current plans, JHL expects to have completed the required modifications to its BluePoint[®] technology to suit the NZ medical cannabis market by the end of Q3 2019.

Melbourne, Australia: 18 March 2019: Jayex Healthcare Limited (**ASX:JHL**) (**JHL** or **Company**) today announces the implementation of its revised strategy for the development and commercialisation of its P2U[®] script processing technology and BluePoint[®] remote dispensing technology (collectively, the **Technology**), focussed on the medical cannabis market in New Zealand.

The revised strategy results from a review of the opportunities available to commercialise the Technology in the rapidly emerging medical cannabis market in New Zealand and follows the termination of the initial Technology Licence Agreement with MediCann NZ Limited (**MediCann**) in October 2018. For reasons unrelated to the Company and the Technology, MediCann was placed into liquidation by its shareholders in December 2018.

The Company still considers New Zealand's emerging medical cannabis market to be a prospective environment that will provide JHL with the opportunity to develop and commercialise the Technology. In December 2018, the Misuse of Drugs (Medicinal Cannabis) Amendment Act 2018 (NZ) (**Act**) allowing for the regulated prescribed use of medical cannabis in New Zealand was enacted, with the detailed scheme to govern medical cannabis to be dealt with in forthcoming regulations (**Regulations**). The Regulations may start being proclaimed in or about June 2019. Further, the New Zealand Government has confirmed it intends to conduct a referendum on the proposed legalisation of personal use of cannabis in conjunction with the general election due in 2020.

The Company's revised Technology strategy in the New Zealand medical cannabis market is based on:

- sole management and financial control of the Technology's development for use in respect to medical cannabis remaining in the Company's control, thus removing any reliance on third-party licensees;

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- the Company establishing its own special purpose medical cannabis research facility and (subject to Regulations) cultivating its own medical cannabis to produce its own medical cannabis products that are suitable for prescribed sale and distribution via the Technology, removing any reliance on third-party medical cannabis cultivation companies and manufacturers to produce such products; and
- the Company licensing and/or reselling third-party manufactured and approved medical cannabis products suitable for sale and distribution via the Technology.

KEY DEVELOPMENTS

Key developments in the implementation of the revised strategy are:

- The incorporation of a wholly-owned New Zealand subsidiary, Whakaora Hou Limited (**WHL**) (the English translation of which is “New Healing Limited”) on 7 December 2018, through which the Company’s revised New Zealand medical cannabis and Technology commercialisation strategy will continue to be implemented,
- The appointment of a qualified and experienced board of directors of WHL – comprising leading New Zealand business, medical and corporate governance experts – to guide and manage the implementation of the revised medical cannabis and Technology commercialisation strategy in New Zealand,
- The application by WHL in December 2018 to the New Zealand Ministry of Health (**MOH**) for the licences required (**Licences**) to establish an approved small-scale medical cannabis research facility in New Zealand (**Research Facility**), to conduct specific medical cannabis research activities necessary for the proposed commercial cultivation of medical cannabis in New Zealand when permitted under the Act and Regulations,
- WHL’s lease of a premises at Papamoa on the North Island, near the major Port city of Tauranga, to be the Research Facility, and in the longer-term, intended to be part of WHL’s Technology specific medical cannabis cultivation infrastructure, when permitted under the Act and Regulations,
- The New Zealand Ministry of Health completing its initial assessment of WHL’s application for the Licences which are expected to be granted by the MOH before the Regulations are proclaimed, subject to addressing several requirements, including:
 - the satisfactory completion of the fit-out of the Research Facility (**Fit-out**) in accordance with the application; and
 - approval of the completed Fit-out by the MOH,
- Finalisation of the Fit-out contract following the MOH’s initial assessment, which, subject to Council and related approvals, is expected to commence in or about April and completed approximately six weeks thereafter,
- The engagement by WHL of Ross Smith and his New Zealand company, Weed Inc. Limited (**WIL**), with the consent and approval of the Company, as an independent consultant and contractor under a conditional Medical Cannabis Genetics Licence and Grow Program Services Agreement. Under the agreement, Mr Smith will provide expert advisory and related services to WHL for its proposed medical research program in relation to the selection of suitable medical cannabis genetic strains and grow program services, in accordance with the terms of the Licences once granted,
- The ongoing negotiation of technology licence agreements by the Company for the production of specific medical products using the Company’s proposed raw medical cannabis, for prescribed sale and distribution via the Technology and related third-party

medical cannabis vaping technology, and

- The ongoing negotiation between the Company and several third parties for the licensing or reselling of approved medical cannabis products, manufactured by WHL and intended for sale and distribution in New Zealand and other prospective markets.

INFORMATION ABOUT WHL DIRECTORS

A key element to the successful execution of the Company's revised strategy has been to secure the commitment of qualified, experienced and high-profile New Zealand directors to guide and manage the implementation of the revised medical cannabis and Technology commercialisation strategy in New Zealand.

The Company is pleased to announce that the WHL Board is comprised of:

- (a) Denis McMahon – Non-executive Chairman

Denis is a highly respected, nationally well-known and very successful property developer and property fund manager in New Zealand. He is the founder and now Chairman of the Property Managers Group.

- (b) Dr Wayne Beilby – Non-executive director

Wayne is a non-executive director of Property Managers Group and is a nationally known and respected former lawyer, a nationally recognised corporate governance expert, and a leading national figure in Maori law, politics and business.

- (c) Dr Franz Strydom – Medical Director & Head of Research

Franz is a nationally known and respected skin cancer surgeon, a specialist general practitioner and co-founder of the New Zealand Skin Cancer College. Franz has expertise in medical cannabis therapies and is a lead educator among medical practitioners in New Zealand on the potential therapeutic application of medical cannabis for the treatment of various cancers, psychiatric and other clinical conditions.

All three directors are committed to the implementation of the Company's revised New Zealand strategy and will be instrumental both individually, and collectively to its success.

INITIAL TECHNOLOGY COMMERCIALISATION

The Company's revised New Zealand medical cannabis commercialisation strategy includes the intended sale and/or third-party leasing of an initial 5 BluePoint[®] kiosks/remote dispensing terminals as part of the prescribed sale and distribution of its own approved medical cannabis products, once permitted under the Act and Regulations.

Following the termination of the MediCann agreement in October 2018, the Company has been focussed on demonstrating the competitive advantages of the Technology solution to New Zealand doctors and pharmacists – who are key to the prescribed sale and distribution of approved medical cannabis products – and in significantly reducing the expected installed per unit cost of the proposed modified BluePoint[®] kiosk/remote dispensing terminal.

The Company expects the lower per unit cost of the modified BluePoint[®] kiosk/remote dispensing terminal to increase the acceptance of the Technology among New Zealand doctors and pharmacists and to increase sales and/or leasing opportunities beyond the initial 5 BluePoint[®] kiosks/remote dispensing terminals.

The final per unit pricing of the BluePoint[®] kiosk/remote dispensing terminal localised for use in New Zealand, the additional fees for software and prescription processing, and the

wholesale/retail prices of permitted medical cannabis products in New Zealand, will be finalised once the Regulations are proclaimed.

The development program for the modification and localisation of the Technology for use in respect to medical cannabis in New Zealand (**Development Program**) remains subject to the Company raising sufficient funding and the Regulations permitting the Technology. The Company intends to raise the funds for this and other purposes by way of an issue of new shares to shareholders and other investors.

Based on current expectations, the Development Program for the modification and localisation of the Technology for use in respect to medical cannabis in New Zealand is planned to be finalised by the end of the third quarter 2019. This is expected to broadly coincide with the Regulations being proclaimed and key issues affecting the cannabis market and the use of the Technology in New Zealand being clarified.

SERVICES AGREEMENT WITH ROSS SMITH & WEED INC. LIMITED

On 7 December 2018 the Company, MC2U Pty Ltd (**MC2U**) and WHL signed a conditional Medical Cannabis Genetics Licence and Grow Program Services Agreement (**Services Agreement**) with Mr Smith and WIL to provide expert advisory and related services to WHL in respect to the selection of suitable medical cannabis genetic strains and grow program services for the conduct of the proposed research program at the Research Facility and in accordance with the terms of the Licences once granted.

The Services Agreement is separate and distinct from, and in addition to, the binding Term Sheet consulting agreement executed by the Company with Mr Smith on 6 July 2018 and announced to the market on 10 July 2018 (**Consulting Agreement**).

Under the Services Agreement Mr Smith is an independent contractor. Mr Smith is not a director or employee of WHL or any other company in the Jayex Healthcare Limited Group.

The Services Agreement is subject to and conditional upon a number of conditions precedent, including:

- the grant by the MOH of the Licences to WHL, including on terms acceptable to the Company and WHL;
- the conditions of the Licences;
- the approval of the Research Facility and the Fit-out by the MOH; and
- the Regulations, including the Regulations permitting the proposed WHL medical cannabis research and cultivation activities and the use of the localised Technology in respect to approved medical cannabis products.

Under the Services Agreement Mr Smith and WIL's potential remuneration is in two parts, as follows:

- Research Program:
 - Under the proposed research program to be conducted at the Research Facility, the services provided by Mr Smith and WIL are to be included at no additional cost in the annual consulting fee currently payable by the Company in monthly instalments of approximately \$20,833.00 under the Consulting Agreement.
 - If the consulting fee is not continued under the Consulting Agreement, but the research program is continuing, the parties have agreed to negotiate an advisory fee payable to Mr Smith and WIL for the balance of the research program, but any such fee is capped at the same level as that currently payable under the Consulting Agreement.

- Commercial cultivation:
 - If the Regulations are proclaimed and permit commercial cultivation of medical cannabis, Mr Smith and WIL are entitled to a Propagation Fee and a Wholesale Royalty based on Gross Sales, being actual sales, or the deemed sale value, of the cured medical cannabis flowers produced from medical cannabis genetic strains licensed to WHL from Mr Smith and WIL.
 - The Propagation Fee is an estimate only at this stage and is estimated at NZ\$25 per live clone. The Propagation Fee will be negotiated in good faith and agreed prior to commencement of commercial cultivation.
 - The Wholesale Royalty is based on a sliding scale and will be payable quarterly assuming commercial cultivation is permitted under the Regulations and WHL proceeds with commercial cultivation:

Gross Sales	Royalty on Gross Sales (quarterly)
0-NZ\$1 million	10%
>NZ\$1 million – NZ\$5 million	8%
>NZ\$5 million – NZ\$10 million	6%
>NZ\$10 million – NZ\$20 million	5%
>NZ\$20 million	3%

Under the Services Agreement, the payment of the Propagation Fee and the Wholesale Royalty is subject to an independent check audit.

Further, the Wholesale Royalty and Propagation Fee is to be reviewed bi-annually with the first review to occur within 18 months of commencement of commercial cultivation.

The objective of the review is to ensure, so far as practicable, that:

- (a) the Wholesale Royalty fairly:
 - (i) reflects and rewards the contribution of the licensed medical cannabis genetic strains and the services provided by Mr Smith and WIL to the growth and profitability of the WHL business; and, at the same time,
 - (ii) rewards WHL and its shareholder by way of a commercial return on investment and return on capital, as well as for the non-financial support and opportunities provided by the Company to the WHL business, and
- (b) the Propagation Fee fairly reflects the skill and work required to ensure a high cloning success rate and the impact that a high success rate has on the cultivation yield and profitability of the WHL business.

Under the Services Agreement, neither Mr Smith nor WIL receive any shares or performance rights in the Company or WHL.

The Company looks forward to working collaboratively with both WHL and Mr Smith and WIL in pursuing its revised medical cannabis strategy and Technology commercialisation in New Zealand.

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Forward looking statements

This announcement contains forward-looking statements. All statements that address events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements are based on the Board or management's beliefs and expectations based on information currently available to the Board and management. The Company believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements which are inherently uncertain. The Company does not undertake any obligation to publicly update or revised any forward-looking statements whether as a result of new information, future events or otherwise except as required by law or the ASX Listing Rules. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from the Company's historical experience, or present expectations or projections.

About Jayex Healthcare Limited - www.jayexhealthcare.com.au

Jayex Healthcare is a leading provider of integrated healthcare services delivery platforms in the United Kingdom and Australia, incorporating the Company's four interconnected and proprietary technologies, being:

- the *Enlighten* patient workflow platform;
 - the *Appointuit* patient engagement solution;
 - the *Pharmacy Delivery 2 U (P2U®)* prescription delivery service; and
 - the *BluePoint®* remote pharmacy prescription processing and dispensing terminal.
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