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ASX RELEASE

31 January 2020

MediPharm Labs Reaffirms Focus on Global Growth and Increases Cannabis 2.0 Shipments

MMJ Group Holdings Limited (ASX:MMJ) ("MMJ"), an Australian-listed company that specialises in managing a portfolio of investments along the cannabis value-chain, attaches a copy of a recent news release by MediPharm Labs Inc ("MediPharm Labs") (TSX: LABS) (OTCQX: MEDIF) (FSE: MLZ) which provided an update on its aggregate liquidity position, which supports plans for domestic and international growth, and announced it has fulfilled further Cannabis 2.0 product shipments to Canadian provincial distributors in January 2020.

MMJ owns approximately 0.94m warrants (exercisable at CAD1.20 per share by October 2020) in MediPharm Labs. The book value of MMJ's investment in MediPharm Labs is AUD1.9m¹.

Founded in 2015, MediPharm Labs specializes in the production of purified, pharmaceutical quality cannabis oil and concentrates and advanced derivative products utilizing a Good Manufacturing Practices certified facility with ISO standard-built clean rooms.

Investor and Media Enquiries

Announcement authorised for release to ASX by:
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About MMJ

MMJ is a global cannabis investment company (ABN 91 601 236 417). MMJ owns a portfolio of minority investments and aims to invest across the full range of emerging cannabis-related sectors including healthcare, technology, infrastructure, logistics, processing, cultivation, equipment and retail. For MMJ's latest investor presentation and news, please visit: <https://www.mmjgh.com.au/investors/>

Important Notice

This announcement contains reference to certain intentions, expectations, future plans, strategy and prospects of MMJ. Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of MMJ may be influenced by a number of factors, many of which are outside the control of MMJ. No representation or warranty, express or implied, is made by MMJ, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. Given the risks and uncertainties that may cause MMJ's actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. MMJ does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended. Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in MMJ. This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). MMJ's shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration including an exemption for qualified institutional buyers.

¹The market and book values also include the unrealised gain arising from the positive difference between the assessed valuation of investee ordinary equity securities and the exercise price of unexercised warrants (where applicable).

January 30, 2020



MediPharm Labs Reaffirms Focus on Global Growth with Strong Aggregate Liquidity; Increases Cannabis 2.0 Shipments

BARRIE, Ontario, Jan. 30, 2020 (GLOBE NEWSWIRE) -- MediPharm Labs Corp. (TSX: LABS) (OTCQX: MEDIF) (FSE: MLZ) ("MediPharm Labs" or the "Company") a global leader in specialized, research-driven, pharmaceutical quality cannabis extraction, distillation, and derivative products, today provided an update on its aggregate liquidity position, which supports plans for domestic and international growth, and announced it has fulfilled further Cannabis 2.0 product shipments to Canadian provincial distributors in January 2020.

The Company continues to maintain a very strong balance sheet and had an unaudited aggregate liquidity position of approximately \$67 million as at December 31, 2019.

"With our strong balance sheet, a healthy aggregate liquidity position, supply of pharmaceutical-quality products and the fact that the Cannabis 2.0 market is opening, we are well positioned to support our customers in Canada as they ramp up sales, as well as new potential customers in emerging international markets," said Pat McCutcheon, CEO, MediPharm Labs. "In Canada, as the consumer market begins to achieve its full potential, we have remained disciplined in shaping our committed wholesale and service agreements based on our credit policies and sizeable upfront payments."

As noted in the Company's press release dated January 24, 2020, the Company filed a statement of claim against one of its customers after negotiations to settle a past due amount proved unsuccessful. To provide additional background, the Company considers this claim to be a singular event and not representative of the strong liquidity of its customer base. As at December 31, 2019, the Company's unaudited past due balance was approximately \$8.6 million, of which \$7.7 million was related to the statement of claim. The majority of the other remaining outstanding balance has already been collected as of today. The Company is pleased to note that it expects to collect its existing receivables in the normal course of business and does not perceive any additional credit risk on its remaining customer base due to the high credit worthiness of these customers.

Increasing Cannabis 2.0 Shipments

In late December 2019, the Company commenced shipments of Cannabis 2.0 products into three of Canada's provincial jurisdictions - British Columbia, Manitoba and Saskatchewan. Following initial shipments in December, the Company received multiple purchase re-orders. Because of the nature of its business, MediPharm Labs is also able to supply B2B customers serving four product categories recognized under Schedule 4 of the Cannabis Act: cannabis extracts (for ingestion and Inhalation), cannabis topicals, edible cannabis (beverages and food products) and cannabis oils. This exposure to each cannabis 2.0 product category is another element of the Company's risk-managed plan for diversifying its growth – the primary elements being international expansion and focus on the global medical market.

"As the Canadian market builds on the launch of the next generation of cannabis products, our specialized GMP certified platform and ability to produce a stable supply of pharmaceutical-quality concentrates will continue to position us to support various licensed producers and new upcoming direct to consumer brands launching innovative products," said Pat McCutcheon, CEO, MediPharm Labs. "Beginning last year, in anticipation of a slower rollout of Cannabis 2.0 products in Canada, we made the decision to accelerate our international diversification plans and develop our capabilities to partner with international pharmaceutical companies to address an emerging medical cannabis consumer and research market."

Enactment of Cannabis 2.0 federally, and recent moves by the Ontario government to accelerate licence applications from prospective retailers in Canada's largest province are expected to improve product choice and accessibility for consumers as the retail market matures.

About MediPharm Labs

Founded in 2015, MediPharm Labs specializes in the production of purified, pharmaceutical quality cannabis oil and concentrates and advanced derivative products utilizing a Good Manufacturing Practices certified facility with ISO standard-built clean rooms. MediPharm Labs has invested in an expert, research driven team, state-of-the-art technology, downstream purification methodologies and purpose-built facilities with five primary extraction lines for delivery of pure, trusted and precision-dosed cannabis products for its customers. Through its wholesale and white label platforms, they formulate, consumer-test, process, package and distribute cannabis extracts and advanced cannabinoid-based products to domestic and international markets. As a global leader, MediPharm Labs has completed commercial exports to Australia and is nearing commercialization of its Australian Extraction facility. MediPharm Labs Australia was established in 2017.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION:

This news release contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate to, among other things, the Company’s domestic and international growth, the Company’s customers’ ramping up Canadian sales, the Company obtaining new customers in international markets, improving customer selection within Canada, expected processing capacity of the Australian facility and production of active pharmaceutical ingredients and cannabinoid-based medicines. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the inability of MediPharm Labs to obtain adequate financing; the delay or failure to receive regulatory approvals; and other factors discussed in MediPharm Labs’ filings, available on the SEDAR website at www.sedar.com. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, MediPharm Labs assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change.



Source: MediPharm Labs Corp.