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**MMJ GROUP HOLDINGS LIMITED****ACN 601 236 417****NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 2:00pm (AEDT)

**DATE:** Thursday 28 November 2019

**PLACE:** The office of the Automic Group Level 5, 126 Phillip Street Sydney NSW 2000

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm AEDT on 26 November 2019.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2019.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PETER WALL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.2 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Peter Wall, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – MICHAEL CURTIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Michael Curtis, a Director who was appointed casually on 8 January 2019, retires, and being eligible, is elected as a Director.”*

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## 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO DOUGLAS HALLEY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Performance Rights to Douglas Halley (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Douglas Halley (or his nominee) or any of their associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a **person** as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 7. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO WINTON WILLESEE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Performance Rights to Winton Willesee (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Winton Willesee (or his nominee) or any of their associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO PETER WALL**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Performance Rights to Peter Wall (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peter Wall (or his nominee) or any of their associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 7 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**9. RESOLUTION 8 – CANCELLATION OF PERFORMANCE RIGHTS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rules 6.23.2 and for all other purposes, approval is given for the Company to cancel 1,250,000 Existing Performance Rights on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who holds a performance right that is the subject of the approval, or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO JIM HALLAM**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,250,000 Performance Rights on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**11. RESOLUTION 10 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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**Dated: 16 October 2019**

**By order of the Board**

**Jim Hallam  
Company Secretary**

### **Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

### **Voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 8098 0817.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.mmjgh.com.au](http://www.mmjgh.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – PETER WALL

### 3.1 General

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Peter Wall, who has served as a Director since 14 August 2014 and was last re-elected on 29 November 2017, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

In accordance with Recommendation 1.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition), the Company provides the following information in respect to Mr Wall:

- (a) **Position:** Mr Wall holds the position of Non-Executive Chairman of the Company.
- (b) **Length of Service:** Mr Wall was appointed as a Director of the Company on 14 August 2014.
- (c) **Formal Qualifications:** Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.
- (d) **Skills and Experience:** Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on medical cannabis, resources (hard rock and oil/gas), equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.
- (e) **Other Listed Company Directorships:** Mr Wall currently holds the following directorships:
  - (i) Non-Executive Chairman of Minbos Resources Ltd (appointed 21 February 2014)
  - (ii) Non-Executive Chairman of MyFiziq Ltd (appointed 25 May 2015)
  - (iii) Non-Executive Chairman of Transcendence Technologies Limited (appointed 6 October 2015)
  - (iv) Non-Executive Chairman of Pursuit Minerals Limited (previously Burrabulla Corporation Limited) (appointed 13 January 2016)
  - (v) Non-Executive Chairman of Argent Minerals Ltd (appointed 23 April 2018)



### 3.3 Independence

If re-elected the Board does not consider Peter Wall will be an independent Director.

### 3.4 Board recommendation

The Board supports the election of Peter Wall and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – ELECTION OF DIRECTOR – MICHAEL CURTIS

### 4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Michael Curtis, having been appointed by other Directors on 8 January 2019 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### 4.2 Qualifications and other material directorships

In accordance with Recommendation 1.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition), the Company provides the following information in respect to Mr Curtis:

- (a) **Position:** Mr Curtis holds the position of Non-Executive Director of the Company.
- (b) **Length of Service:** Mr Curtis was appointed as a Director of the Company on 8 January 2019.
- (c) **Formal Qualifications:** Mr Curtis holds a Master of Business Administration, University of New Brunswick, Major: International Finance and a Bachelor of Sciences (Honors), McMaster University.
- (d) **Skills and Experience:** Mr. Curtis resides in Toronto, Canada and is an experienced former investment banker and private equity executive. Mr Curtis is an active cannabis sector executive, having recently served as Vice President of Corporate Finance of Dosecann (an investee company prior to its successful divestment by MMJ in 2018) and now as the Chief Operating Officer and director of Embark Health Inc.(a current investee company of MMJ) and a director of Embark Ventures Inc. (the manager of MMJ's cannabis and hemp investments).
- (e) **Other Listed Company Directorships:** Mr Curtis does not hold any other directorships with listed companies.

Mr Curtis does not expect that his other business activities will impact his ability to act as a Director of the Company.

### 4.3 Independence

If elected the board does not consider Michael Curtis will be an independent Director due to his role as a director of Embark Ventures Inc.

### 4.4 Board recommendation

The Board supports the election of Michael Curtis and recommends that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

### 5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities equal to 10% of its issued capital (**10% Placement Capacity**) without using that entity's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$54.1 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 26 September 2019 and excluding any restricted securities that may be on issue).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: MMJ).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

### 5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over

the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 5.2(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 26 September 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable A in ASX Listing Rule 7.1A2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.12	\$0.24	\$0.36
			50% decrease	Issue Price	50% increase
		Funds Raised			
Current	225,728,985	22,572,899	\$2,708,748	\$5,417,496	\$8,126,243
50% increase	338,593,478	33,859,348	\$4,063,122	\$8,126,243	\$12,189,365
100% increase	451,457,970	45,145,797	\$5,417,496	\$10,834,991	\$16,252,487

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 225,728,985 Shares on issue as at 26 September 2019
2. The issue price set out above is the closing price of the Shares on the ASX on 26 September 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for:
  - (A) advancing the Company's existing operations including the acquisition of new investments (including expenses associated with such an acquisition), market analysis and investigation of investment opportunities, and the meeting of objectives under the Company's investment mandate; and
  - (B) general working capital; or
- (ii) as non-cash consideration for the acquisition of complementary new assets and investments, and as consideration for services provided to the Company. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

(f) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(g) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 28 November 2018 (**Previous Approval**).

The Company has not issued any equity securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 28 November 2018, the Company otherwise issued a total of 12,000,000 Performance Rights and 1,000,000 Options which represents approximately 5.07% of the total diluted number of Equity Securities on issue in the Company on 28 November 2018, which was 256,657,376.

Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 1.

### 5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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## 6. RESOLUTIONS 5 TO 7 – ISSUE OF PERFORMANCE RIGHTS TO DOUGLAS HALLEY, WINTON WILLESEE AND PETER WALL

### 6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 5,500,000 Performance Rights (**Related Party Performance Rights**) to Messrs Douglas Halley, Winton Willesee and Peter Wall (**Related Parties**) on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Performance Rights constitutes giving a financial benefit and Messrs Douglas Halley, Winton Willesee and Peter Wall are related parties of the Company by virtue of being Directors.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Performance Rights to the Related Parties.

### 6.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Performance Rights:

- (a) the related parties are Messrs Douglas Halley, Winton Willesee and Peter Wall and they are related parties by virtue of being Directors;
- (b) the maximum number of Related Party Performance Rights (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 1,500,000 Related Party Performance Rights to Douglas Halley;
  - (ii) 1,500,000 Related Party Performance Rights to Winton Willesee; and
  - (iii) 2,500,000 Related Party Performance Rights to Peter Wall;

- (c) the Related Party Performance Rights will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Performance Rights will be issued on one date;
- (d) the Related Party Performance Rights will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Performance Rights are set out in Schedule 2;
- (f) the value of the Related Party Performance Rights and the pricing methodology is set out in Schedule 3;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options	Performance Rights
Douglas Halley	230,000 <sup>1</sup>	1,000,000 <sup>2</sup>	Nil
Winton Willesee	1,500,000 <sup>3</sup>	Nil	Nil
Peter Wall	8,600,000 <sup>4</sup>	Nil	Nil

<sup>1</sup> Comprising of 130,000 Shares held directly by Mr Halley and 100,000 Shares held by Mr Halley's spouse.

<sup>2</sup> 1,000,000 Class L Options exercisable at \$0.41 each on or before 24 October 2021 held indirectly by an entity controlled by Mr Halley - Chavoo Pty Ltd <Midhurst Superannuation Fund>.

<sup>3</sup> Held indirectly by Silverinch Pty Limited <The Silverinch S/F A/C>, a director related entity.

<sup>3</sup> Held indirectly by Pheakes Pty Ltd <Senate A/C>, a director related entity.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Douglas Halley	\$83,595	\$99,672
Winton Willesee	\$54,000	\$54,000
Peter Wall	\$72,000	\$72,000

**Notes:**

- 1. Mr Doug Halley's remuneration for the current financial year (year ending 30 June 2020) comprises \$54,000 per annum as Non-Executive Director, \$10,000 per annum as Chair of the Audit and Risk Committee and a Share based payment expense of \$19,595.

- (i) if the Related Party Performance Rights granted to the Related Parties are exercised, a total of 5,500,000 Shares would be issued. This will increase the number of Shares on issue from 225,728,985 to 231,228,985 (assuming that no other Performance Rights vest, no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.38%, comprising 0.65% by Douglas Halley, 0.65% by Winton Willesee and 1.08% by Peter Wall.

The market price for Shares during the term of the Related Party Performance Rights would normally determine whether or not the Related Party Performance Rights are exercised. If, at any time any of the Related Party Performance

Rights are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Performance Rights, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	33 cents	4 October 2018
Lowest	19.5 cents	17 December 2018
Last	24 cents	26 September 2019

- (k) the Board acknowledges the grant of Related Party Performance Rights to the Related Parties is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (3<sup>rd</sup> Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Performance Rights to the Related Parties reasonable in the circumstances for the reason set out in paragraph (m);
- (l) the primary purpose of the grant of the Related Party Performance Rights to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (m) Douglas Halley declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Performance Rights in the Company should Resolution 5 be passed. However, in respect of Resolutions 6 and 7, Mr Halley recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Performance Rights to the Related Parties, in particular, the vesting conditions of the Related Party Performance Rights, will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Related Party Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Performance Rights upon the terms proposed;
- (n) Winton Willesee declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Performance Rights in the Company should Resolution 6 be passed. However, in respect of Resolutions 5 and 7, Mr Willesee recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (o) Peter Wall declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Performance Rights in the Company should Resolution 7 be passed. However, in respect of



Resolutions 5 and 6, Mr Wall recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);

- (p) Michael Curtis recommends that Shareholders vote in favour of Resolutions 5 to 7 for the reasons set out in paragraph (m)(ii);
- (q) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Performance Rights to be granted as well as the vesting conditions of those Related Party Performance Rights; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 7.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Performance Rights to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Performance Rights to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **7. RESOLUTION 8 – CANCELLATION OF PERFORMANCE RIGHTS**

### **7.1 General**

On 15 June 2018 Jim Hallam, the Company's company secretary was issued 2,500,000 performance rights in accordance with his executive services agreement (**Existing Performance Rights**). Refer to section 10.7 of the Company's prospectus dated 1 October 2018 for more information.

The board of the Company has recently agreed to replace half of the previously issued 2,500,000 Existing Performance Rights, such that the terms of the newly issued 1,250,000 Performance Rights (the subject of Resolution 9) will be consistent with those granted to Embark Ventures Inc (as approved by Shareholders on 19 July 2019). The 1,250,000 Performance Rights will be issued, subject to Resolution 9 receiving Shareholder approval.

Resolution 8 seeks Shareholder approval, for the purposes of ASX Listing Rule 6.23.2, for the cancellation of 1,250,000 Existing Performance Rights held by Mr Hallam.

### **7.2 ASX Listing Rule 6.23.2**

ASX Listing Rule 6.23.2 provides that a change which has the effect of cancelling a performance right for consideration can only be made if holders of ordinary securities approve the change.

As the Company intends to issue 1,250,000 Performance Rights and cancel 1,250,000 of the Existing Performance Rights held by Mr Hallam, Resolution 8 seeks Shareholder approval for the cancellation under ASX Listing Rule 6.23.2.

### **7.3 Additional Information**

1,250,000 Existing Performance Rights will be cancelled (comprising 416,666 Class H Existing Performance Rights, 416,667 Class I Existing Performance Rights and 416,667 Class J Existing Performance Rights). Refer to section 10.7 of the Company's prospectus dated 1 October 2018 for the terms of each class of Existing Performance Rights.

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## 8. RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO JIM HALLAM

### 8.1 General

Resolution 9 seeks Shareholder approval for the issue of up to 1,250,000 Performance Rights to Mr Jim Hallam.

As noted at section 7.1 above, the board of the Company has recently agreed to replace half of the previously issued 2,500,000 Existing Performance Rights, such that the terms of the newly issued 1,250,000 Performance Rights (the subject of this Resolution 9) will be consistent with those granted to Embark Ventures Inc (as approved by Shareholders on 19 July 2019). Resolution 9 seeks Shareholder approval for the issue of 1,250,000 Performance Rights in consideration for company sectorial services provided by Jim Hallam (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 9 will be to allow the Company to issue Performance Rights pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Performance Rights to be issued is 1,250,000;
- (b) the Performance Rights will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Rights will occur on the same date;
- (c) the Performance Rights will be issued for nil cash consideration in partial satisfaction of Chief Financial Officer and Company Secretarial services provided by Jim Hallam;
- (d) the Performance Rights will be issued to Jim Hallam, who is not a related party of the Company;
- (e) the terms and conditions of the Performance Rights are set out in Schedule 2;
- (f) no funds will be raised from the Placement as the Performance Rights are being issued in consideration for company sectorial services provided by Jim Hallam.

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## 9. RESOLUTION 10 – REPLACEMENT OF CONSTITUTION

### 9.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 10 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted on 28 November 2018.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- incorporating changes in line with proposed amendments to the ASX Listing Rules; and
- allowing for direct voting,

as detailed below.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.mmjgh.com.au](http://www.mmjgh.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 2 8098 0817). Shareholders are invited to contact the Company if they have any queries or concerns.

## **9.2 Summary of material proposed changes**

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the proposed changes to ASX Listing Rule 15.12 which is due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Partial (proportional) takeover provisions (clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 10.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

**AEDT** means Australian eastern daylight savings time.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means MMJ Group Holdings Limited (ACN 601 236 417).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 28 NOVEMBER 2018**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 3 April 2019 Appendix 3B – 4 April 2019	1,000,000	Unquoted Class M Options <sup>4</sup>	Michael Curtis as approved at the Shareholder meeting held on 22 February 2019.	1,000,000 Class M Options to Michael Curtis as approved at the Shareholder meeting held on 22 February 2019.	Non cash consideration  The Class M Options were issued for non-cash consideration as incentive based remuneration to Michael Curtis under the Company's Incentive Option Plan, as approved at the Shareholder meeting held on 19 July 2019.  Current Value <sup>3</sup> : \$95,057
Issue – 7 August 2019 Appendix 3B – 7 August 2019	4,000,000	Unquoted Class K Performance Rights <sup>5</sup>	Embark Ventures Inc. as approved at the Shareholder meeting held on 19 July 2019.	The Performance Rights were issued for non-cash consideration as approved at the Shareholder meeting held on 19 July 2019.	Non cash consideration  The Performance Rights were issued for non-cash consideration as approved at the Shareholder meeting held on 19 July 2019.  Current Value <sup>3</sup> : \$768,000
	4,000,000	Unquoted Class L Performance Rights <sup>6</sup>	Embark Ventures Inc. as approved at the Shareholder meeting held on 19 July 2019.	The Performance Rights were issued for non-cash consideration as approved at the Shareholder meeting held on 19 July 2019.	Non cash consideration  The Performance Rights were issued for non-cash consideration as approved at the Shareholder meeting held on 19 July 2019.  Current Value <sup>3</sup> : \$576,000
	4,000,000	Unquoted Class M Performance Rights <sup>7</sup>	Embark Ventures Inc. as approved at the Shareholder meeting held on 19 July 2019.	The Performance Rights were issued for non-cash consideration as approved at the Shareholder meeting held on 19 July 2019.	Non cash consideration  The Performance Rights were issued for non-cash consideration as approved at the Shareholder meeting held on 19 July 2019.  Current Value <sup>3</sup> : \$384,000

**Notes:**

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.



2. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
3. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.24) on the ASX on 26 September 2019. In respect of unquoted Equity Securities, the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market-based performance conditions (i.e. conditions linked to the price of Shares).
4. In respect of unquoted Performance Rights the value is measured using the closing price of the Shares (\$0.24) on the ASX on 26 September 2019 and the probability of the Performance Rights being converted as the vesting conditions are a hybrid of market price and the net asset value of the Company (as detailed in Schedule 3 of the Notice of Meeting held on 19 July 2019). This valuation approach was adopted in the preparation of the audited financial statements of the Company for year ended 30 June 2019:

	Class K	Class L	Class M
Underlying share price	\$0.240	\$0.240	\$0.240
Exercise price	Nil	Nil	Nil
Milestones NAVS/SP Average	\$0.4048	\$0.5096	\$0.5995
Valuation date	26-Sep-19	26-Sep-19	26-Sep-19
Vesting period (years)	1.5	3	3
Probability	80%	60%	40%
Number of rights	4,000,000	4,000,000	4,000,000
Value per right	\$0.24	\$0.24	\$0.24
Value per tranche	\$768,000	\$576,000	\$384,000

5. Unquoted Options, exercisable at \$0.33 each, on or before 3 April 2022, vesting six monthly over two years. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 23 January 2019.
6. Unquoted Class K Performance Rights issued on the terms noted in the Notice of General Meeting dated 11 June 2019.
7. Unquoted Class L Performance Rights issued on the terms noted in the Notice of General Meeting dated 11 June 2019.
8. Unquoted Class M Performance Rights issued on the terms noted in the Notice of General Meeting dated 11 June 2019.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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(a) **Milestones:**

Subject to receipt of Company shareholder approval, the Company will issue Jim Hallam and the Related Parties a total of 6,750,000 performance rights (**Performance Rights**), as soon as practicable after the date Shareholder approval is received, on the following terms:

- (i) Subject to applicable tax and securities law compliance, the Performance Rights shall vest and be convertible by the holder in accordance with the mechanics set out below, on a one-for-one basis, into Shares in three (3) equal tranches (each, a **Tranche**) upon the Company achieving the following NAVS/SP Average hurdles, as follows:
- (A) the first Tranche will vest upon achieving a NAVS/SP Average of at least \$0.4047, (being a premium of at least 35% to the NAVS/SP Average on 1 June 2019 of \$0.2998);
- (B) the second Tranche will vest upon achieving a NAVS/SP Average of at least \$0.5096, (being a premium of at least 70% to the NAVS/SP Average on 1 June 2019 of \$0.2998); and
- (C) the third Tranche will vest upon achieving a NAVS/SP Average of at least \$0.5995, (being a premium of at least 100% to the NAVS/SP Average on 1 June 2019 of \$0.2998),

(together, the **Milestones**).

For the purpose of the Milestones **NAVS/SP Average** is calculated as the simple average of the Net Asset Value per Share (**NAVS**) and the 20-trading day VWAP for Shares (**SP**) calculated at month end.

- (ii) In order to determine if the NAVS/SP Average performance hurdles have been achieved, both the month end NAVS will be determined (as at the close of business on the last calendar day of every calendar month) and the monthly VWAP of the Company's share price will be determined (as at the end close of trade on the last trading day of the calendar month). These two numbers will then be combined and divided by two to ascertain whether the hurdle has been achieved.
- (iii) Where a Performance Right vests as a result of achieving the NAVS/SP Average performance criteria outlined above, the holder will have 12 months to convert the Performance Right into Shares or the applicable Performance Right will lapse.
- (iv) The Performance Right shall have a period of 3 years to achieve the relevant NAVS/SP Average performance vesting hurdle from the date of issue and will lapse immediately if the hurdle is not achieved at the end of the 3-year term. The exception will be the first Tranche which will lapse immediately if the applicable hurdle is not achieved within 18 months after the date of issue.

(b) **Notification to holder:**

The Company shall notify the holder in writing when the relevant Milestones have been satisfied.

(c) **Vesting:**

The relevant Performance Rights shall vest on the later to occur of:

- (i) the date that the Milestone relating to that Performance Right has been satisfied; and
- (ii) the date that the holder gives a notice to the Company confirming that the holder would like the Performance Rights to vest.

(d) **Consideration:**

The Performance Rights will be issued nil consideration.

(e) **Conversion:**

Upon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the holder, vest and convert into one Share.

(f) **Lapsing other than when Milestones are not satisfied**

Where the holder is no longer engaged by the Company for whatever reason, any unvested Performance Rights held will automatically lapse.

(g) **Share ranking:**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(h) **Listing of Shares on ASX:**

The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the vesting of Performance Rights on ASX within the period required by ASX.

(i) **Transfer of Performance Rights:**

A Performance Right is only transferable with the prior written consent of the board or by force of law upon death to the holder's legal personal representative or upon bankruptcy to the holder's trustee in bankruptcy.

(j) **Participation in new issues:**

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

(k) **Adjustment for bonus issue:**

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Performance Rights to which each holder is entitled, will be increased by that number of securities which the holder would have been entitled if the Performance Rights held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the bonus issue.

(l) **Adjustment for reconstruction:**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right (including

the Milestones) are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(m) **Dividend and Voting Rights:**

A Performance Right does not confer upon the holder an entitlement to vote or receive dividends.

## SCHEDULE 3 – VALUATION OF RELATED PARTY PERFORMANCE RIGHTS

The Related Party Performance Rights to be issued to the Related Parties pursuant to Resolutions 5, 6 and 7 have been valued by internal management using the approach adopted in the audited financial statements for the year ended 30 June 2019.

Using the valuation methodology below and based on the assumptions set out below, the Related Party Performance Rights were ascribed the following value:

	Douglas Halley	Peter Wall	Winton Willesee
Indicative value of each Related Party's Performance Rights	\$216,000	\$360,000	\$216,000

In respect of unquoted Performance Rights, the value is measured using the closing price of the Shares (\$0.24) on the ASX as at 26 September 2019 and the probability of the Performance Rights being converted as the vesting conditions are a hybrid of market price and the net asset value of the Company (as detailed in Schedule 3 of the Notice of Meeting held on 19 July 2019). This valuation approach was adopted in the preparation of the audited financial statements of the Company for year ended 30 June 2019:

	Tranche 1	Tranche 2	Tranche 3
<b>Douglas Halley</b>			
Underlying share price	\$0.240	\$0.240	\$0.240
Exercise price	Nil	Nil	Nil
Milestones NAVS/SP Average	\$0.4048	\$0.5096	\$0.5995
Valuation date	26-Sep-19	26-Sep-19	26-Sep-19
Vesting period (years)	1.5	3	3
Probability	80%	60%	40%
Number of rights	500,000	500,000	500,000
Value per right	\$0.240	\$0.240	\$0.240
Indicative value per Related Party Performance Rights tranche	\$96,000	\$72,000	\$48,000
<b>Peter Wall</b>			
Underlying share price	\$0.240	\$0.240	\$0.240
Exercise price	Nil	Nil	Nil
Milestones NAVS/SP Average	\$0.4048	\$0.5096	\$0.5995
Valuation date	26-Sep-19	26-Sep-19	26-Sep-19
Vesting period (years)	1.5	3	3
Probability	80%	60%	40%
Number of rights	833,333	833,333	833,333
Value per right	\$0.240	\$0.240	\$0.240
Indicative value per Related Party Performance Rights tranche	\$160,000	\$120,000	\$80,000

## Winton Willesee

Underlying share price	\$0.240	\$0.240	\$0.240
Exercise price	Nil	Nil	Nil
Milestones NAVS/SP Average	\$0.4048	\$0.5096	\$0.5995
Valuation date	26-Sep-19	26-Sep-19	26-Sep-19
Vesting period (years)	1.5	3	3
Probability	80%	60%	40%
Number of rights	500,000	500,000	500,000
Value per right	\$0.240	\$0.240	\$0.240
Indicative value per Related Party Performance Rights tranche	\$96,000	\$72,000	\$48,000

**Note:** The valuation noted above is not necessarily the market price that the Related Party Performance Rights could be traded at and is not automatically the market price for taxation purposes.



MMJ Group Holdings Limited | ACN 601 236 417

# AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

## Vote by Proxy: MMJ

Your proxy voting instruction must be received by **2.00pm (AEDT) on Tuesday 26 November 2019** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

