

10/29/17

Dear Shareholders:

This is a very important and exciting time for our Company. Despite the lengthy due diligence process and hurdles one must go through in order to obtain a government-issued cannabis license, we are seeing progress being made in South Africa with regards to the Medical Innovation Bill (Cannabis) first introduced by Mario Ambrosini, IFP Member of Parliament, in 2014.

The Medical Innovation Bill was tabled by Mr. Ambosini after he was diagnosed with stage 4 lung cancer. Rather than take morphine for the pain, he chose cannabis as an alternative medicine. He passed away soon after introducing the Bill in Parliament, but not before making a very public plea and statement on the floor of Parliament to the President of the country that cannabis had eased his pain and prolonged his life. Since then, the move to approve cannabis for medicinal purposes has been championed by Narend Singh, IFP Member of Parliament, who took over managing and pursuing the approval of the Bill. This resulted in the Medical Marijuana Guidelines being published in March 2017 by the SA Medicines Control Council.

Around that time, the Company was contacted by the Department of Health in which we were advised of the Cannabis re-classification and that we would be able to legally grow cannabis in addition to conducting research under the published guidelines. The Company's original license application filed in 2015 was a research only application as referenced in email (#1). After deliberation with counsel, the company deemed it to be in its best interest to submit an updated application for the issuance of a license that would allow the Company to not only conduct research, but also to grow and cultivate cannabis for medical purposes, this updated classification is referenced in email (#3). Growing our own cannabis allows us to better manage quality and ensure chemical consistency, both of which are critical when developing a pharmaceutical product.

In the spring time, the Company received notification from the Department of Health that two inspectors would visit the proposed facility for a site visit. After completing the site visit, it was requested by the Cannabis Working Group of the Medicine Control Counsel that additional manuals be made available and added to the file (#2). The Company submitted its Quality Management Systems manual, Standard Operating Procedures manual and other related material in early August. The MCC Cannabis Working Group request for this additional material was due to the updated license application the Company filed to allow for research AND growing of cannabis for medical use, which replaced the original research only application.

As CEO, I wish to convey that I understand the frustration of our shareholders that the license has not yet been issued. We have been operating in South Africa for many years and have developed a very good working relationship within the Government including the Department of Health as well as IFP Member of Parliament, Narend Singh. I have weekly communications with both and am assured that everything that can be done to expedite the process is being done. Based on what we are hearing and seeing, it appears as though we are near the end of this journey which we believe will result in our attaining the long awaited government-issued license to legally grow cannabis and conduct research for the purpose of producing a full profile non-psychoactive cannabis extract for medicinal use. I have attached the very latest communication with the Department of Health (#3) as well as a link to the very latest Briefing posted by Parliament in September regarding the Cannabis Bill. (<http://www.protextm.co/articles/11>). I personally appreciate everyone's patience and understanding while we have gone through this due diligence process and assure you that we will continue to provide ongoing communications with our stakeholders.

Very truly yours,

Roger Baylis Duffield, CEO

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**(#1)**

From: **Griffith Molewa** <[REDACTED].gov.za>

Date: 6 April 2017 at 13:01

Subject: Re: Cannabis research and development license

To: "Duffield, Roger" <[REDACTED]>

Cc: "Moshiga, Lesiba" <[REDACTED].gov.za>, "Ramarumo, Chepape" <[REDACTED].gov.za>

Dear Mr Duffield

We acknowledge the receipt of your application for research purposes on live cannabis plants and the recovery of phytonutrients . The permit will be issued pending the inspection of your premises. The Inspectors, herein copied, will contact you to arrange for the date of inspections.

Regards

Griffith Molewa

Manager Law Enforcement

Cell [REDACTED]

Tel [REDACTED]

Fax: [REDACTED]



*A long and healthy life for all South Africans*



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**(#2)**

From: **Roger Duffield** <[REDACTED]>

Date: Tuesday, August 1, 2017

Subject: Cannabis medicine license

To: lesiba moshiga <[REDACTED]>

Cc: Griffith Molewa <[REDACTED]>, "Ramarumo, Chepape" <[REDACTED]>,

Dear Lesiba

Kindly refer to your Email and the request for further information

Please refer to the writer's response and the attached documents

- 1 Site Master Plan is provided in the attached operational manual
- 2 Handling of plants is recorded in the SOP document
- 3 Standard Operational Manuals are attached
- 4 Control of humidity, light and temperature recorded in SOP manual
- 5 Distribution of final product referenced in SOP manual.

Sincerely,

Roger Baylis Duffield

From: "Lesiba Moshiga" <[REDACTED]>  
Date: 13 Jul 2017 10:31  
Subject: RESPONSE FROM CANNABIS WORKING GROUP  
To: "Roger Duffield" <[REDACTED]>  
Cc:

Dear Mr Duffield  
Please find attached to this email, the response from the Cannabis Working Group (CWG) of the MCC.  
Kind regards  
Lesiba Moshiga

From: **Lesiba Moshiga** <[REDACTED]>  
Date: 12 July 2017 at 13:09  
Subject: SITE INSPECTION  
To: Roger Duffield <[REDACTED]>

Dear Mr Duffield

As a continuous exercise between you and our office, we realised that you need to furnish us with the following:

1. Site master file;
2. Handling (destruction) of the male plants and the reconciliation of both female and male plants;
3. Quality manuals such as standard operating procedures (SOPs);
4. How are going to control the humidity, lighting and temperature?;
5. How will the final products be distributed?

These questions are not really exhaustive.

Kind regards  
Lesiba Moshiga

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**(#3)**

From: "Griffith Molewa" <[REDACTED]>  
Date: 16 Oct 2017 15:39  
Subject: Re: Cannabis medicine application  
To: < Roger Duffield <[REDACTED]>  
Cc: "Ramarumo, Chepape" <[REDACTED]>

Good afternoon,

Please be informed that your application for growing cannabis for research purposes has been referred to SAPS for vetting. We are still waiting for their outcome before we can proceed. Accept our apologies for this inconvenience that may be caused by the delay in processing your application.

Kind regards,

Griffith Molewa  
Manager Law Enforcement  
Cell [REDACTED]  
Tel [REDACTED]

Fax: [REDACTED]



health

Department:  
Health  
REPUBLIC OF SOUTH AFRICA

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