March 2016

Shareholder Newsletter

Funding
The Company’s recent private placement of US$ 12.5 cent shares was successfully completed on Friday 11th March. The Company’s next Pre-IPO offering to raise US$4-5m will have a share placement price between US$ 50-75 cents per share and is planned for release in early April. HNW investor interest has been indicated for the total amount.

ASX Listing
Due to the recent Australian Federal Government’s legalisation of Medical Marijuana and a surprisingly enthusiastic response to the Company’s business strategy and most recent private placement, the Company has decided to conduct an initial public offering (IPO) instead of the originally planned reverse takeover (RTO). The time and cost of completing an IPO are similar to that of an RTO, however an IPO will provide greater flexibility for a higher pre IPO enterprise valuation, and IPO’s generally attract more institutional oriented investor support. The target date for the IPO and listing is July 15th 2016. The anticipated offering amount is US$ 10m (min) - US$ 20m (max).

Business Development
Acquisition of Clerisy Corporation
Consistent with its “farm to pharma” business strategy, the Company has executed a binding Heads of Agreement to acquire 100% of the shares in Clerisy Corporation, a medical device company based in Rochester, New York. The acquisition is scheduled to be finalized in May, at which time the company will assume full control of this business. Clerisy has invested several million dollars (US) over the last eight years to successfully develop a non-invasive technology for delivering therapeutic medications via the nasal passage directly to the brain. This novel technique transforms the delivery of medication eliminating the need for sprays or powders to convey active ingredients.
The Company believes that Aromahaler technology has the potential to create a whole new category of essential oil and cannabis infused therapeutic products.

Clerisy’s product is branded Aromahaler™ Nasal Soft Strips®. These Soft Strips are attachable to the base of the nose (the septum) and release accurately controlled dosages of therapeutic medication in sub atomic dimensions into the nasal passage in a matter of seconds.

Potential Pharmaceutical and OTC Applications (non-cannabis related)

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<tr>
<th>Smoking Cessation</th>
<th>Delivery of Insulin</th>
<th>Rhinitis</th>
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<td>Appetite Control</td>
<td>Delivery of Vaccines</td>
<td>Learning &amp; Memory</td>
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<td>Nausea Control</td>
<td>CNS / Neurology Drugs</td>
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<td>Decongestion</td>
<td>Hormone Replacement</td>
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<td>Stress Reduction</td>
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<td>Sexual Disfunction</td>
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<td>Obesity</td>
<td>Antiemetic</td>
<td>Small molecule drugs</td>
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The first of these products are in manufacture and were recently introduced for store placement testing in Wegmans, a leading regional supermarket chain comprising 88 stores in the mid-Atlantic and New England regions and the states of New York, Pennsylvania, New Jersey, Massachusetts, Maryland and Virginia.

ConsumerReports recently surveyed 27,208 readers to rank 55 supermarket chains around the U.S. and Wegmans was chosen as the top supermarket in America for the third time.

Current focus is 3 major vertical markets:

1. Over the counter (OTC) consumer health products
2. Prescription pharmaceutical products
3. Medicinal cannabis for both OTC and prescription products

Intellectual Property
Aromahaler™ technology and products are broadly covered by global patents and through extensive clinical trials, the products have achieved United States FDA approval. To date, Clerisy has developed 15 non-cannabis, OTC market-ready products. The first of these have been manufactured and were recently introduced for store placement testing in a leading regional supermarket chain of 85 stores in upstate New York.

Patent Strength
Cannabis is unique in that there are limited prescribed ways that medicinal cannabis formulations can be delivered legally. A generally utilized method is the use of oils and vapors extracted from the cannabis plant. Clerisy’s delivery device is specifically designed and manufactured to deliver highly accurate dosages of micro-encapsulated plant derived essential oils (eg. cannabis) and vapors.

Of note, the patent claims for Aromahaler™ Nasal Soft Strips® have been challenged and tested in US District Court and subsequently upheld at the Federal High Court level which the Company views as highly encouraging in relation to the strength and validity of these patents.

Market Opportunities
The Global Healthcare Equipment and Supplies Industry is $142 billion per annum.

Medication delivery technologies are a component of this market and are projected to grow by a minimum of 29% to approximately $180-224 billion by 2017. Disposables, such
as Nasal Soft Strips, are the largest segment accounting for 40% of the industry and this is shared by:

- US - 39%,
- EU - 32%
- Asia-Pacific - 21%

Clerisy has fully issued patents in all the above markets.

Market assessments for the Company's delivery technology also consider market sub-segments for:

- Delivery of Marijuana for Medicinal Purposes ($2.1 B USA)
- Preventive and Personalized Healthcare Products ($432 B global)
- Complementary & Naturopathic Healthcare Products ($186 B global)
- Over-the-Counter Consumer Healthcare Products ($163 B global)

**Product Facts**

- Each individual Soft Strip serves as the medication delivery device
- FDA-approved, hypoallergenic gel-microcaps contain the active therapeutic ingredient and are a superior delivery mechanism with a proven safety profile
- For OTC products the active ingredients are all-natural, pharmaceutical grade oils and vapors with well-defined, efficacious health benefits and FDA GRAS status *(generally regarded as safe; www.FDA.gov/GRAS)*

**Dispensary Acquisitions**

In line with its national retail strategy, the Company has commenced the development of its retail dispensary business, which is planned to expand from California to the 23 states which have legalized medical marijuana. This “roll-up” strategy involves the acquisition of existing licensed medical marijuana outlets and rebranding under an “Australian” theme.

The Dispensaries will sell medicinal cannabis products to registered patients as well a range of selected lifestyle products that complement and support the Company’s brand. An internationally renowned design firm is being engaged to complete the creation and management of the re-fit/renovation of the acquired outlets. The company’s goal is to have 100 outlets operational in the next few years.

**Fully Funded R&D Programme**

RxMM Health has concluded an Engagement Agreement with Ernst & Young to advise, develop and manage a tax incentivised Research & Development programme with the Australian Federal Government’s refundable tax offset scheme. The non-equity based R&D
funding will be in the range of $50m - $100m which will be applied to advance the Company’s IP and proprietary new pharmaceutical and OTC medicinal products.

Under this programme approved R&D expenditure is eligible for 45 cents per dollar cash rebate from the Federal Government. Ernst & Young has been engaged to source the $50m-$100m of funding and to manage the interface between RxMM’s R&D programmes, the Australian Tax Office and the Investors.

This programme is expected to commence prior to the Company’s ASX listing. The good news for Shareholders is that this R&D expenditure is fully funded from external sources with no dilution to shareholders’ equity and no debt to the Company. All new technology and products resulting from this work will be 100% owned by the Company.

**R&D Program Objectives**

In undertaking this program of experimental activity, RxMM is seeking to achieve a number of objectives, including:

- Development of a new range of cannabinoid based therapeutic, pharmaceutical products and formulations capable of addressing various conditions including the management of neuropathic pain, hypertension, post-stroke neuroprotection, post chemotherapy patient conditions, multiple sclerosis, epilepsy and cancer.
- Advancement of cannabinoid based drug delivery methods.
- Development of specific cannabis plant strains to optimize their therapeutic value in medications
- Development of new hydroponic cultivation & growing methods including nutrition solutions to optimise yield, scent, flavour, water content, texture and coloration.

**US Operational Status**

**Personnel**

5 new key roles have recently been created in the following areas:

- Corporate & Business Strategy
- Retail Dispensary Acquisition
- Related Businesses Acquisition
- Supplement Range Development - Natural & Cannabis Infused
- Lifestyle Product Design & Sourcing
- Capital Raising

**New Offices**

Following completion of the Clerisy acquisition, RxMM Health Inc., will have an office in Rochester, New York and is opening its Corporate office in Southern California.