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Investor Update - March 2017

mgc pharma
CBD HEALTH



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MGC Pharmaceuticals (ASX:MXC) is a medical cannabis company focused on full vertical integration through the whole medical cannabis value chain.

Board of Directors	
Brett Mitchell	Executive Chairman
Nativ Segev	Managing Director
Roby Zomer	Executive Director
Dr Ross Walker	Non-Executive Director
Capital Structure	
ASX code	MXC
Market capitalisation (as at 24 March 2017)	~A\$82.9m
Share price (as at 24 March 2017)	7.6c
Cash at Bank (nil debt)	~A\$13.5m
Issued Capital	
Ordinary shares	1,091,082,186
Listed Options (6.5c, expiring 30/6/19)	91,704,743
Performance Shares and Rights	148,674,000
Unlisted Options (2.5c-40c expiring 6/17-1/18)	11,375,000
Board and Management	14%

- MXC's core strategy includes pharmaceutical product research and development, Active Pharmaceutical Ingredient (API) extraction, complemented by MGC Derma's (MXC 51%) cosmetics and dermatological products development and sales revenues.
- MGC Pharmaceuticals is the only medical cannabis company listed on the ASX with a combined Israeli, European and Australian clinical research strategy to take advantage of the rapidly changing regulatory landscape.
- Strong Executive Management team and Board, with world leaders experienced in clinical research and successful human trials with medical cannabis.

LEADERSHIP TEAM



Nativ Segev
Managing Director

Mr Segev was previously CEO of Israel's second largest licensed Medical Cannabis company, Cann Pharmaceuticals with vast industry experience.

Mr. Segev founded MGC Pharmaceuticals to expand into the huge worldwide market for cannabinoids in the pharmaceuticals and cosmetic industry.



Brett Mitchell
Executive
Chairman

Mr Mitchell is a corporate finance executive with over 25 years of experience in the venture capital, finance and resources industries.

Mr Mitchell has been involved in founding, financing and exec management of both private and publicly-listed companies. Mr Mitchell and holds executive and non-executive directorship roles.



Roby Zomer
Executive Director
& CTO

Following 10 years of experience in the BioTech and Agro sectors running large scale projects.

Mr. Zomer joined MGC Pharmaceuticals as Executive Director & CTO, bringing his extensive scientific and engineering skillset to bear on ensuring MGC's position as a leader in medical cannabis research and development programs, and overseeing the MGC Derma operations.



Dr Ross Walker
Non-Executive
Director and Head
of Advisory Board

Dr. Walker is a prominent Cardiologist who specializes in echocardiography and preventative cardiology.

Dr. Walker is a well-known and respected figure in Australian medicine, and is as host of a weekly radio program. Dr. Walker has published several books, and lectures both nationally and internationally.



**Professor Uri
Kramer**
Advisory Board

As one of the few medical professionals in the world to have run full scale epilepsy trials with Medical Cannabis, Dr. Kramer is a significant boon to our team, and brings a wealth of experience in various fields (Neurology, Pediatric Neurology, Adolescent Psychology & Child Development). Additionally, Professor Kramer is a former president of the Israeli League Against Epilepsy.

INVESTMENT HIGHLIGHTS

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Diversified Business Model

Pharmaceutical product research and development

CBD based cosmetics line

Dermatological products range

API production facility

Early Stage Revenue

First revenues already generated from MGC Derma cosmetics

New 2017 revenue streams from API grade CBD extract (Q2) and dermatological products (Q3)

Clear Australian Strategy

Industry leadership position – University of Sydney White Paper
Advanced discussions on Australian genetics and breeding operation, and commencement of Australian clinical trials

World Class Assets

World-class European, API grade Cannabinoids production facility, GMP certified

Genetics and Breeding research operation with the Czech Republic's Institute of Experimental Botany, full MC license and state-of-the-art equipment

Substantial Market Opportunity

Medical cannabis market is estimated to be worth +US\$100b by 2020¹

Emerging research continues to validate the significant medical application of cannabis

Strong Leadership

Experienced Board and Executive Management team

World leaders in MC research and clinical trials (Prof Kramer and Dr Neubauer), with access to world's best research institutes

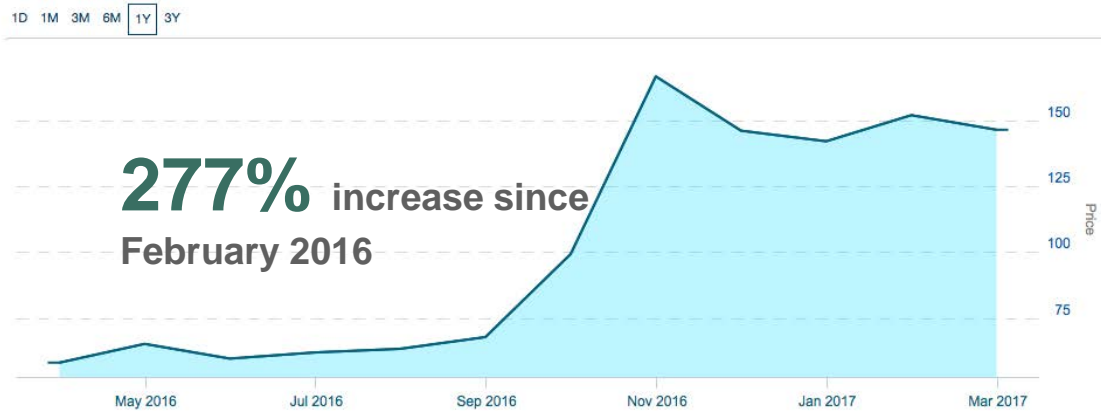
¹ Source: <http://www.technavio.com/news/want-research-medical-marijuana-israel-open-business>

STRONG GLOBAL EQUITY MARKET INTEREST AND INVESTMENT



Globally, equity markets are seeing value in the medical cannabis space

The North American Marijuana Index

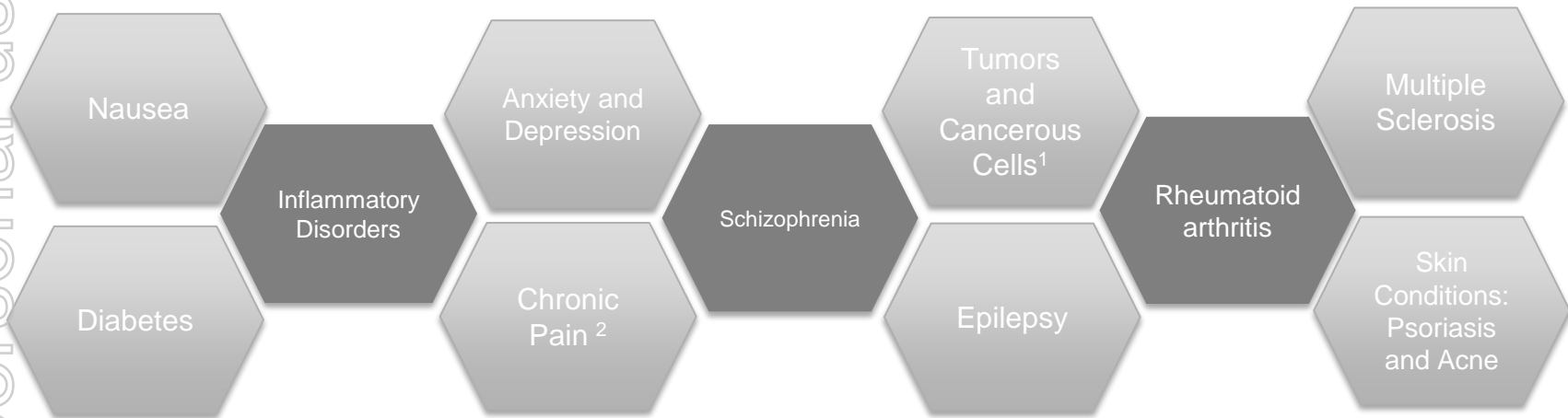


The **North American Marijuana Index** tracks the leading cannabis stocks operating in the United States and Canada. Constituents must have a business strategy focused on the marijuana or hemp industry, and are required to meet our minimum trading criteria. The Index is equal-weighted and rebalanced quarterly.

- **Growing market value** – the 11 Canadian companies that make up the Canadian Cannabis Index are now valued at over CN\$4 billion in cumulative market capitalisation
- **Rapid increase in liquidity** - in Q4 of 2016, the total volume of stock traded on the Canadian index grew 8-fold over the previous quarter- following new Recreational Legislation



Clinical studies indicate that Cannabinoids are effective in easing symptoms of a wide range of difficult-to-control conditions, including:

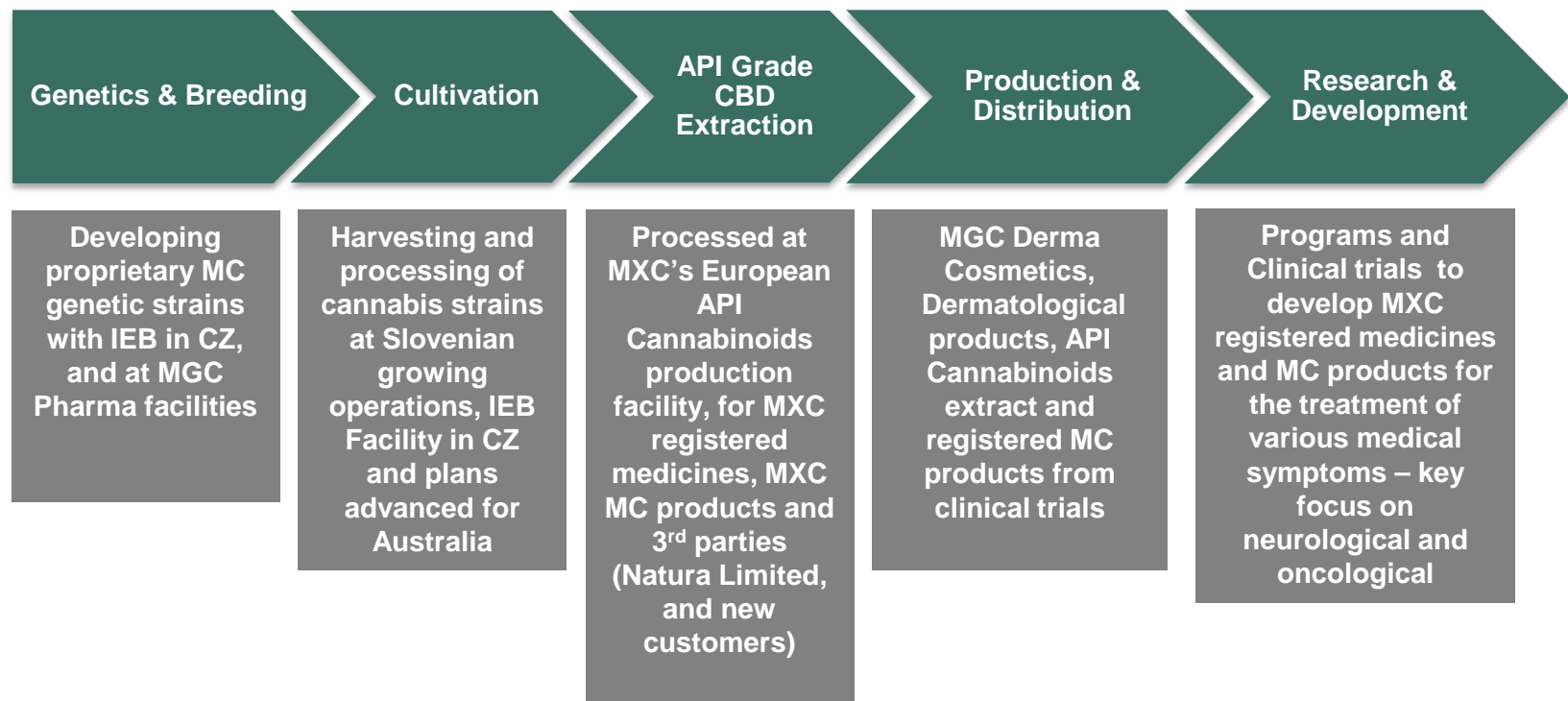


1. CBD has demonstrated neuro-protective effects, and its anti-cancer potential is currently being explored at several academic research centers in Israel, the U.S. and other countries.
2. Impacts pathways in the body, which control pain and support the immune system, thereby delivering significant medicinal benefits in the treatment of chronic pain

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Operational Update

MXC's Core Business Strategy - Owning the whole MC value chain and IP



Multiple revenue opportunities

MGC Derma Cosmetics Range

- MGC Derma (51% owned MXC) has commenced first production and sales in 2016
- First sales from Californian contract, MGC Derma online retail store and Czech distribution deal
- Formal launch of product line in EU, UK, Australia and California in H2 2017
- Appointment of Malcolm Kemp to drive 2017 EU and UK sales strategy – ex Revlon director

Dermatological Products

- MGC Derma commenced tests on 3 skin ailments– acne, psoriasis and seborrhoea symptoms
- Dermatological products currently undergoing human clinical tests at leading European clinic
- Sales expected to commence in Q3 2017, post successful completion of clinical tests in Q2 2017

MXC Slovenian Cannabinoid Extract Production

- New MXC revenue source with the imminent completion and certification of Company's Slovenian Good Manufacturing Practice (GMP) extraction facility
- On track for first production Q2 2017
- MGC Pharmaceuticals to supply API Cannabinoids material for its own clinical trials, production of own pharma registered products and for Cannabinoid sales to third parties including Natura Limited

MXC Proprietary Pharmaceutical Product Development

- Clinical studies in Slovenia to assess the efficiency of the Company's medical cannabis formulations with treatment resistant epilepsy
- Slovenian clinical study developed and led by 2 world leaders in completed MC trials
- Results will guide the development of a proprietary pharmaceutical grade product for epilepsy treatment
- Further clinical research partnerships in the pipeline – advanced discussions in Australia

MGC Derma

- MGC Derma (51% owned MXC) has commenced first production and sales in Q4 2016
- First 15 MGC Derma branded, cannabidiol (CBD) based cosmetics products available for sale, will increase in 2017 to approx. 50 products
- First sales from Californian contract, MGC Derma online retail store and Czech distribution deal
- Launch of product line in UK, EU, Australia and USA planned for 2017
- Appointment of Malcolm Kemp in late 2016 to drive MGC Derma sales strategy – ex Revlon director
- Sold via:
 - MGC Derma's online retail shop
 - Exclusive wholesale distribution deals, and
 - E-tail and retail agreements in certain markets
- Manufactured by the Company's joint venture manufacturing partner, Natura Laboratories Limited



mgcderma.com

DERMATOLOGICAL PRODUCT DEVELOPMENT – ACNE, PSORIASIS



MGC Derma

- Clinical tests of dermatological product range commenced on human volunteers in Slovenia in January 2017
- 3-month clinical tests to evaluate the efficacy of 3 dermatological skin care products – progressing on schedule
- Products target the relief of redness, dryness, flaky and oily indications for skin prone to acne, psoriasis and seborrhoea
- Clinical tests are being conducted by the Slovenia's largest private dermatological clinic



Revenue Model

- Direct consumer sales via the MGC Derma online shop expected to commence in Q3 2017
- Retail sales at selected outlets, pharmacy chains via MGC Pharmaceuticals' emerging international distribution network



- MGC Pharmaceuticals plan is to develop and register for sale, pharmaceutical grade products that leverage the Company's own proprietary medical cannabis formula through successful clinical trials in Europe, Australia and Israel.
- The first therapeutic focus is on treatments for epilepsy, combined with palliative care, post chemotherapy nausea and severe pain the core focus areas.
- Will enable future medical product sales across the European Union, Australia and other geographies, following the requisite legal and regulatory approvals.

Multiple pharmaceutical research initiatives commenced

Epilepsy Clinical Study

- Clinical study to assess the efficacy of its own medical cannabis formulation in children and adolescents with treatment resistant epilepsy
- Currently recruiting volunteers

Botanical Genetics Research

- New partnership with the Academy of Science of the Czech Republic's Institute of Experimental Botany (IEB) to conduct medical cannabis breeding research
- Additional research initiatives underway with leading institutions in Australia, Israel and EU

Pharmaceutical Product Delivery

- Discussions advanced for new clinical studies with leading medical and research institutions in Australia and Israel
- Access to extensive R&D program at Israel's leading epilepsy research institute, the Hadassah Medical Centre

MXC EPILEPSY CLINICAL STUDY

- Phase IIA Crossover (non-pivotal) clinical study on children and adolescents with treatment-resistant epilepsy
- Conducted at the University Children's Hospital Ljubljana
- Study led by globally renowned epilepsy experts Dr David Neubauer and MXC Advisory Board member, Professor Uri Kramer
- Efficacy study to test MGC Pharmaceuticals' medicinal cannabis formulation
 - Compares MXC proprietary whole plant extract based medicine with high CBD/THC ratio to pure synthetic CBD
- Primary end-point: reduction in the frequency of seizures experienced by individuals suffering from epilepsy
- Development of MXC own medical grade product registered in Slovenia, for use in EU – MXC owned medicine and IP

3 million

children and adults with epilepsy in Europe alone¹

130,000

new cases of epilepsy reported each year¹



Dr Neubauer with Exec Director Roby Zomer

Study results will guide the development of MGC Pharmaceuticals own proprietary pharmaceutical grade product for epilepsy treatments.



Czech medical cannabis company Panax Pharma s.r.o (acquired February 2017)

- MXC owns 80% of Panax, with option to buy remaining 20% for €600,000 of MXC ordinary shares (20 day VWAP)
- Strategic partnership with the prestigious Academy of Science of the Czech Republic's Institute of Experimental Botany (IEB)
- 5-year medical cannabis license for a genetics, breeding and research
 - Granted by the Ministry of Health of the Czech Republic
 - Medical cannabis breeding research at the IEB AS's laboratories, immediate access to 1,000m² of dedicated greenhouses, licensed to increase size
- Development of proprietary genetic strains of medical cannabis and growing library for use in future MXC clinical studies or pharmaceutical product development
- Critical MXC IP development and significant future company asset - will be exclusively owned by MGC Pharmaceuticals



MXC's Slovenian Extraction Facility

Allows MGC Pharmaceuticals to extract and produce high margin API grade cannabinoids in resin form

- API grade cannabinoid products produced will supply MGC Pharmaceuticals for its clinical studies, for use in its cosmetic and dermatological product range and future MXC pharma products
- Facility will produce 3,000kg of biomass per year, assuming 100% capacity, starting Q2 2017

Revenue Model

- Wholesale market sales of API extracts to third parties on a per/kg basis
- API cannabinoid extract will produce MGC Pharmaceutical products



Slovenian API production facility is near completion, with state of the art API extraction equipment being installed

MXC MEDICAL CANNABIS GROWING OPERATIONS

Slovenian Growing Operation

Allows MGC Pharmaceuticals to grow cannabis to be supplied to the Company's Slovenian Extraction Facility

- Harvests to be leveraged for the Company's clinical studies, cosmetics and dermatological products, following API extraction
- First 5,000m² test crop planted in June 2016 and harvested in late 2016
- First crop in 2017 to be planted in April/May

Next crop, to be planted in April/May 2017 and is expected to be harvested in August 2017



CBD planting operations underway



Planting seeds



Young seedlings

Importation of Medical Cannabis into Australia

- The Australian Government has authorised controlled importation of medical cannabis products by approved suppliers from international sources.
- The changes allow MGC Pharmaceuticals to make its products available to patients in Australia sooner and expedites the importation of MGC Pharmaceuticals' products for use by Australian patients once the Company receives approval from the Australian Government.

Australian Advisory Council on the Medicinal Use of Cannabis

- The Australian Government has established the Australian Advisory Council for the Medicinal Use of Cannabis.
- The Council is to provide advice on the ongoing implementation of the regulatory scheme allowing for licenced cultivation and manufacture and the design of medical prescribing guidelines.

Recent changes to Australia's legislative and regulatory framework has already benefited MGC Pharmaceuticals

+\$100 billion

Global legal cannabis market expected to grow to \$140.5 billion in 2020 from \$28.8 billion in 2015, according to global market firm Technavio

Rapidly changing American situation, with recent favourable legislative changes. In the US, medical cannabis is now legal in 28 states.

\$21.8 billion

US medical cannabis market generated \$6.7 billion in sales in 2016, with sales expected to grow to \$21.8 billion by 2020

Australian medical cannabis market estimated to be currently worth approximately \$A100 – 150 million per annum, according to University of Sydney and MGC Pharmaceuticals White Paper

**\$A150m
per annum**

Sources: [ArcView Market Research](#),
[Technavio – Global Legal Marijuana Market 2020](#)

Australian industry would need to produce 8,000kg of medical cannabis per year to service current medicinal needs.

NEAR-TERM GROWTH CATALYSTS

- Commencement of Company's first Phase IIA clinical study in epilepsy
- GMP Certification and commencement of API grade Cannabinoids production at Slovenian Extraction facility in Q2, 2017 new revenue stream commences
- New MGC Derma CBD-based cosmetics distribution deals expected to be signed in 2017, following formal product launches in Australia, EU and North America
- Clinical study results for dermatological products by end of Q2 2017
 - Commencement of dermatological product sales from Q3 2017
- Commencement of MC genetics and breeding research operations at the Institute of Experimental Botany in Czech Republic in February 2017, development of core IP and asset
- Major announcements and strategic partnerships to be completed for MXC's Australian medical cannabis genetics and breeding research, clinical trials, and production strategy
- Plans to commence first Australian MC clinical trials in 2017 – with leading medical institutions

Thankyou