

19 June 2017

ASX Code: MXC

First Exclusive European Distribution Deal for MXC Phytocannabinoids API Products

- MGC Pharmaceuticals has signed its first exclusive distribution deal with leading laboratory supplier, Mikro+Polo
- The Company will be the exclusive supplier of Phytocannabinoids Active Pharmaceutical Ingredients (APIs) to all Mikro+Polo customers across Slovenia, Croatia and Bosnia
- Mikro+Polo is the largest Slovenian supplier of laboratory accessories, equipment, chemicals, and diagnostics and has an established Government customer base
- MXC's API price will be based on the underlying market price for Phytocannabinoids API, currently over €60/gram, with emerging market demand already strong
- Represents the first Pharma distribution deal for MGC Pharmaceuticals in Europe and positions it strongly as a leading biopharma medicinal cannabis company

MGC Pharmaceuticals Ltd (ASX: **MXC** or “**the Company**”) is pleased to announce that it has signed a binding Agreement with leading laboratory supplier MIKRO + POLO D.O.O. (Mikro+Polo) making it the sole and exclusive provider with the right to sell, market and distribute upcoming MGC Pharmaceutical branded cannabis APIs to all new Mikro+Polo government tender customers across Slovenia, Croatia and Bosnia.



Mikro+Polo is the largest Slovenian supplier of laboratory accessories, equipment, chemicals and diagnostics. It provides over 500,000 products such as filtration equipment, instruments, chromatography and measuring instruments as well as pharmaceuticals for clinical trials to its established customer base of research institutions, academies and laboratories across Slovenia, Croatia and Bosnia.

Mikro+Polo boasts an impressive government customer base, supplying its products to the University of Ljubljana and Institute of Public Health Maribor. Aligned with its strategy to broaden its product range and enter the medicinal cannabis clinical market, it has selected MGC Pharmaceuticals to be its exclusive Phytocannabinoids provider for Slovenia, Croatia and Bosnia.

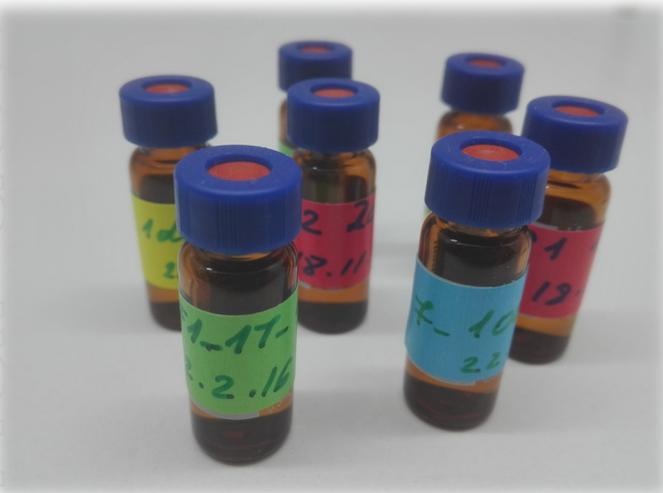
Under the agreement, the cannabis API (a substance or combination of substances used in a finished pharmaceutical product for the purposes of medical treatment or clinical trials) will be supplied to Mikro+Polo at an agreed price based on the underlying market price for Phytocannabinoids API, which is currently over €60/gram.

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The API raw materials will be sourced from MGC Pharmaceuticals' growing facilities in Europe and processed into API in the Company's extraction facility in Europe. The Company's laboratory, clean room and extraction facility is undergoing the formal "Good Manufacturing Practice" (GMP) certification process by the Agency for Medicinal Products and Medical Devices of the Republic of Slovenia (JAZMP).

As the demand for Phytocannabinoid API's grows in accordance with the current global compound annual growth rate (CAGR) for the Medical Cannabis market, MXC is positioning itself as a leading provider of these resources, throughout Europe and into all countries that allow the importation of Phytocannabinoid API's for clinical trials and medicines.

MXC's API production and distribution is a strategic cornerstone in the medicinal products pipeline of the Company, the API will be used in the Company's formulas for the treatment of epilepsy and the development of new medicines, and can be used in its planned clinical trials in Europe and Australia.



API grade in testing vials



API Phytocannabidiol in crystallized form

Nativ Segev, Managing Director of MGC Pharmaceuticals commented:

"As our first European distribution agreement for our APIs, this agreement with Mikro+Polo not only sets the Company up to become the exclusive provider of cannabis APIs across Slovenia, Croatia and Bosnia, but also sets a model that can be replicated for distributing our API product across the rest of Europe.

"Mikro+Polo is a fantastic partner to be working with. In addition to being a well-established and trust worthy brand in Slovenia, they have incredible reach into the Government sector which is a key target customer market for us."

Marko Podgornik, Director of Mikro+Polo, commented:

"Since its inception, Mikro+Polo has always been at the forefront of the pharmaceutical industry, offering our customers the highest quality products and laboratory equipment. With the growing acceptance and adoption of medicinal cannabis as a highly beneficial pharmaceutical product, governments are now turning their resources to clinical trials and studies in this area. They need a reliable supply of APIs for this and we have every confidence that MGC Pharmaceuticals is the right producer to meet their high standards."

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based specialist medical cannabis company with many years of technical, clinical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the Israeli medical cannabis industry and the core business strategy is to develop and supply high quality Cannabinoid based pharmaceuticals products for the growing medical markets in Europe, North America and Australasia.

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About Mikro Polo

Mikro+Polo is a family company founded by Vojko Podgornik in 1990 in Maribor. During this twenty-year period, we have grown into the largest Slovenian supplier of laboratory accessories, equipment, chemicals, and diagnostics.

www.mikro-polo.com

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