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ASX Release

## MGC License Approvals Set to Fast Track Commercialisation

- MGC Pharmaceuticals (MGC) granted key commercial licenses to grow, process, import and export Cannabis *Sativa L* (Hemp) and its products, including Cannabidoil (CBD) resin in Slovenia, Europe
- MGC becomes the first ASX related vehicle to be granted a Cannabis *Sativa L* (Hemp) growing license and licences to sell CBD resin into the European Union (EU)
- First company in Slovenia to have a license to extract CBD resin on site and sell direct into EU
- Facilitates immediate commencement of operations in Slovenia, with initial production and extraction of CBD resin from crops now expected in late 2015
- Approval of licenses fast tracks MGC's commercialisation and business model– cashflow breakeven now expected within 12 months and revenues in excess of US\$10m expected from the first year of full production in Slovenia, CY2017
- Positions MGC to become an extraction facility for other growing operations in the region
- Negotiations significantly advanced for major off-take agreement with European distributor

Erin Resources (**ASX:ERI** or the **Company**) is pleased to provide an update on the progress of MGC Pharmaceuticals Limited (MGC) following the announcement on 18 May 2015 that it has entered into a binding heads of agreement with the option to acquire 100% of the issued capital of MGC.

MGC has received two licenses in Slovenia, Europe permitting the business to grow, process and trade Cannabis *Sativa L* (Hemp) and its products in Europe.

The first license enables MGC to establish a growing operation in the region. Importantly, the license allows MGC to produce an unlimited amount of Cannabis *Sativa L*. Further to the license to grow the Cannabis *Sativa L* MGC has also been granted a license to extract and export the Cannabidoil (CBD) resin from the Cannabis *Sativa L* at the growing facility.

The licenses have been issued by the Slovenian Government, The Ministry of Agriculture and The Ministry of Hemp and Poppy Control in the region.

The ownership of both licenses makes MGC the only company operating in Slovenia with the ability to both grow and extract Cannabis *Sativa L* and its product on site at the same facility. Up until now companies have been required to export the raw Hemp product to other countries, primarily Switzerland for processing.

The ability to both grow and process an unlimited amount of Cannabis *Sativa L* in Slovenia provides MGC with a number of avenues to commercialise its growing operation. Importantly, MGC is now positioned to meet supply of CBD into off-take agreements, providing the core ingredient required for cosmetic and medical products, potentially MGC's own product range and to become an extraction facility for other growers in the region, which leverages the extensive extraction and processing know-how of the management team.

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MGC anticipates it will begin growing operations in late 2015 with construction of the laboratory and extraction plant scheduled to commence in Q4 2015.

Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals Limited commented:

*“Receiving these licenses is a key milestone for MGC. The ability to both grow and process the Cannabis Sativa (Hemp) on site at the facility in Slovenia sets the business apart from other pure growers in the region and significantly de-risks the businesses path towards near-term commercialisation.*

*These licenses make the business an attractive partner in the region for both companies sourcing CBD extract to use in its products and other growers looking for a more effective method of processing their Hemp crops. We strongly believe this positions the business to become a leading producer of Hemp and Hemp products in the European market.”*

Erin Resources, Executive Chairman Mr. Brett Mitchell said *“This is a fantastic development for MGC and a strong endorsement of the experience and standing that the MGC executives and Mr. Segev have in the industry. Approval of these licenses fast tracks MGC’s path towards near-term commercialisation and first revenue, with MGC now on track to deliver significant near-term financial performance including cashflow breakeven within 12 months. This would be an extraordinary achievement for any start up company and it represents a significant opportunity for Erin and its shareholders”.*

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**About MGC Pharmaceuticals**

MGC Pharmaceuticals Limited (MGC) is an Israeli medical and cosmetic cannabis company with over 40 years of technical and commercial experience in the medical and cosmetics cannabis industry. The Company’s core focus and strategy is to develop and supply high quality, non-psychoactive Cannabinoid resin extract (“CBD”) to the growing European cosmetics and medical markets.

**About Erin Resources Option to Acquire MGC Pharmaceuticals**

Erin Resources executed a binding heads of agreement with the option to acquire 100% of the issued capital of MGC Pharmaceuticals on 18 May 2015. The Option may be exercised within six months by Erin Resources from the date of HOA execution. The exercise of the Option will trigger the formal acquisition process and require a full re-compliance with the ASX listing rules.

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