

20 November 2017

ASX Code: MXC

Definitive Supply Agreement Executed to Bring First Medical Cannabis Medicine to Australian Market

- Definitive Exclusive Supply Agreement executed with specialist Australian pharmaceutical distributor, HL Pharma Pty Ltd to bring MGC Pharmaceuticals' affordable epilepsy product, CannEpi™ to the Australian market
- Potential market size of +70,000 Australians suffering from drug-resistant epilepsy
- Deal set to generate significant revenues for MXC of approximately \$1m per annum from the patients already registered (<100)
- This binding Definitive Agreement follows the signing of a Heads of Agreement (HOA) with HL Pharma on 1 November 2017
- MGC now has a clear pathway to the delivery of the first MGC Pharmaceuticals medical cannabis products to Australian epilepsy patients during 2018
- The Company has been building an Australian patient market through its existing relationship with Epilepsy Action Australia (EAA) with the registration of prescribing doctors

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to announce that it has executed a binding definitive exclusive supply agreement with leading Australian specialist pharmaceutical wholesaler and distributor HL Pharma Pty Ltd (HL Pharma) to bring its adult epilepsy product, CannEpi™ to the Australian market from early 2018.

The signing of the Definitive Agreement follows the announcement of a binding Heads of Agreement with HL Pharma on 1 November 2017. The Definitive Agreement provides a clear pathway for the delivery of the first MGC Pharmaceuticals medical cannabis products to Australian epilepsy patients, once HL Pharma has obtained all necessary approvals for the importation of the product.

It also has the potential to generate significant annual revenues for MGC Pharmaceuticals with the product delivering strong gross profit margins, as the Company plans to manufacture the product at its Slovenian facility currently undergoing GMP certification.

Revenues from only the initial registered patients is expected to be approximately \$1m in year 1, which is currently is less than 100 but expected to grow significantly in 2018/19. According to EAA, approximately 25,000 people are diagnosed with epilepsy each year and it is estimated that up to 240,000 Australians are currently living with epilepsy. MGC Pharmaceuticals' CannEpi™ product is targeted for drug-resistant epilepsy (DRE), also known as refractory epilepsy, which accounts for approximately 30% of all epilepsy cases (approximately 70,000 persons in Australia).

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The Company has already been working closely with Epilepsy Action Australia (EAA), with which it has an existing relationship, and its scientific board of advisors to build its Australian patient market through the registration of authorised prescribing doctors. An initial group of at least five doctors have already formally registered interest in prescribing the product and are currently in the process of applying for their authorised prescriber status with the Australian regulatory authorities.

Background on MGC Pharmaceuticals' CannEpi™ Product and HL Pharma Pty Ltd

CannEpi™ (see image) is targeted for the treatment of drug-resistant epilepsy (DRE), also known as refractory epilepsy, which accounts for approximately 30% of the estimated 25,000 cases of epilepsy which are diagnosed in Australia each year. The product will be made available to patients with an authorised doctor's prescription for a regular retail price under A\$800 which represents a price point that is lower than the competing product on the market, making it an attractive consumer product and affordable for patients.



The Binding Agreement also sets out the terms of the relationship between MXC and HL Pharma with regard to the supply of future products in the Australian market. Under the agreement HL Pharma is required to first work with MXC to establish if MXC can provide relevant products that HL Pharma would like to distribute in future in Australia before seeking other potential suppliers.

HL Pharma has over 20 years of experience as a specialist supplier of unregistered pharmaceuticals (pharmaceuticals that are not registered with the Therapeutic Goods Agency (TGA), but are registered with other recognised pharmaceutical regulators) products in Australia. It sources products only from registered suppliers, which have a pharmaceutical wholesale or manufacturing license and are typically registered with the Medicines and Health Regulatory Agency (MHRA) in the UK.

Roby Zomer, Co-founder and CEO, MGC Pharmaceuticals commented:

“We now have a clear view on the pathway to the commencement of an Australian sales pipeline and revenue stream for our medical cannabis products which is a key milestone for our Company and is further evidence of the strong momentum that we are building through the execution of revenue generating agreements.”

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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 Cannabinoids based pharmaceuticals products for the growing demand the medical markets in Europe, North America and Australasia.

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