

5 January 2018

ASX Code: MXC

## MXC Welcomes Australian Government Move to Legalise Medicinal Cannabis Exports

- MXC welcomes announcement by Australian Government to allow the export of medicinal cannabis products
- Ensures the Company can strengthen its focus on a development plan for future Australian operations with a clear federal legislative and regulatory framework now expected to be in place during February 2018
- MXC has established a clear pathway for building Australian demand and initial market for its medicinal cannabis products through its agreement with HL Pharma
- MXC's first pharmaceutical grade medical cannabis product CannEpiI™ planned for launch in Australia in 2018 with HL Pharma as announced on 19 November 2017

**MGC Pharmaceuticals Ltd (ASX: MXC or "the Company")** welcomes the announcement by the Australian Federal Government to change regulations to allow for the export of medicinal cannabis products from Australia.

The decision is expected to strengthen commercial opportunities for domestic producers and means that MXC will now intensify its focus and fast track plans on developing a pharmaceutical grade medicinal cannabis cultivation and manufacturing strategy in Australia, to complement its existing operations in Europe. An Australian operational base has always been part of the Company's longer-term strategy, but not until Federal legislative changes made it commercially viable to access key export markets.

The opening up of export opportunities follows legislative and regulatory changes in 2017 allowing for the controlled importation of medical cannabis products by approved suppliers from international sources. This has allowed MXC to move to make products available to patients in Australia ahead of the establishment of its Australian manufacturing operations. The first of which will be its medical cannabis epilepsy product CannEpiI™ during 2018.

Following yesterday's announcement by the Federal Health Minister Greg Hunt, MXC hopes in future years to be able to supply CannEpiI™ and other pharmaceutical grade products directly to the Australian market from a future Australian based operation. The opening up of export opportunities for Australian producers means that in addition to supplying its Australian pharmaceutical pipeline, MXC would be able to expand into the sale of Australian manufactured medical cannabis products such as CannEpiI™ into global markets, where an Australian operation would provide significant cost and logistics benefits to export into key Asia Pacific markets over MXC's European operations.

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MXC continues to play a leading role in shaping the emerging Australian medical cannabis industry through its associations with the University of Sydney Business School and its collaboration with the Royal Melbourne Institute of Technology (RMIT) where the two parties have recently come together to work on a suite of medicinal cannabis research initiatives. The Company is already well advanced in its plans for Australian genetics and research operations, as well as the commencement of a number of future clinical trials.

## MXC to import CannEpi™ into Australian Epilepsy market

In November 2017, MXC 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 during H1 2018.

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 for this product 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.

Revenues from this agreement have the potential to be significant for MXC in coming years. Current estimates based on the number of initial registered patients (<100) is expected to be approximately \$1m in the first full year of distribution. The Company expects this patient number to grow significantly in 2018/19 due to the present and growing demand for epilepsy treatments. 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 (see image above) 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).

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.

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

"This is positive news for the emerging Australian medicinal cannabis industry and we welcome the move by the Federal Government to further establish a clear legislative and regulatory framework around exporting products to support domestic producers. Australia has such a strong reputation globally as a leader in agriculture, agricultural innovation and pharmaceutical products it is only natural that the country is positioning itself to be a world leader in the medicinal cannabis industry and we welcome the opportunity to be a part of that future."



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## About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is a European based specialist medical cannabis biopharma company with many years of technical, clinical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the global medical cannabis industry and the core business strategy is to be a global leader in phytocannabinoid-based medicine within the biopharmaceutical medical markets in Europe, Australasia and North America.

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