

25 January 2018

ASX Code: MXC

Initial GMP Certification Granted for European Medicinal Cannabis Manufacturing Facility

Certification Enables CannEpil™ Production to Commence Immediately

- MGC Pharma has been formally granted interim GMP Certification for its European Medicinal Cannabis Manufacturing facility
- Follows 18-month facility construction and work process - upon full GMP certification, MXC's facility will be one of the most advanced in Europe for pharmaceutical grade medical cannabis production
- MXC now approved to produce first batch of CannEpil™ at the facility following receipt of the interim GMP certification
- Interim licence issue is one of the final steps for full GMP certification
- Once CannEpil™ is fully approved for distribution in Australia, this is expected to generate in excess of \$1m annually in sales in its first year
- MXC on track to complete GMP certification for its extraction facility, to deliver a fully integrated GMP facility for production and development of pharmaceutical grade medicinal products and formulations

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to announce that it has been granted interim Good Manufacturing Practice (GMP) certification for its European medicinal cannabis production facility.

The interim certification paves the way for MXC to commence production of the first batch of its adult medical cannabis epilepsy product CannEpil™ at its European production and compounding facility.

The interim licence is one of the final steps in the GMP certification process that commenced 18-months ago and follows a successful formal inspection, and subsequent report, of the production facility during January 2018. GMP certification provides MXC with a significant competitive advantage to access key European and global markets, to be one of the most advanced medicinal cannabis production facilities in Europe.

Upon production of the first batch of CannEpil™ at the facility, the batch will undergo validation of manufacturing, analysis and, upon it meeting the required protocols, the Company expects its production facility will be granted full GMP certification.

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This full GMP licence will enable MXC to commence full scale manufacture and be licensed for distribution of CannEpi™ as well as other pharmaceutical grade medicinal cannabis products. CannEpi™ is MXC's first pharmaceutical-grade medical cannabis product. It is targeted for drug-resistant epilepsy, also known as refractory epilepsy which accounts for approximately 30% of the estimated 240,000 people diagnosed with epilepsy in Australia each year.

The Company has signed an agreement with specialist Australian pharmaceutical distributor, HL Pharma Pty Ltd (HL Pharma) to bring CannEpi™ to the Australian market. Under the agreement HL Pharma is responsible for ensuring Therapeutic Goods Administration (TGA) and Office of Drug Control approval to import and supply the products in Australia.

Upon achieving all the required Australian regulatory approvals, the supply of CannEpi™ to the Australian market is set to generate significant revenues for MXC, expected to be around \$1 million per annum from its first full year of distribution. This is from less than 100 patients already registered through its relationship with Epilepsy Action Australia.

The Company is also pleased to report that obtaining full GMP certification for its extraction facility remains on schedule, which will ultimately deliver a fully integrated GMP facility for the future production and compounding of new pharmaceutical products for the emergent medical markets in Europe, North America and Australasia, where such sales and distribution are permitted and legal.

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

"MGC has a vision and defined strategy of becoming a leading pharmaceutical-grade medicinal cannabis company and the receipt of GMP certification for our European manufacturing facility is a key milestone on this journey. Once we receive full certification, we will be positioned to rapidly progress our operations in Europe with a core focus on medical research and development of the Company's pharmaceutical products pipeline."

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For further information, please contact:

Media Enquiries

Harrison Polities
Media and Capital Partners
+61 409 623 618

harrison.polites@mcpartners.com.au

MGC Pharmaceuticals Ltd

Brett Mitchell
Executive Chairman
+61 8 9389 2000

info@mgcpharma.com.au

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 global medical cannabis industry and the core business strategy is to develop and supply high quality Cannabinoids based pharmaceuticals products for the growing demand in the medical markets in Europe, North America and Australasia.

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