

11 April 2018

ASX Code: MXC

MXC awarded contract for full medical cannabis production and cultivation facility in Malta

- Maltese government agency has awarded a contract to MXC with to construct a 4,000m² state-of-the-art medical cannabis production and cultivation facility
- Following a competitive tender process, MXC is one of five entities and the only Australian company approved to build and operate a fully-licensed medical cannabis facility in Malta
- All THC and CBD strains of medical cannabis will be permitted for production at the facility, under the agreement
- Medical cannabis from this operation will be used in the production of MXC's GMP-grade pharmaceutical products at a commercial scale, and will enable MXC to supply of medical cannabis flowers to emerging European markets.
- The contract terms require the Company to comply with all relevant local licenses and permits, which will be governed under the final legislative changes to Malta's medical cannabis laws which are currently in final stages of parliamentary process

MGC Pharmaceuticals Ltd (ASX: MXC or “the Company”) is pleased to announce it has been awarded a contract by the government of Malta to construct a 4,000m² state-of-the-art medical cannabis production and cultivation facility.

MXC is one of only five companies, and the only company from Australia, to be awarded a full medical cannabis production and cultivation contract, following a competitive tender process.

Under the agreement, the Company will be permitted to produce all THC and CBD strains of medical cannabis, expanding the commercial opportunity for MXC to develop additional medical cannabis pharmaceutical products into key European and global markets, which derive benefits from THC in addition to CBD.

Cannabis produced at the facility will be used by MXC in the production of its GMP-grade pharmaceutical products for global markets including Australia, and will enable the supply of medical cannabis flowers directly into the emerging European markets, including Germany.

Securing this contract will complete the Board's strategic plan to establish a fully vertically integrated medical cannabis 'seed to sale' operation in the European Union.

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The Company will be required to comply with all Maltese medical cannabis licences and permits to operate the facility, as required in the normal course of business for all medical cannabis operations globally, which are subject to final legislative changes, which once passed, will permit the cultivation, production and commercialisation of medical cannabis in Malta. Final review and discussion is currently taking place in Malta's parliament on this legislation, with a final bill expected to be passed shortly. This follows the passing of an initial bill on 23 March 2018, which legalised cannabis for medical purposes.

Other material terms of the contract include the requirement for MXC to spend a minimum of approximately \$6,500,000 (€4,300,000) over the first 3 year term on the construction and operations of the medical cannabis cultivation and production facility, and to employ a minimum of 25 Maltese people as part of the local workforce.

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

"This contract provides MXC with an attractive new cultivation site in the European Union, completing the Board's strategy to operate a full vertically-integrated medical cannabis operation in Europe."

"Excitingly, with any CBD and THC strains of medical cannabis permitted under the agreement, we are now able to develop additional pharmaceutical products, which use the benefits of both CBD and THC."

"In addition to being used in the production of MXC's GMP-certified pharmaceutical products, this contract extends the medical cannabis market for MXC into the supply of medical cannabis flowers to emerging European markets, including Germany."

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For further information, please contact:

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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 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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