

26 February 2019

ASX Code: MXC

Independent Validation of MXC High-Grade Cannabis Genetics

- New University of Ljubljana laboratory test results have confirmed and validated MXC's proprietary genetic strains containing industry high levels of THC and CBD
- Strain MXC-10 contains over 35% THC and is the highest content of any MXC genetic strain cultivated to date, confirmed by recent independent laboratory tests
- MXC-81 confirmed to yield over 20% CBD and <1% THC through the testing protocols
- These results are significant on a global cannabis industry scale, and will deliver material implications for the yields of future cultivations and delivering low operating costs for the Company's commercial operation to be constructed in Malta
- From these strains, MXC will be able to extract high amounts of API per kilogram of raw materials, to extract cost effective and affordable phytomedicines

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to announce it has received independent verification and validation of its premium grade THC and CBD genetic strains. These strains are now being registered with the EU.

The University of Ljubljana Biotechnical Faculty and Pharma Lab in Slovenia has independently confirmed the recent test results of the Company's new cannabis genetics strains, as announced on 1 February 2019. The independent report has verified that all compliant procedures and protocols were followed during MXC's cannabinoids extraction process from its 2018 Slovenian breeding program during the vegetative growth and flowering stages.

The flowers were harvested and dried and the cannabinoids have been extracted at The University of Ljubljana Biotechnical Faculty, with results recently independently verified by Prof Dr Borut Bohanec, Head of the Chair of Genetics, Biotechnology, Statistics and Plant Breeding at the University. High percentages of THC and CBD have been extracted and verified from MXC's proprietary strains: genotypes MXC-THC-10/3 (high THC), MXC-THC-81/5 (high CBD), MXC-THC-40/3 (high THC) and MXC-THC-40/2 (equal THC CBD)¹.



Genetic Development at the University of Slovenia Biotechnical Facility

¹ Internally, the Company refers to its proprietary genotypes as follows: MXC-10 (MXC-THC-10/3 (high THC)), MXC-81 (MXC-THC-81/5 (high CBD)), MXC-40/3 (MXC-THC-40/3 (high THC)) and MXC-40/2 (MXC-THC-40/2) (equal THC CBD)).

info@mgcpharma.com.au | mgcpharma.com.au

MGC Pharmaceuticals Ltd | 1202 Hay Street, West Perth, WA 6005

PO Box 1976, West Perth WA 6872

T: +61 8 6382 3390

MXC-10 contains over 35% THC and low CBD (<0.5%) and is the highest potency offering of any of MXC's products launched to date. These high-yielding strains deliver significant commercial outcomes, as they allow the Company to yield high amounts of API per kilogram of raw material in order to create the most cost effective and affordable phytomedicines.

Additionally, the high-quality strains allowed MXC to substantially improve the chemical substance of its original genetic strain; MXC-81. This strain now contains over 20% CBD and low THC (<1%) as compared with 10% CBD and low THC (<1%), as was achieved in 2015.

An additional breeding round will be conducted as part of the genetics registration in the EU to demonstrate the stability of the strains. MXC will keep shareholders updated on its botanical breeding program with the Biotechnical Faculty botanical research program.

Roby Zomer, Co-founder and Managing Director, MGC Pharmaceuticals commented

"We are pleased to have further validation of the recent findings by the University of Ljubljana validating the important results for the MGC Botanic division. These results are important for us and our development as a pharmaceutical company working towards bringing a plethora of premium medicinal cannabis medications to market."

"Such high quantities of THC and CBD means we can scale up production while streamlining operations due to the cost-effective nature of the yield."

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For further information, please contact:

Media Enquiries

Justin Kelly
Media and Capital Partners
+61 408 215 858
Justin.kelly@mcpartners.com.au

MGC Pharmaceuticals Ltd

Brett Mitchell
Executive Chairman
+61 8 6382 3390
info@mgcpharma.com.au

About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based 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 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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