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Legalisation of Medical Cannabis Fast Tracks Australian Opportunity

- National legislation passed by the Federal Government to allow for the supply and cultivation of medical cannabis for medical purposes within Australia
- MGC welcomes the change to the Narcotics Drugs Act 1967 that will open up significant commercial opportunities in Australia
- Legislative change set to accelerate MGC's Australian strategy and ability to capitalise on the new opportunities to become available
- MGC enjoys prime positioning to capitalise on this opportunity given the extensive experience of its key executives in the medical cannabis industry, and its established local footprint via University of Sydney research collaboration

The Federal Government yesterday (24 Feb 2016) passed legislation, which paves the way for the use of medical cannabis by patients with painful and chronic conditions. MGC Pharmaceuticals Ltd (ASX:MXC or "the Company") welcomes the legislation, that was first introduced to Federal Government by Health Minister Sussan Ley on 10 February 2016.

The legislation has amended the Narcotics Drugs Act 1967 and will allow for the cultivation, manufacture, trials and prescription of medical cannabis through a national licensing and permit scheme, which will govern the industry and bring medication to thousands of patients with painful and chronic conditions.

The scheme will present the Company with an opportunity to establish itself at the forefront of a growing domestic industry. Through MGC's management expertise, the Company is well positioned to establish and manage a growing facility producing Good Manufacturing Practice (GMP) medical cannabis products.

The Company's investigative study in the Australian market, led by Non-Executive Director Dr Ross Walker, has become increasingly important following the legislation change. Through its collaboration with the University of Sydney Business School, MGC has the resources and expertise to investigate potential commercial opportunities for the cultivation and sale of Cannabinoid (CBD) products in Australia. Initial research and studies are underway, with the first white-paper expected to be published in the coming weeks. The report comes at a key point in the development of the Australian Cannabis industry and ensures that MGC will play an important role in the direction of the industry.

Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals Limited commented:

"I am incredibly pleased with this decision by the Australian Government and optimistic about the commercial opportunities this presents to MGC. The implementation of a national licensing scheme and our expertise in the industry will enable MGC to capitalise on the opportunity within the market and take a leading position in the sector."

Dr Ross Walker, Non-Executive Director and Head of Strategic Advisory Board said:

"This is a welcome decision by the Federal Government. This not only enables patients with painful and chronic conditions access to the drug it brings a wealth of commercial opportunities to MGC. Through our collaboration with the University of Sydney Business School, MGC is well positioned to ensure its place as a leader in the medical cannabis market in Australia."

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For further information please contact:

Media Enquiries

Asher Moses

Director

Media and Capital Partners

+61 438 008 616

Asher.moses@mcpartners.com.au

MGC Pharmaceuticals Ltd

Brett Mitchell

Executive Chairman

+61 8 9389 2000

info@mgcpharma.com.au

About MGC

MGC is EU based specialist medical cannabis company with many years of technical 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 non-psychoactive Cannabinoid resin extract ("CBD") to the growing European cosmetics and medical markets.