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MGC welcomes Federal Government's Legislation for Medical Cannabis

- Federal Government has introduced new legislation to allow for the supply and cultivation of medical cannabis for medical purposes within Australia
- MGC welcomes the proposed amendment to the Narcotics Drugs Act 1967 and the decision to provide patients suffering with painful and chronic conditions, access to the drug in Australia
- Legislative change to open up potential commercial opportunities for MGC Pharmaceuticals in Australia
- MGC is well positioned to capitalise on new opportunities in the Medical Cannabis sector locally, with first mover advantage and the right expertise to become a leading developer of medical cannabis products
- MGC's strategic partnership with the University of Sydney (announced 5 November 2015) positions the Company at the forefront of a growing sector in Australia and provides it with the resources to investigate potential business opportunities

The Federal Government yesterday (10 February 2016) introduced landmark legislation that will allow Australian patients and their doctors to access legal medicinal cannabis products for the management of painful and chronic conditions.

MGC Pharmaceuticals Ltd (ASX:MXC or "the Company") welcomes the move by the Federal Health Minister Sussan Ley to amend the Narcotics Drugs Act 1967 and allow for the cultivation, manufacture, trials and prescription of medical cannabis through a national licensing and permit scheme.

The change itself could happen within a matter of months and the Health Minister is confident that the legislation would pass both the House of Representatives and the Senate this sitting of Parliament. If the amendment is passed the legislation will come into effect immediately.

The scheme is part of a long-term strategy by the Health Minister to bring a much-needed medication to thousands of patients with painful and chronic conditions. A medical cannabis scheme also presents an opportunity to establish a booming domestic industry and the potential in the future for a significant export industry. It would also enable Australia to become a global leader in the cultivation and supply of medical cannabis.

MGC well positioned, with first-mover advantage

Once implemented the product would be required to be grown in highly controlled circumstances by experts in the sector. Through MGC's management expertise, the Company is well positioned to establish and manage a growing facility producing Good Manufacturing Practice (GMP)¹ medical cannabis, having had previous experience of growing operations within Israel and Europe and supplying GMP products.

The imminent legislative change makes the Company's investigative study in the Australian market, led by soon to be appointed Non-Executive Director Dr Ross Walker, increasingly significant. Through its collaboration with the University of Sydney Business School, MGC has the resources and necessary expertise to investigate potential business opportunities for the cultivation and sale of Cannabinoid (CBD) products. Initial research and studies are underway, with the first white-paper expected to be published in late February 2016.

This White Paper will be circulated to members of Government and the private sector in the coming months. The report comes at a key point in the development of the Australian Cannabis industry and ensures that MGC plays an important role in the direction of the industry. The Company intends to leverage its expertise and partnerships in the market in order to maximise its position in the sector. Additionally, MGC will continue producing White Papers in collaboration with various groups to ensure its contribution in establishing best practices and industry guidelines.

Industry continues to gather serious momentum in Australia

The move follows the Victorian Government's announcement last year that it intends to legalise the drug for medical use by 2017. The state has also introduced a trial of synthetic medical cannabis for uncontrollable epilepsy in children.

New South Wales is also currently conducting trials of the drug, Epidolex, to relieve children with drug-resistant epilepsy and a compassionate access to the scheme has been granted by the Government to commence in March.

These steps represent building momentum within the industry, and once the change is implemented it will eventually see patients being prescribed medicinal cannabis products as a treatment from their doctor and collecting it from their pharmacist, as with traditional prescription drugs.

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

"The introduction of this legislation into Federal Government represents a huge step within the medical cannabis industry, both within Australia and globally. This is another country recognising the medical benefits of cannabis and the role it can play in the treatment of painful and chronic conditions. We welcome the change by the Federal Health Minister and are optimistic of the role in which MGC can play in the delivery of the medication to patients throughout Australia.

"We have always believed that Australia has the potential to be a global player in the evolving Cannabis market, and this legislation indicates that the Government has recognised the potential and is starting to take the industry and its benefits for all Australians seriously."

¹ Good Manufacturing Practice (GMP) describes a set of principles and procedures that when followed helps ensure that therapeutic goods are of high quality.

Dr Ross Walker, Non-Executive Director (to be appointed) and Head of Strategic Advisory Board said:

“This is a legislative change that has been pending for some time and I am in full support of the amendment. I have long been a supporter of the drug as a treatment for patients with painful and chronic conditions and this move by the Government demonstrates both a progressive and much-needed change.”

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About MGC

MGC is EU based specialist medical and cosmetic 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.