

4 April 2016

ASX Code: MXC

MGC Pharmaceuticals to Enter Australian Medicinal Cannabis Market

Highlights

- MGC Pharmaceuticals announces its plans to enter the Australian medicinal cannabis market via a five pillar strategy:
 1. Become one of Australia's first medical cannabis growing licensee's
 2. Extend its clinical trial program to include Australian locations
 3. Develop a leadership role in the domestic medicinal cannabis industry
 4. Pursue further additional strategic university research collaborations
 5. Expand its cosmetic products distribution channels into the Australasian market
- The strategy follows the recent positive changes in Australian legislation and the University of Sydney's newly published White Paper on the potential of the Australian medicinal cannabis industry
- Entry into the Australian market is a significant step forward in MGC Pharmaceuticals long term business strategy to become a world leader in the medicinal cannabis industry

MGC Pharmaceuticals Ltd (ASX: MXC, "MGC Pharma" or "the Company") is pleased to announce its five pillar strategy to become a leader in the Australian medicinal cannabis market, that is estimated to be valued at \$150m per year.

The announcement of MXC's Australian strategy follows the recent positive legislation changes announced by the Australian Government that allow the cultivation of cannabis in Australia for medical or scientific purposes, along with the University of Sydney's recently published White Paper, entitled *Medicinal Cannabis in Australia: Science, Regulation & Industry*, developed in partnership with MGC Pharmaceuticals.

Australia is recognised globally for its highly sophisticated medical and pharmaceutical research and development programs, as well as the high quality of its commercial enterprises in these industries, making it a fertile environment for MGC Pharmaceuticals to develop its global business operations.

MGC Pharmaceuticals intends to enter the Australian medicinal cannabis market via a five pillar strategy, as outlined below:

1. Obtain an Australian medicinal cannabis growing license

MGC Pharmaceuticals is currently working on applying for a medicinal cannabis growing license from the relevant State Government Departments and establish a state-of-the-art growing facility, following the recent Federal legislation change.

It will focus on creating a viable pipeline for Australian grown cannabis to be provided to Australian patients, with the potential for growing additional medicinal cannabis for export markets along with its strategic cosmetic and CBD product lines.

A key advantage for the Company in pursuing its strategy to establish a growing facility, will be its substantial growing know-how and established plant genetics, both drawn from its expertise in growing medicinal cannabis in Israel and Slovenia.

2. Clinical trial program

Following further planned legislation changes expected in 2016, the Company intends to commence a program of medicinal cannabis clinical trials at leading Australian medical and academic institutions from 2017, extending its existing clinical trial program already running in Israel.

3. Industry leadership

MGC Pharmaceuticals is positioned to take a leadership role in the Australian medicinal cannabis industry and will advocate for the creation of an independent body to assist Government regulation of the industry and help growers, alongside the establishment of system for patient health care and the delivery of medicinal cannabis.

Additionally, MGC Pharmaceuticals will identify relevant companies as potential partners for our global supply chain. The Company will seek potential collaboration partners and acquisition targets, especially from within the medical-tech innovation sector.

As this new market emerges, new profits centers and revenue opportunities will present themselves. MGC Pharmaceuticals intends to be at the forefront of centralising these new dynamics under the umbrella of our Australian operations.

4. Further research collaborations

The Company will also pursue further research collaborations with universities and independent research groups to continue to establish key partnerships in the Australian medicinal cannabis market and to develop a unique data bank, which will be the first of its kind in the medical cannabis space.

5. Extending its cosmetic line distribution into the Australasian markets

MGC Pharmaceuticals intends to expand the reach of its existing cosmetic products into Australasia. The Company plans to develop new distribution channels for its products, such as its skin care range, as well as any future over-the-counter healthcare products, to reach consumers throughout the Australasian region. These products will be based on the formulas and intellectual property held by the cosmetics and the pharmaceutical divisions MGC Pharmaceuticals EU operations.

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

“The medicinal cannabis market in Australia is emerging as one of the most exciting opportunities for Australian patients, material growers and the pharmaceutical industry. As Australia places itself on the global medicinal cannabis map, MGC Pharmaceuticals plans to play a crucial leadership role in the development of the domestic industry.

“Accordingly, we are pleased to be moving forward with our five pillar strategy to be at the forefront of this emerging sector in Australia. The cornerstone of this strategy is to seek a medicinal cannabis growing license as soon as possible. In addition, we hope that by extending our clinical trials program to include Australian sites we will be able to offer tens of thousands of Australian patients effective treatment through cannabis based medicines.”

-Ends-

For further information, please contact:

Media Enquiries

Andrew Ramadge
Senior Account Manager
Media and Capital Partners
+61 475 797 471
andrew.ramadge@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 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 Cannabidiol (CBD) resin extract to the growing European cosmetics and medical markets.