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ASX Release

## **Strong initial results from Cannabidoil (CBD) product development testing under Natura R&D JV**

- MGC Pharmaceuticals provides an initial product testing update from its newly announced research and development Joint Venture with Natura Laboratories
- Results during the first phase of testing have been significant
- Positive results received from the application of a Cannabidoil (CBD) based formula for treatment of a number of skin ailments including Acne and Psoriasis
- Final testing phase to commence in H2 CY2015
- Initial CBD skin products launch targeted for early 2016
- CBD based products have major advantages over competing cosmetic and over-the-counter skin care products, including greater skin layer penetration
- Launch of proprietary range of cosmetic and over-the-counter skin care products provides MGC the opportunity to compete in the significant and high growth European cosmetics market (worth over US\$70 billion in 2014)
- Revenues to be generated from these products will be in addition to the previously announced offtake revenues of A\$15m per annum from CY2016

Erin Resources (ASX: ERI or the Company) is pleased to provide an update on the progress of MGC Pharmaceuticals business strategy, following the announcement on 18 May 2015 that Erin had entered into a binding heads of agreement with the option to acquire 100% of the issued capital of MGC.

On 16 June 2015 Erin announced that MGC had entered into a Joint Venture agreement with European research and development business, Natura Laboratories Ltd, ("Natura"), to exclusively research and develop formulas for cosmetic products, food supplements and over-the-counter skin care and medical devices.

Natura is led by Mr. Genin Oded, an expert in the R&D of cosmetics and medicines based on plant extracts. Mr. Oded has held various positions in the industry including Head Formulator for natural and organic cosmetics for some well-known cosmetics companies, including Elizabeth Arden, Wella, Proctor and Gamble, the Head Chemist of Kordan Group and E.L Erman Cosmetics Ltd.

### **First Phase R&D CBD Product Testing Completed, Second Phase To Commence**

Erin is pleased to announce that the JV between MGC and Natura commenced its research and development testing programs in early June on over 50 cosmetics and over-the-counter skin care products. The 50+ products are categorised into six groups including; facial creams and eye creams, cleansers, anti-aging creams, acne treatment, Seborrhea/redness and Psoriasis.

Structuring of the basic formula for the JV's first priority skin care product (Psoriasis Treatment) and initial independent trials has been completed with a sample group, and the formula has shown encouraging results. The formula have been created using Cannabidoil (CBD) with the cosmetic product 'know-how' of Genin Oded, Natura and the MGC team. The CBD extract will eventually be supplied by MGC under the off-take agreement with Natura, announced 18 June 2015.

The JV has selected several (50+) formulas to progress to the second phase of product trials, which includes a two-three month trial with human volunteers, and further formulating of the product, in order to observe any reaction of the CBD formula on the harmed skin.

Following the completion of the second phase testing during August 2015, the JV will undertake further trials over a six-month period, which will define the quantities of the formula and ratios to be used in the products undergoing development. The final testing phase will follow European testing protocols to ensure the products are compliant for commencement of sale to the public.

One of the key formulas created by the JV used to treat Psoriasis has shown encouraging results in the initial trials. The formula is currently in the second testing phase and will shortly be entering the final phase, which will take place over a six-month period. A final over-the-counter Psoriasis Care product is expected to be available for public sale in Europe in Q1 2016.

The JV intends to complete the final stages of the trials, across all products, over the next nine months and intends to have a full range of products for sale early 2016. MGC will keep investors informed in regular market updates on product development and progress.

Nativ Segev, CEO, MGC Pharmaceuticals commented:

*"The JV has developed a CBD cosmetic formula, which has shown the potential to successfully treat the symptoms of Psoriasis and we're very encouraged by the results in the initial testing phase. As we compete the final stages of the second testing phase we're positive that the formula can be taken to the final testing phase to be completed over the next six months, with our first over-the-counter skin care product to be available for sale in Europe in early CY2016."*

**-Ends-**

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### **About MGC Pharmaceuticals**

MGC Pharmaceuticals Limited (MGC) is an Israeli medical and cosmetic cannabis company with over 40 years of technical and commercial experience in the medical and cosmetics cannabis industry. The Company's core focus and strategy is to develop and supply high quality non-psychoactive Cannabinoid resin extract ("CBD") to the growing European cosmetics market.

### **About Erin Resources Option to Acquire MGC Pharmaceuticals**

Erin Resources has entered into a binding heads of agreement with the option to acquire 100% of the issued capital of MGC Pharmaceuticals, as announced on 18 May 2015. The Option may be exercised within six months by Erin Resources from the date of HOA execution. The exercise of the Option will trigger the formal acquisition process and a full re-compliance with the ASX listing rules.