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ASX Code: MXC

MGC Derma Sale Update – Formal Sale Documents Finalised For Settlement In Slovenian Court

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- All formal sale documents are scheduled to be lodged in the Slovenian court this week for settlement by the lawyers acting for CannaGlobal and MXC
- Executed Definitive Share Purchase Agreement and formal Slovenian MGC Derma share transfer documents have been finalised by the Company's Slovenian notary for court lodgement as part of the MGC Derma sale process
- As required under Slovenian company law, the Share Purchase Agreement and formal share transfer documents must be translated and notarised to be lodged in court to legally ratify the change of MGC Derma's shareholding
- The court completion process for the share transfer is the final step in the settlement of the transaction to sell MGC Derma to CannaGlobal
- Completion of the MGC Derma share transfer to CannaGlobal is expected to happen in approximately 5 business days post court lodgement of the formal documentation, standard timing in the Slovenian court process
- MXC has received cleared funds for the C\$0.5 million payment for the first order of CBD materials under the 5-year exclusive Supply Agreement signed with CannaGlobal
- Following completion of the transaction and other investments by CannaGlobal, MXC will hold a 10% equity holding in the private Canadian cannabis investment company; CannaGlobal

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to announce the formal, and legally binding documents for the sale of MGC Derma d.o.o. ("MGC Derma") to private Canadian cannabis investment company, CannaGlobal Canada Co Inc. ("CannaGlobal"), including signed Slovenian share transfer documentation, is being finalised to be lodged in court this week by the Company's lawyers in country as required under Slovenian company law, as part of the MGC Derma sale completion process.

The Company is also pleased to confirm it has received cleared funds in its bank account for the first C\$0.5 million from CannaGlobal for the first order of CBD and cosmetic materials under the CannaGlobal 5-year Supply Agreement, executed as part of this transaction.

Following the signing of a Binding Term Sheet, as announced on the 27th September 2018 and the signing of a Share Purchase Agreement, as announced on the 13th November 2018, all formal paperwork including translated versions of the Share Purchase Agreement have been signed and notarised by the Company's lawyers. The final step for settlement of the transaction is for all fully executed and notarised formal sale documents and share transfer forms to be submitted to the Slovenian court, scheduled to occur this week to effect and process the share transfer for MGC Derma to CannaGlobal under local legislation.

The Company will confirm once the formal MGC Derma share transfer has been processed and ratified by the Slovenian court, and settlement of the MGC Derma sale transaction has occurred. This is expected to occur within 5 business days of lodging all the notarised formal documentation to the court, which on settlement will deliver 100% ownership of MGC Derma to CannaGlobal.

MXC's consideration of ordinary shares in private Canadian cannabis investment company, CannaGlobal, will be received on completion of the formal share transfer process in Slovenia and will equate to a 10% equity interest in CannaGlobal on completion of the other CannaGlobal investments currently being completed per previous announcements.

—Ends—

For further information, please contact:

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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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