

6 September 2018

ASX Code: MXC

MXC Signs Major Distribution Agreement For GMP Products

Malta Update – Set to start construction of large commercial GMP cultivation and production facility

- New distribution partnership agreement signed with Maltese based A.M. Mangion Ltd, one of the leading distributors of pharmaceutical products to the European healthcare sector
- Agreement provides exclusive distribution of MXC’s medical cannabis pharmaceutical grade (GMP) products to key European markets, the Middle East and North Africa (MENA region) and the UK
- Significant recent progress in Malta establishing the ‘seed-to-pharma’ operations with architectural plans complete and formal agreements being finalised
- Construction to commence shortly on MXC’s leading EU-GMP certified medical cannabis cultivation and production facility in Malta
- First global medical cannabis company to sign a binding LOI with Malta Enterprise and approval to build a medical cannabis cultivation and production facility in Malta

MGC Pharmaceuticals Ltd (ASX: MXC or “the Company”) is pleased to announce it has signed a distribution agreement with one of the leading distributors of pharmaceutical products for the healthcare sector across key target markets in Europe including Malta, the UK, Middle East and Africa – A.M. Mangion Ltd (“A.M. Mangion”).

Distribution of MXC Pharma GMP MC Products across Europe, MENA and the UK

Under the 3-year agreement, an initial range of MGC’s medical cannabis pharmaceutical products will be supplied to A.M. Mangion for distribution via its existing international distribution network. Additional MXC GMP products will be included for distribution on a mutually agreed, adhoc basis.

The agreement provides distribution rights into the company’s existing key distribution network which covers Malta, Italy, France, Spain Portugal, the Middle East and North Africa (MENA region) and the UK.



Map highlighting the MENA Region

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The partnership with A.M. Mangion provides MXC with a strategic business partner based in Malta that will be instrumental in the supporting the Company to establish its commercial operations in country and with a ready-made market and distribution network for its pharmaceutical grade medicine products, on the completion of its Maltese based EU-GMP manufacturing and production facility.

Malta Update - Construction of GMP cultivation and production facility set to commence

Since signing one of the first binding letter of intent (LOI) issued by Malta Enterprise in April 2018, the Company has made significant progress advancing its plans to construct a commercial medical cannabis production and cultivation facility. The Company has already completed its preliminary architectural plans in conjunction with the Government authorities, and expects to sign the final formal contracts to build and operate a fully licensed cultivation and GMP production facility in the next 4-6 weeks. Following which the Company will commence construction of the facility the land granted by Malta Industrial Corporation on a long term lease agreement.

Providing a significant operational advantage for MXC, the Company expects to fully-leverage the internal expertise developed over the last 18 months in establishing its first GMP-certified facility in Slovenia, which is the only one of 6 currently in the world of this standard. In a major milestone, the Company recently received full-GMP certification for its European medical cannabis manufacturing and production facility, meeting the requirements of the European Union (EU-GMP). The certification permits the immediate production of GMP-certified CannEpi™, in addition to developing new products, demonstrating immediate MXC's 'seed-to-pharma' capabilities.

Once the new cultivation and production facility in Malta is operational, the Company plans to cultivate all THC and CBD strains of medical cannabis at its Maltese facility, which will become the cornerstone of the Company's EU and UK focussed 'seed-to-pharma' strategy. This will then provide the opportunity for further medical cannabis pharmaceutical products to be developed and exported into key markets in Europe and internationally.

Roby Zomer, Co-founder and Managing Director, MGC Pharmaceuticals commented

"This partnership with A.M. Mangion connects us to a well-established Maltese distribution company and fast tracks the distribution of MXC's medical cannabis pharmaceutical products into Malta, parts of Europe, the MENA region and the UK."

"As one of the first companies to sign a binding LOI with Malta Enterprise for the cultivation and manufacture of medical cannabis in Malta, I am pleased with the significant progress we have made in establishing our EU-GMP facility on the land granted to us, and am confident that the steep learning curve the management team has undergone in establishing and now operating our very own EU-GMP certified facility in Slovenia gives us a strong competitive edge."

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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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