

20 January 2020

ASX Code: MXC

## Agreement signed with THC Global for the supply of Candeo products into Australia & New Zealand markets

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**MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company')**, a European based 'Seed to Medicine' bio-pharma company specialising in the development and production of phytocannabinoid-derived medicines, is pleased to announce it has signed a supply agreement with THC Global Group Limited (ASX:THC) ('THC Global') to produce and supply white label pharmaceutical grade Candeo branded phytocannabinoid products to Australia and New Zealand for THC Global, adding a new revenue stream to the Company.

### Key Highlights:

- Supply Agreement, for a minimum term of 18 months, signed with THC Global for the white label production and supply of THC Global's Candeo branded products in Australia and New Zealand ('Supply Agreement')
- Parties to the Supply Agreement to review opportunities for supply of Active Pharmaceutical Ingredients (API) and finished products as the Company extends commercial production capabilities, on a 6 monthly basis
- Initial product supplies to THC Global include three formulations not previously supplied in Australia and New Zealand by MGC Pharma
- New, and immediate, revenue stream for MGC Pharma:
  - First purchase order has already been received by the Company for ~€25,000
  - All subsequent purchase orders will be for a minimum order quantity of €50,000
- The agreement between MGC Pharma and THC Global helps to demonstrate the high quality and cost competitiveness of the phytocannabinoid derived medicines produced by the Company
- The white labelling by MGC Pharma of THC Global's pharma grade Candeo products under the Supply Agreement do not compete with existing MGC Pharma phytocannabinoid products in Australia
- Supply Agreement will contribute to increasing revenues in 2020 from sales in the region of both MGC branded and white label products

**Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented:** "The Supply Agreement with THC Global for the white label production and supply of pharma grade Candeo branded products demonstrates MGC Pharma's reputation, high quality and cost competitiveness in the ever-growing use of phytocannabinoids for medicinal purposes.

"This new, and immediate, revenue stream will contribute to increasing revenues from Australia and New Zealand going into 2020, and we expect that further discussions between MGC Pharma and THC Global on mutual exports of product to respective international markets will be beneficial to the Company going forward, particularly as we develop our ~15,000m<sup>2</sup> multipurpose GMP certified pharma production and research facility in Malta."

**Ken Charteris, THC Global Chief Executive Officer, commented:** “The terms agreed with MGC Pharma provide THC Global with an immediate extension of medicinal cannabis range for the Australian market under its Canndeo brand. As THC Global transitions into a large-scale Australian manufacturer of a full range of medicinal cannabis, we will seek further supply agreements with MGC Pharma that take advantage of quality and cost leadership in our respective operations, and competitively address the needs of multiple international markets.”

### Supply Agreement Details

Under the binding Supply Agreement between MGC Pharma and THC Global Group Limited (ASX: THC) (‘THC Global’), the Company will produce and supply white label pharma grade Canndeo branded products (including high CBD + low THC, balanced CBD + THC, and high THC low CBD) to Australia and New Zealand. The Supply Agreement also provides for a 6 monthly review of opportunities for supply of active pharmaceutical ingredients (API) and finished product on commercial terms to be agreed as the Company extends commercial production capabilities. The Supply Agreement will provide a new, and immediate, revenue stream for MGC Pharma with the first purchase order already received by the Company for ~€25,000 and all subsequent purchase orders will be for a minimum order quantity of €50,000. There is no minimum order volume, orders are made as required via purchase orders (subject to €50,000 minimum order value).

The white labelling of THC Global’s Canndeo product under the Supply Agreement does not compete with existing MGC Pharma phytocannabinoid products. The Supply Agreement will contribute to increasing revenues in 2020 from sales in Australia and New Zealand of both MGC Pharma branded and white label products.

THC Global will supply the medicinal cannabis to Australian and New Zealand patients under the Canndeo brand, owned by THC Global. Three oral liquid formulations (high CBD + low THC, balanced CBD + THC, and high THC low CBD) will form the initial product range supplied from MGC Pharma’s Slovenian facility. THC-containing medicines may be prescribed as controlled drugs under both Australian and New Zealand pharmaceutical schemes.

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### Authorised for issue by the Board, for further information, please contact:

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## About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) is a European based bio-pharma company developing and supplying affordable standardised phytocannabinoid derived medicines to patients globally. 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 phytocannabinoid derived medicines for the growing demand in the medical markets in Europe, North America and Australasia. MGC Pharma has a robust product offering targeting two widespread medical conditions – epilepsy and dementia – and has further products in the development pipeline.

Employing its ‘Seed to Medicine’ strategy, MGC Pharma has partnered with renowned institutions and academia to optimise cultivation and the development of targeted phytocannabinoid derived medicines products prior to production in the Company’s EU-GMP Certified manufacturing facility. MGC Pharma has a number of research collaborations with world renowned academic institutions, and recent research conducted in collaboration with the National Institute of Biology and University Medical Centre Ljubljana, highlighted the positive impact of using specific phytocannabinoid formulations in the treatment of glioblastoma, the most aggressive and so far therapeutically resistant primary brain tumour.

MGC Pharma has a growing patient base in Australia, the UK, Brazil and Ireland and has a global distribution footprint via an extensive network of commercial partners meaning that it is poised to supply the global market. In order to meet the demands of becoming a key global supplier the company is constructing a 15,720m<sup>2</sup> GMP state of the art facility in Malta.

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## About THC Global Group

THC Global operates under a 'Farm to Pharma' pharmaceutical model, now holding all three key cannabis licences being a Cannabis Research Licence, a Medicinal Cannabis Licence (Cultivation), and two Manufacture Licences through its domestic medicinal cannabis subsidiaries THC Pharma and Canndeo. THC Global's main facility, the Southport Manufacturing Facility is the largest pharmaceutical bio-floral extraction facility in the Southern Hemisphere. The Southport Facility is licenced and permitted, including holding Schedule 8 controlled substances and Schedule 4 pharmacy medicines licences.

THC Global is in prime position to commence medicinal cannabis production to service both domestic patients and the global export market. In addition to its core Australian medicinal cannabis assets, THC Global has a significant Canadian presence. THC Global's hydroponics equipment division, Crystal Mountain, is a revenue generating manufacturer, wholesaler, and retailer of hydroponics equipment and supplies for cannabis cultivation. THC Global also owns Canndeo Canada, a holder of property in Nova Scotia, Canada being developed into a large scale cannabis production site.