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ASX Code: MXC

Binding Term Sheet Signed with IM Cannabis Corp. for the import, sale and distribution of CannEpil® in Israel

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Key Highlights:

- Binding Term Sheet signed with leading Israeli cannabis company, CSE-listed IM Cannabis Corp. (“IMC”) (CSE:IMCC), for the exclusive importation, sale and distribution of CannEpil® in Israel for a period of five years
- IMC is one of the leading cannabis brands in Israel, and one of the pioneers in the Israeli industry
- Through IMC’s exclusive commercial agreement with Focus Medical Herbs Ltd it has access to the existing distribution network in place with Super Pharm, Israel’s largest pharmacy chain, in addition to other pharmacies in Israel
- IMC will also import CannEpil® for the phase IIb clinical trial due to commence in Q3 following Ministry of Health final approvals
- MXC to remain the developer and owner of all intellectual property rights in relation to CannEpil®
- IMC to be responsible for the importation, commercialisation, promotion and distribution of CannEpil® in Israel, and with MGC Pharma to apply for registration under early patient access scheme

MGC Pharmaceuticals Ltd (ASX: MXC, ‘MGC Pharma’ or ‘the Company’), a European based biopharma company specialising in the production and development of phytocannabinoid-derived medicines, is pleased to announce it has signed a binding term sheet (the ‘**Term Sheet**’) with IM Cannabis Corp. (‘**IMC**’), one of the leading cannabis companies in Israel with operations in Europe, for the exclusive wholesale import, sales and distribution of CannEpil® in Israel (the ‘**Territory**’).

IMC – Leader in Israeli Cannabis Industry

IMC is an international medical cannabis company, and a well-known Israeli brand of medical cannabis products in Israel. IMC was recently listed on the Canadian Securities Exchange (CSE:IMCC). IMC has established a well-known Israeli brand of high-quality medical cannabis products leveraging its reputation and expertise in the medical cannabis sector. In Europe, IMC has established a medical cannabis operation first with its distribution subsidiary in Germany and augmented by strategic agreements with EU-GMP standard certified suppliers. IMC, through its experience, know-how in the Israeli market offers a developed platform for distribution across Israel.

Israeli Market for CannEpil®

MGC Pharma is currently in discussions with the Israeli Ministry of Health for clinical trial approval and for an early access scheme approval to sell CannEpil® through registered doctors in Israel to replicate what is already in place in Australia, the United Kingdom, Ireland and Brazil for this product.

There are now over 82,000 people in Israel suffering from epilepsy. Approximately 30% are unbalanced pharmacologically and experience seizures with different frequency and intensity, making it difficult for their daily functioning and routine¹.

¹ Source: [Israel Epilepsy Association](#)

Terms of the Term Sheet

According to the Term Sheet, IMC will be appointed as the exclusive wholesale importer of CannEpi[®] in Israel for a period of five years. Exclusivity will be subject to IMC's compliance with the minimum annual level of sales to be agreed to by both the Company and IMC. IMC will be responsible for the registration of CannEpi[®] in Israel and the procurement of all permits and licenses required for importation and commercialisation of the product in accordance with the general regulatory procedure and, if practicable, under any early access scheme.

IMC will also be responsible for the promotional activity and distribution of CannEpi[®]. Under the Term Sheet each purchase order is to be a minimum €50,000. The potential financial impact of sales and revenues generated under the agreement will only be determined in the future following the Company receiving purchase orders from IMC.

The conditions precedent to the appointment of IMC as an exclusive distributor of CannEpi[®] include:

- Confirmation that CannEpi[®] has health-promoting effects and meet the requirements needed under applicable law for CannEpi[®] to be qualified as a drug in the Territory ('**IMC DD Term**');
- Extensive market research conducted by IMC within the IMC DD Term indicates marketability of the product in the Territory;
- MGC and IMC enter into a separate registration and supply agreement based on the material terms of the Term Sheet and other terms and conditions to be agreed to by the parties within thirty days from completion of the IMC DD Term.

MGC will continue to own all the intellectual property rights associated with CannEpi[®] and be responsible for the products continued development.

The distribution agreement with IMC follows the recent announcement regarding the Ethics Committee approval for the Phase IIb clinical trial of CannEpi[®] in Israel (see ASX release, 26 May 2020).

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: "We are very pleased to have our first Israeli commercial distribution agreement for CannEpi[®] in place with one of the leading companies of medical cannabis in Israel. There is a strong need for epilepsy medication in Israel and the agreement with IMC has the potential to be transformational for MGC following successful clinical trials."

Oren Shuster, Chief Executive Officer of IMC, commented: "We are embarking on a new era of cannabis-based products around the world. The next generation of medical cannabis products will be driven by evidence-based research and IMC plans to remain at the cutting edge of cannabis medicine which aligns with its vision for leadership in the global medical cannabis industry. As investment in research, development and commercialization of treatments like CannEpi[®] advances over time, IMC will seek to enter into similar agreements for the distribution of innovative products in all the markets in which it operates." Mr. Shuster continued, "We have great respect for MGC's commitment to innovation and its ability to develop novel medical cannabis products. Combining MGC's intellectual property with our local knowledge of the Israeli market is a formula for success and we look forward to working with them for the betterment of medical cannabis patients in Israel and across the world."

About IM Cannabis Corp.

IMC is an international medical cannabis company, and a well-known Israeli brand of medical cannabis products. In Europe, IMC has established a medical cannabis operation first with its distribution subsidiary in Germany and augmented by strategic agreements with certified EU-GMP standard suppliers, making it one of the only medical cannabis companies with fully integrated operations in Europe. IMC intends to leverage its operational experience and brand to establish a foothold in emerging medical cannabis markets including Germany, Portugal and Greece. IMC's core Israeli business includes offering branding, know-how and other intellectual property-related services to the Israeli medical cannabis market. Its key assets in Israel include commercial agreements with licensed producers and an option to purchase licensed entities. IMC has developed proprietary processes in its operations and is active in developing and investing in innovative technology for global medical cannabis consumers leveraging its reputation and expertise in the medical cannabis sector.

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Authorised for release by the Board, for further information please contact:

PR/IR Advisors – Media & Capital Partners

Melissa Hamilton (PR) +61 417 750 274

Rod Hinchcliffe (IR) +61 412 277 377

Melissa.Hamilton@mcpartners.com.au

Rod.Hinchcliffe@mcpartners.com.au

MGC Pharmaceuticals Ltd

Brett Mitchell

Executive Chairman

+61 8 6382 3390

info@mgcpharma.com.au

About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC) 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 'Nature 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 including recent research highlighting the positive impact of using specific phytocannabinoid formulations developed by MGC Pharma 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.

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