

29 March 2018

ASX Code: MXC

Production of first CannEpiTM batch commences at European manufacturing facility

- **MXC's European medicinal cannabis manufacturing facility is today commencing production of its first batch of CannEpiTM, following the recent receipt of its interim GMP certification**
- **This has commenced following delivery of pharmaceutical grade THC compound to the MXC manufacturing facility, and approval from the European authorities**
- **Final step towards full GMP certification for the manufacturing facility, after which it will be one of Europe's most advanced facilities for pharmaceutical grade medical cannabis compounding**
- **Analysis of the batch will commence shortly to validate that GMP production protocols have been followed as the final step before full certification is granted**
- **Once distribution of CannEpiTM commences, it is expected to generate more than \$1m in annual sales in the Australian market in its first year, based off <100 patients already registered**

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to announce that following the receipt of its interim Good Manufacturing Practice (GMP) certification, it is today commencing production of its first batch of CannEpiTM at its European medicinal cannabis laboratory and manufacturing facility.

The production of this first batch is a major milestone for the Company, with analysis and validation to follow within a few weeks. The batch will then be independently inspected by the Agency for Medicinal Products and Medical Devices, the GMP regulatory body, to validate that GMP protocols were followed in its production. This is the final regulatory process before full GMP certification can be granted to MXC's European manufacturing facility.

Once granted, the Company will be able to commence the full-scale commercial production of CannEpiTM and will be able to produce additional pharmaceutical grade medical cannabis products for use by the Company in clinical studies, research pipelines and additional medical products licensed for distribution.



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CannEpi™ is MXC's first pharmaceutical-grade medical cannabis product targeted for drug-resistant (refractory) epilepsy, which accounts for approximately 30% of the estimated 240,000 people diagnosed with epilepsy in Australia each year. Already, from the < 100 Australian patients currently registered, MXC expects to generate significant revenues expected to be circa \$1 million per annum from its first full year of distribution. CannEpi™ will be distributed in Australia under its agreement with specialist Australian pharmaceutical distributor, HL Pharma.

GMP certification for MXC's laboratory and production facility will give MXC a significant competitive advantage globally and particularly across European markets, as it joins only a handful of such medical cannabis facilities in Europe and becomes the only one to be certified to this level for medical cannabis production.

Furthermore, the Company remains on track to obtaining the GMP certification for its extraction facility in H2 2018, which once received will mean MXC has a fully integrated GMP facility for the future production and compounding of new pharmaceutical products for the emergent medical markets in Europe, North America and Australasia, where such sales and distribution are permitted and legal.

Roby Zomer, Co-founder and CEO, MGC Pharmaceuticals commented:

"This is an exciting final step for MGC Pharma as we focus on completing full GMP certification of our manufacturing facility to allow us to produce CannEpi™ in Europe and focus on significantly progressing our medical research and development of our pharmaceutical products pipeline. The production of our first CannEpi™ batch is a milestone, and leaves us well positioned to achieve certification and commence full scale commercial production in the next few months."

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For further information, please contact:

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based specialist medical cannabis 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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