

3 July 2017

ASX Code: MXC

## Botanical Division Update – Europe and Australia

- In the Czech Republic, over 470 medicinal cannabis plants have been successfully transferred to the Company's 1,000m<sup>2</sup> outdoor greenhouse facility
- In Slovenia, the Company's research project to create new genetics strains of medicinal cannabis at the University of Ljubljana has commenced, with first batch of seeds planted
- Raw material production is underway, with the planting of high CBD cannabis strains at the Company's open field farm in Slovenia for harvest in Q3 2017
- In Australia, material progress being made with the Royal Melbourne Institute of Technology collaboration on a full suite of medicinal cannabis research initiatives centred on genetics for medical indications, with initial operations scheduled to commence shortly

**MGC Pharmaceuticals Ltd** (ASX: **MXC** or “**the Company**”) is pleased to provide an overview and operational update from its Botanic Division in both Europe and Australia.

The Company's Botanic Division is focused on:

- a) Botanical research to create new genetic strains of medicinal cannabis and associated Intellectual Property (IP) for specific medical indications and high potency of phytocannabinoids.
- b) Producing the raw materials for the Company's clinical research and for its planned pharmaceutical medicines to treat patients
- c) Licencing the Company's IP out to third parties for global project collaborations

### ***Breeding and Cultivation for research purposes in progress***

Within the Botanic Division, the Company's European growing program is progressing well. In the Czech Republic, over 470 medicinal cannabis plants, bred in the program with the government's Institute of Experimental Botany, have reached the required size to be flowering and harvested. These plants were bred for the Company's core research program on botanical and clinical outcomes, and transferred to the Company's larger 1,000m<sup>2</sup> outdoor facility on 23 June 2017.



**Over 470 medicinal cannabis plants successfully transferred in the Czech Republic - June 2017**

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**MD Nativ Segev and CEO Roby Zomer inspecting plants in MXC's Greenhouse**



**Medicinal Cannabis Plants in MXC's Czech Republic Greenhouse flowering – June 2017**

The Botanic Division operations in Slovenia has also commenced the first work programs under its recently announced collaboration agreement with the University of Ljubljana, planting the seeds that will be analysed to create genetic strains with high levels of cannabidiol (CBD) and new strains with high tetrahydrocannabinol (THC) levels for the treatment of specific disease symptoms. The seeding has commenced successfully on 26 June 2017. The Company's core IP generated from this program will be formally registered in Europe.



**Preparing seeding in the University of Ljubljana – June 2017**



**Seedlings Planted at the University of Ljubljana – June 2017**

**Raw Material Production**

As part of the Botanic Division’s cultivation program to produce clinical grade raw materials and active pharmaceutical ingredient (API) extracts, the Company commenced seeding 5,000m<sup>2</sup> of high CBD cannabis strains in May this year in its open field farm in Slovenia. Already the seedlings have shown good signs of growth and strength, following the Company’s testing and analysis of last year’s 5,000m<sup>2</sup> crop.

The Company has also been analysing new environmental data, such as water and soil analysis, pesticide and fertilisers protocols, and sunlight levels, as part of its research to improve outdoor CBD harvest yields. The crop will be harvested in October 2017, and the raw materials will be transported to the Company’s European clean room and CO2 extraction facility for processing.



**Cultivating of the Open Field Farm in Slovenia – June 2017**

**Genetics and Cultivation – Australia**

The Company recently announced its strategic initiative to partner with the Royal Melbourne Institute of Technology (RMIT) in Australia to establish its genetics and breeding operations base. The Board is pleased to report both parties have been making material joint progress towards the commencement of MXC’s first cultivation operation in Australia at RMIT and the establishment of the joint International Library of Cannabis Medicine.

The Library will be established to create a proprietary genetics database of cannabis strains, and their treatment of specific medicinal indications, including cancer.

The Company expects to be submitting its final license application to the Office for Drug Control for its first cultivation and production licenses at the RMIT secure facilities in the coming weeks.

## Nativ Segev, Managing Director of MGC Pharmaceuticals commented:

“Our operations are progressing well within the Company’s Botanic Division, with early signs of successful crops boding well for our research projects and our raw material production. We expect this season’s crops to bring us further insights into how to enhance both our genetics and maximise our harvest, giving us a strong competitive advantage.”

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### For further information, please contact:

#### Media Enquiries

Melissa Mack  
Account Director  
Media and Capital Partners  
+61 430 119 951  
melissa.mack@mcpartners.com.au

#### MGC Pharmaceuticals Ltd

Brett Mitchell  
Executive Chairman  
+61 8 9389 2000  
info@mgcpharma.com.au

## 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 Israeli medical cannabis industry and the core business strategy is to develop and supply high quality Cannabinoid based pharmaceuticals products for the growing medical markets in Europe, North America and Australasia.

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