

21 May 2018

ASX Code: MXC

Maltese Government Approves Medicinal Cannabis Legislation

- Legislation has now been enacted by the Maltese Parliament legalising the production of cannabis for medicinal use
- Represents a major milestone in the process for MXC to obtain its formal contract for a fully licensed medicinal cannabis manufacturing facility in Malta
- Land within industrial zone has now been identified and designated to MXC for facility planning & design to commence
- MXC's production facility in Malta will house a research hub, GMP certified production and manufacturing facility – EU based fully vertically integrated medical cannabis 'seed to pharma' operation
- Malta provides ideal location for production and cultivation facility due to perfect climatic conditions, operating costs and positioning within the EU Market

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to announce the final legislation has been passed by the Maltese Parliament, legalising the production of cannabis for medical use in Malta.

This is a significant milestone for the Company which already has Malta Enterprise approval and a contract for a medicinal cannabis production facility. The Company is now expecting to have final formal agreements from the Malta Medicine Authority to be signed in the coming weeks.

Malta Enterprise, the government agency responsible for attracting Foreign Investment in Malta, has together with Malta Industrial Parks identified 4,000m² of land for MXC. The planning has commenced for the construction of the MXC medical cannabis production and cultivation facility. Approval to immediately commence construction is expected to follow the receipt of MXC's licence and final contracts from the Maltese authorities.

Malta Operational Base and EU Markets

Malta provides the ideal geographical location to serve the growing European market, as MXC under this contract will be able to produce all THC and CBD strains of pharmaceutical grade cannabis extract for medicinal purposes due to a perfect climate with an average yearly temperature of 23°C. That alongside an attractive business and cost environment compared to other EU locations provides a cost-effective investment and direct leverage into the EU.

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The medical cannabis market within the EU is expected to be worth \$56bn by 2020 with large growth in areas such as Germany – where the market is currently worth an estimated \$17.5bn and observes a lower wholesale price of raw materials (3.5€ per gram).

The fully licensed MXC production facility will produce all THC and CBD strains of pharmaceutical grade cannabis extracts, for medicinal purposes serving the growing European market and complying with European GMP standards. GMP certification will be obtained for the facility and has been discussed with the authorities already.

The Company is required to comply with all Maltese medicinal cannabis licenses and permits to operate the facility, which have been outlined within the legislation and the Company has government support to obtain.

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

“I am pleased to inform you that the production of cannabis for medical use has now become legal and regulated under Maltese legislation and a plot of land within one of the Maltese industrial zones has been designated to us for our project. Once the licence by the Malta Medicines Authority is issued we will be able to commence work on the project in Malta.”

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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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