

22 November 2018

ASX Code: MXC

Chairman's AGM Address

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On behalf of the Board I would like to reflect on this very important year in the development of our Company, and the significant achievements across the business units.

Twelve months ago, the Board set itself three key milestone targets to achieve in 2018, and I am very pleased to report that all three have been achieved this year. These are:

1. Receiving the full GMP certification and manufacturing license of our European Medical Cannabis Manufacturing Facility;
2. Gaining St Vincent's Ethics Committee and then TGA Approval for authorised prescribers of CannEpiTM in Australia; and
3. Securing a licence to build and operate a commercial scale medical cannabis facility in Europe for the production of GMP flowers and GMP pharma grade medicine.

MGC Pharmaceuticals' vision is to become a leading bio-pharma company with operations spanning from Europe to Australia and to achieve this, the Company has focused heavily on the growth potential and strategic positioning of its pharma business. The fact that today we have 13,495 MXC shareholders demonstrates the broad base of support we have to execute the Company's European based seed-to-pharma business model.

Recently, MXC announced a transaction to sell its MGC Derma division to private Canadian cannabis investment company CannaGlobal. This was an important decision for the Company in support of the pharma business model. The Board is confident in the future success of MGC Derma under its new leadership, Lorne Gertner and Hugh Winters, hence our commitment to completing the recent sale transaction, despite a late change in the deal terms which resulted from the major global equity markets correction in October. On completion of this transaction, MXC will be able to focus all of its resources into becoming a leading pure bio-pharma company with a seed-to-pharma strategy.

As touched on, MXC delivered a number of key achievements this year that will drive growth and in turn, create value for shareholders.

The Company was awarded a full GMP license for its Slovenian production and manufacturing facility, delivering one of the most advanced facilities of its kind in Europe, and one of only six with this level of certification in the world. Receiving full GMP certification allowed production of the first batch of CannEpiTM to commence for exportation into Australia. This is currently underway, with the shipment due to arrive in December. CannEpiTM will also be produced for sale into eligible European and international markets, following this first Australian production.

Upon arrival in Australia, CannEpiTM will be ready for immediate sale under the Authorised Prescriber Scheme from the TGA, allowing authorised prescribers and specialists to supply CannEpiTM to patients of authorised doctors. For this, we signed a distribution agreement with leading pharmaceutical distributor – HL Pharma – who are fully licensed to distribute CannEpiTM in Australia.

Additionally, MGC Pharmaceuticals delivered on the key plank of its EU based, seed-to-pharma strategy and was the first company to be awarded approval from the Maltese Government to establish a large commercial medical cannabis production and manufacturing facility, in Malta. The Company was granted a 4000m² plot of land on which to construct the facility, by Malta Enterprise. This followed recent legislative changes on the production of cannabis for medical use.

Our work with leading universities RMIT, Notre Dame and most recently with Hebrew University of Jerusalem with the CannaHub incubator, has expanded during the past year as we launch a new medical cannabis innovation research hub and initiate new clinical trials both in Australia and internationally to support and drive the Company's product development pipeline. These are critical steps for MGC as we continue to implement our vertically integrated seed-to-pharma business model.

We also expect to see new revenues commence in the coming months from the first sales of CannEpiTM, which we expect to materially increase throughout 2019.

I would also like to acknowledge that there have been issues this year where the Board and Executive team have made mistakes, and we acknowledge these were made, including the cosmetics supply contract with Varm Cosmo, which we are currently pursuing for compensation for their total breach of contract, and some transaction deadlines that did not meet the Board's original expectations. We accept such mistakes were made and have learned lessons to be implemented as we move forward as a better Company, Executive and Board.

The Board remains totally committed to delivering significant value creation and subsequent share price increases for all our shareholders. The Board and its key supporters represent the major shareholder block in the Company today, and therefore the Board wants to deliver on this core goal of value creation to the benefit all of our 13,945 shareholders.

On behalf of the Board, I would like to thank the amazing team we have working for MGC Pharmaceuticals, and without our Key Management and Employees we wouldn't have achieved these major milestones in 2018. I would also like to take this opportunity to thank you all again for your attendance and your support throughout the 2018 financial year as we look forward to another year of strong operational progress in the medicinal cannabis industry.

-- ENDS --

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based BioPharma 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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