

29 January 2019

ASX Code: MXC

Completion of MGC Derma Sale to CannaGlobal

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- All formal sale documents lodged with Slovenian courts have been processed and settlement has now been completed, delivering 100% ownership of MGC Derma to CannaGlobal
- The Company has been issued shares in CannaGlobal representing 10% of their outstanding share capital, and MXC is now a strategic shareholder in the CannaGlobal worldwide cannabis business and investments
- The acquisition of MGC Derma represents a cornerstone investment for CannaGlobal, which is focussed on growing strategic investments and businesses within the cannabis industry globally
- Completion of this transaction represents the completion of a significant milestone for MXC as it can now focus on its corporate strategy of becoming a world leading, European based bio-pharma company

MGC Pharmaceuticals Ltd (ASX: MXC or “the Company”) is pleased to announce the sale of MGC Derma d.o.o (“MGC Derma”) to private Canadian cannabis investment company, Cannaglobal Canada Co Inc. (“CannaGlobal”), has been formally completed.

Following the submission of all notarised share transfer documentation to the Slovenian court, the share transfer has been legally ratified and settlement of the MGC Derma sale has completed. Completion of this process delivers 100% ownership of MGC Derma to CannaGlobal, and MXC now holds a strategic 10% equity interest in CannaGlobal.

Completion of this transaction represents a landmark for the Company, as the divestment of MGC Derma allows the Board to focus its resources into becoming an EU based, leading pure bio-pharma company and deliver on its seed-to-pharma business model.

As part of the deal, MXC will continue the cosmetic production for CannaGlobal and the sales of the cosmetics raw material which includes Aqual™ - MGC’s CBD Water Soluble propriety, for a minimum of five years. This will allow MXC to gain value directly from the success of the brand and increase in sales from the supply of the cosmetics raw materials to MGC Derma. Additionally, MXC will hold direct investment exposure and potential value upside through its 10% shareholding in CannaGlobal, from the future success of not only MGC Derma, but the other investments made by CannaGlobal and its growing cannabis product portfolio.

Overview of CannaGlobal

Headquartered in Toronto and London with multiple international offices, CannaGlobal is a growing Canadian investment company with a global portfolio of cannabis assets. CannaGlobal was founded by the high-profile Canadian entrepreneur, Lorne Gertner, is led by a diverse group of proven industry leaders and is focussed on capitalising on cannabis 3.0 - the normalisation of cannabis products and their subsequent impending mass market adoption.

The CannaGlobal business model is supported by recent legislative changes in a number of countries and as society moves towards legalisation, CannaGlobal expects there to be a dramatic shift in delivery mechanisms of both CBD and THC.

The acquisition of MGC Derma is a cornerstone investment for CannaGlobal, as a leading example of a prestige mainstream cannabis brand. The MGC Derma skincare range, enhanced by the addition of MGC Pharma's proprietary Aquiol™ process, delivers a combination of the highest quality skincare ingredients with the addition of pharmaceutical grade CBD.

MGC Derma represents an established example of cannabis retail product normalisation in a fast-growing market, by selling premium grade cannabis-based products through existing and respected retailers.

Over the coming year, CannaGlobal will continue to sharpen the MGC Derma offering by expanding its current range, adding additional products that will allow sale into new markets. CannaGlobal is focussed on expanding its *Cannabeauty* division both organically and via acquisitions into a leader in the cannabis cosmetics industry.

CannaGlobal continues to pursue other strategic investments within the cannabis industry and has built strong relationships across six continents. All investments are specifically chosen to support the CannaGlobal business model of building and supporting the commercial global cannabis industry. This, in turn will create a positive and growing economic market in underserved countries.

CannaGlobal has also established a number of investments to support its strategy of benefiting from global cannabis normalisation. These include *Cannasmoke*, a leading international producer of branded hemp cigarettes and *Cannaconnect*, a creative and media platform designed to communicate a higher standard of cannabis lifestyle content around the globe.

CannaGlobal is also pursuing commercial opportunities in traditional consumer categories including; gum, water, chocolate and alcohol. Partnering with consumer goods companies, these are products that include hemp, CBD, THC or a combination of both and represent the first step towards the legalisation of ingestible cannabis products.

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

“We are pleased to report that MGC Derma has now been fully divested and is under the CannaGlobal investment portfolio. Growing MGC Pharma into the company it is today has been a great experience of which MGC Derma was a key part of over the past 2 years.”

“We are now fully focussed on growing MXC as a pure bio-pharma company with a direct pathway to commercialisation, as demonstrated following the recent arrival of our first CannEpil product in Australia.”

Lorne Gertner, Co-founder & Chairman of CannaGlobal commented

“The completion of our acquisition of MGC Derma is a milestone for our business. We look forward to building on our strategic partnership with the talented team at MGC Pharmaceuticals to fulfil our mission of capitalising on exceptional and disruptive cannabis opportunities worldwide”

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For further information, please contact:

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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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