

13 June 2019
ASX Code: MXC

Pharma Operations Update: Increased Market Penetration and Advanced Clinical Studies

MGC Pharmaceuticals Ltd (ASX: MXC, ‘MGC Pharma’ or ‘the Company’), a European based ‘Seed to Pharmacy’ bio-pharma company focused on developing and commercialising cost effective and affordable cannabinoid derived medicines, is pleased to announce a positive update on its Pharmaceutical operations.

Overview:

- Significant increase of 50% in initial orders from Health House International and Cannvalate, an additional AU\$100,000 from repeat prescriptions and new orders
- Total purchase orders received in the first month of operation now totals ~AU\$300,000
- Of the first purchase orders received by the Company equating to ~AU\$200,000, a AU\$95,000 deposit scheduled to be received in June with the balance to be received upon delivery of the goods in Q3
- This follows distribution agreements signed with leading Australian medical cannabis distribution and logistics specialists, Health House International Pty Ltd (‘Health House International’) and Cannvalate Pty Ltd (‘Cannvalate’) announced 2 May 2019
- Phase II Clinical trial for CogniCann™ in collaboration with University of Notre Dame advancing ahead of schedule due to unanticipated high levels of interest from potential candidates to participate in the trial
- The Phase II Clinical trial is now anticipated to be completed Q2 2020 – 12 months ahead of schedule, in a major step to fast track commercialisation for the Company

Roby Zomer, Co-founder and Managing Director of MGC Pharma, commented: “We have already been reaping the commercial benefits of the signed distribution agreements with Health House International and Cannvalate with first material revenues coming from initial orders in addition to experiencing a significant increase in product orders. This is testament to the quality and affordability of MGC Pharma’s products that ensure doctors remain confident when prescribing to patients, and reflects strong immediate demand from the market.

“We have been delighted as well with the volume of applications received for the Phase II Clinical Trial for CogniCann™ that we are completing in tandem with the University of Notre Dame to research the potential benefits of cannabinoid-based medicines on mild dementia and Alzheimer’s patients. This unanticipated level of demand to participate demonstrates the considerable interest in medical cannabis and a growing awareness of the medical benefits it can have. The volume of applications has meant that the recruitment process will not take as long as originally anticipated and will result in a considerable time saving for the completion of the study which we now look to complete in Q2 2020, significantly ahead of schedule.

“As Investors can most likely tell from the recent volume of material news flow, this is a busy and exciting time for the Company as we rapidly grow and advance our strategy of becoming a leading international medical cannabis pharmaceutical company.”

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Distribution Agreements

MGC Pharma has successfully completed an initial order of its cannabinoid-based pharmaceutical products to Australian distribution companies Health House International and Cannvalate. Of the first purchase orders received by the Company equating to AU\$200,000, ~AU\$95,000 deposit will be received this month with the balance to be received upon delivery of the goods. This order was under the ongoing strategic distribution agreement signed with Health House International and Cannvalate in May 2019 that enables increased market exposure for MGC Pharma's products including epilepsy focussed CannEpi™ and dementia focussed CogniCann™.

Further to this initial order, MGC Pharma has received an increased order that will result in an additional AU\$100,000 of revenue in the next quarter. This increased order is a result of positive feedback from patients on the effects and benefits of MGC Pharma's products and a subsequent number of repeat prescriptions. Positive patient feedback has provided encouragement to doctors in the efficacy of MGC Pharma's products leading to new prescriptions. MGC Pharma's products have several key competitive advantages including the high level of consistency between batches of products and the products relative affordability.

CogniCann™ Phase II Clinical Trial

There has been a higher than anticipated volume of participant applications for the CogniCann™ Phase II Clinical Trial being undertaken by MGC Pharma in partnership with the Institute for Health Research at the University of Notre Dame testing the benefits of CogniCann™ in dementia and Alzheimer patients. This high level of interest in participating in the study has resulted in time savings and subsequently the study is anticipated to conclude in Q2 2020 – 12 months ahead of schedule.

In the trial, GMP certified phytocannabinoids based medicine, CogniCann™, formulated by MGC Pharma, will be tested on a total of 50 participants aged 65 years and older. This will be performed alongside a series of pre and post treatment surveys and focus groups that will be used to assess care givers and family member's knowledge and perceptions towards the use of the treatment. The trial is to last 18 weeks per patient and has been designed by MGC's expert Medical Advisory Board led by Professor Uri Kramer and the research team at the University of Notre Dame, where health and medical research was rated as above world standard in the recent "Excellence in Research for Australia" (ERA) 2015 assessment process.

On completion of the trial, MGC Pharma will own all IP and results and the researchers will acquire a worldwide nonexclusive, royalty free licence to use the project's Intellectual Property for non-commercial research purposes including research publications.

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About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) 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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