

27 June 2016

ASX Code: MXC

## First Revenues Received from Californian Cosmetics Deal

- MGC Pharmaceuticals has received its first revenues under its exclusive Californian distribution deal on its MGC Derma Anti-Aging line of Cannabidiol-based (CBD) cosmetics products with C&M CBD HOLDING
- Company has received an upfront 10% cash deposit of €30,000, for the first €300,000 order from its Californian distributor to be delivered during the next quarter
- Californian distribution deal's first-year contract is worth approximately €1.2m and demonstrates the immediate commercialisation potential of the Company's offering - from a single state of the USA
- Confirmation of move into material cashflow generation, and to increase with additional strategic distribution partnerships in Europe and North America
- Sales continuing from full range of MGC Derma's 16 Anti-aging product line available from its sales portal at [www.mgcderma.com](http://www.mgcderma.com)
- Consistent with MGC Pharmaceuticals' growth strategy, the Company expects further revenue uplift in the months ahead from Californian distribution deal

**MGC Pharmaceuticals Ltd** (ASX: MXC, "MGC Pharma" or "the Company") is pleased to confirm that it has received its first material revenues from its exclusive Californian MGC Derma distribution deal with Californian-based company, C&M CBD HOLDING LLC.

The Company has received the first 10% cash deposit of €30,000 (\$AUD45,000) from its first order of €300,000 (approximately \$AUD450,000) of MGC Derma Anti-Aging line of Cannabidiol-based (CBD) cosmetics products in California.

As announced to the market on 25 May 2016, the first year of orders under this agreement is for over 60,000 units of CBD Anti-Aging cosmetics products with a contract value of approximately €1.2m. The agreement provides scope for increases in volume, giving further revenue potential for the Company.

Receiving the first revenues from the deal demonstrates the commercial reality of the Company's strategy and its cosmetic products offering, and complements the exclusive European distribution agreement signed with Czech Medical Herbs, s.r.o., announced in March 2016.

Consistent with MGC Pharmaceuticals' growth strategy, the Company expects further revenue uplift in the months ahead from new exclusive distribution deals that are currently in discussion, in the US, Canada and Europe.

**Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals commented:**

"We are pleased to announce today that we have received the first revenues from our US operations, demonstrating the commercial potential of our MGC Derma CBD cosmetic range and we look forward to continuing to update the market as we continue to receive revenue from our US operations."

-Ends-

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**About MXC**

MGC Pharmaceuticals Ltd (ASX: MXC) is EU based specialist medical cannabis company with many years of technical 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 non-psychoactive Cannabidiol (CBD) resin extract to the growing demand in cosmetics and medical markets in Europe, North America and Australasia. The Company is also developing strategic joint ventures in these key value add industries, as demonstrated with MGC Derma Anti-Aging line of Cannabidiol-based (CBD) cosmetics.