



MAY 2016

mgc pharma
CBD HEALTH 

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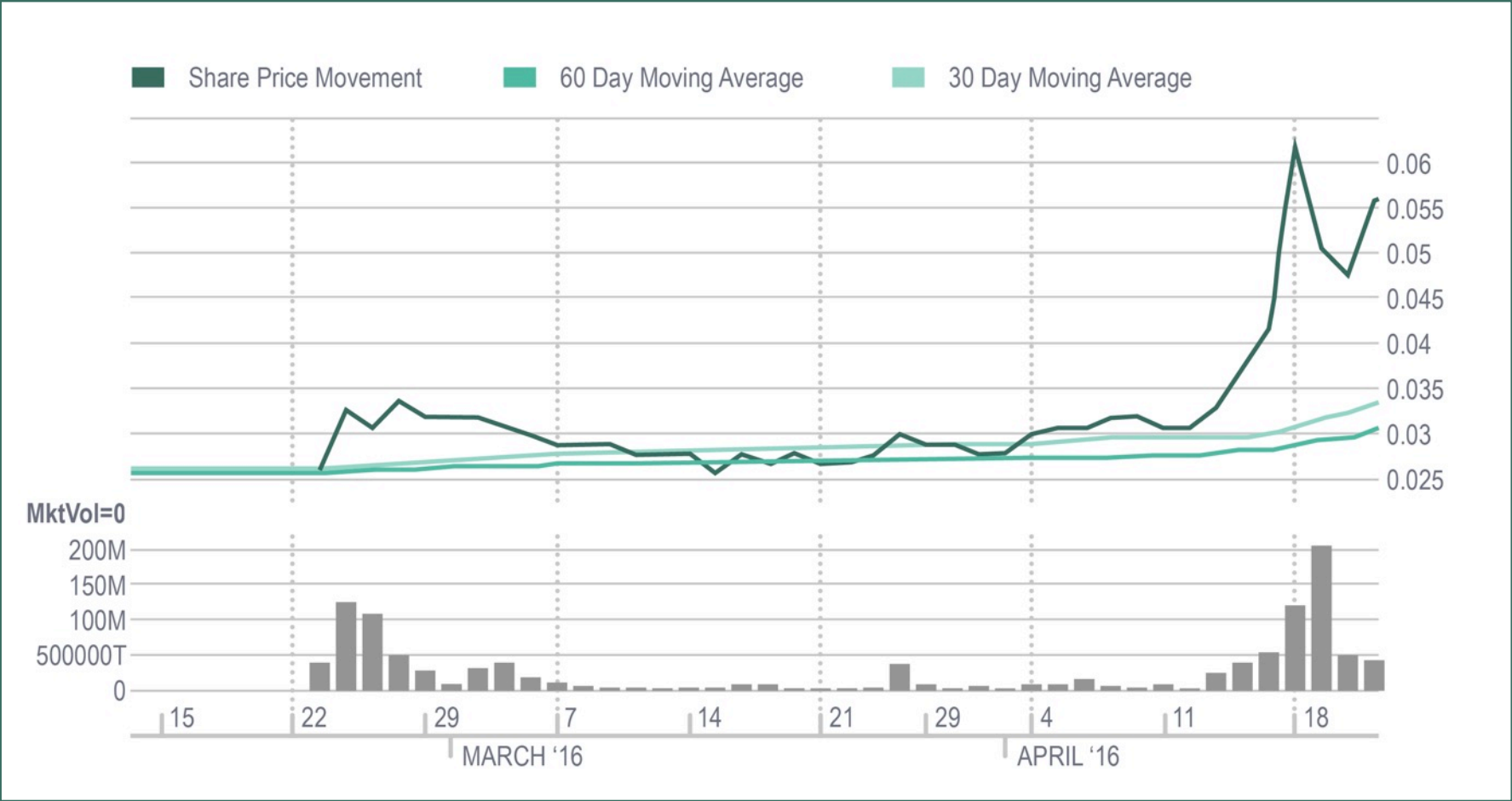
Board of Directors	
Brett Mitchell	Executive Chairman
Nativ Segev	Managing Director
Roby Zomer	Executive Director
Dr Ross Walker	Non-Executive Director
Nick Castleden	Non-Executive Director

Capital Structure	
ASX code	MXC
Market capitalisation	A\$38m
Share price (as at 13 May 2016)	4.5c
Issued Capital	
Current ordinary shares at 13 May 2016	856,819,636
Performance Shares	100,000,000
Priority Offer Prospectus- raise up to \$2.5m	56,818,181
Board and Management Group	~32%

- **MGC Pharmaceuticals (ASX:MXC)** is a medical cannabis company with operations within Europe to grow, extract and sell CBD based products, including its own cosmetics line.
- The Board believes MGC Pharmaceuticals is the leading medical cannabis company listed on the ASX, with a detailed Australian strategy to best take advantage of the rapidly changing regulatory landscape.
- Strong board and management, with leading medical cannabis expertise.

MXC SHARE PRICE GRAPH

1 FEBRUARY 2016 TO 22 APRIL 2016



On 12 May 2016, the Company completed a Placement that was significantly oversubscribed. The Placement was to sophisticated and professional investors, raising \$5,000,000 before costs through the issue of 113,636,384 ordinary shares. The Company is also undertaking a Priority Offer (PO) to MXC shareholders to raise additional working capital of up to \$2,500,000 on the same terms as the Placement.

Both raisings are priced at 4.4c per share with one free attaching option for every three shares subscribed for and issued, exercisable at 6.5c on or before 30 June 2019.

Issued Capital – Ordinary Shares	
Current ordinary shares	856,819,636
PO Prospectus (maximum)	56,818,181
TOTAL	913,637,817
Performance Shares	100,000,000
Unlisted Options	23,750,000

LEADERSHIP TEAM



Nativ Segev
Managing Director

Previously CEO of Israel's second largest licensed Medical Cannabis company, Cann Pharmaceuticals. Mr. Segev led the company to fully commercialize from startup position. Founded MGC Pharmaceuticals to expand into the huge European market for cannabinoids in the cosmetic industry.



Roby Zomer
Executive Director

Following 10 years of experience in the BioTech and Agro sectors running large scale projects, Mr. Zomer joined MGC Pharmaceuticals as Executive Director & CTO, bringing his extensive business contact and scientific and engineering skillset to bear on ensuring MGC's position as a leader in research and development, as well as ensuring top performance from our existing systems.



Brett Mitchell
Executive Chairman

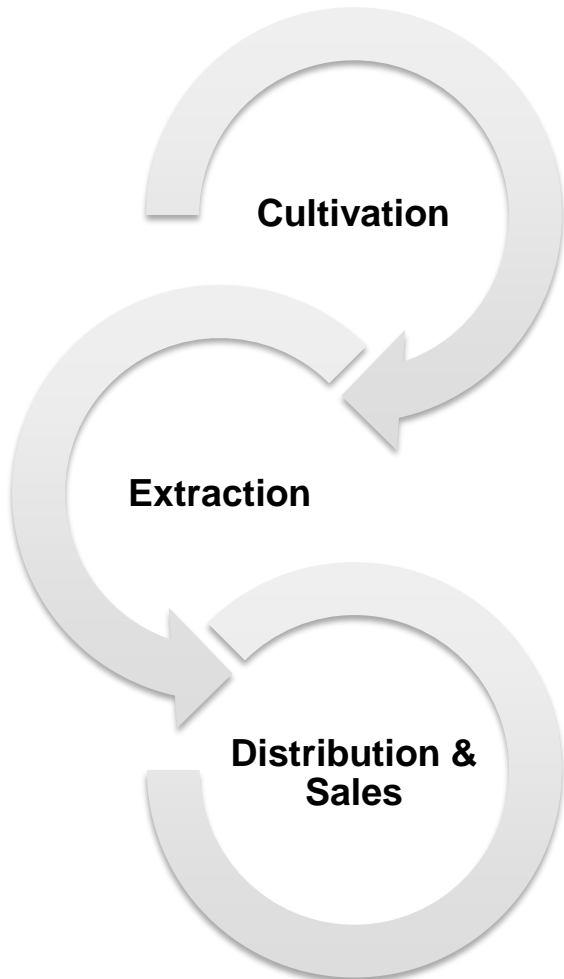
Mr Mitchell is a corporate finance executive with over 20 years of experience in the finance and resources industries. Mr Mitchell has been involved in the founding, financing and management of both private and publicly-listed companies and holds executive and non-executive directorship roles.



Dr Ross Walker
Non-Executive Director
and Head of Advisory
Board

Dr. Walker is a well-known figure in Australian health, as host of a weekly radio program and a prominent Cardiologist who specializes in echocardiography and preventative cardiology. Dr. Walker has published several books, and lectures both nationally and internationally. His contacts in the medical establishment and beyond allow him to facilitate relationships for MGC and draws positive public attention to the brand.

MGC has a **business model which closes the supply chain** – demand exists for the end products and MGC is now working towards establishing the supply of the raw material.



- Development of Cannabis Strains in Europe – Slovenia and Czech Republic
- Plantation and harvesting of crops in Europe
- Crops to be processed on site at Slovenian facility and CBD extracted
- Targeting highest quality & purity CBD resin to match demand
- MGC has the capability to process other crops on site
- Sell CBD Extract into:
 - Wholesale markets
 - Utilizing in MGC line products

Potential multiple revenue streams – from CBD off-take agreements and cosmetic up to OTC and medicinal products sales.

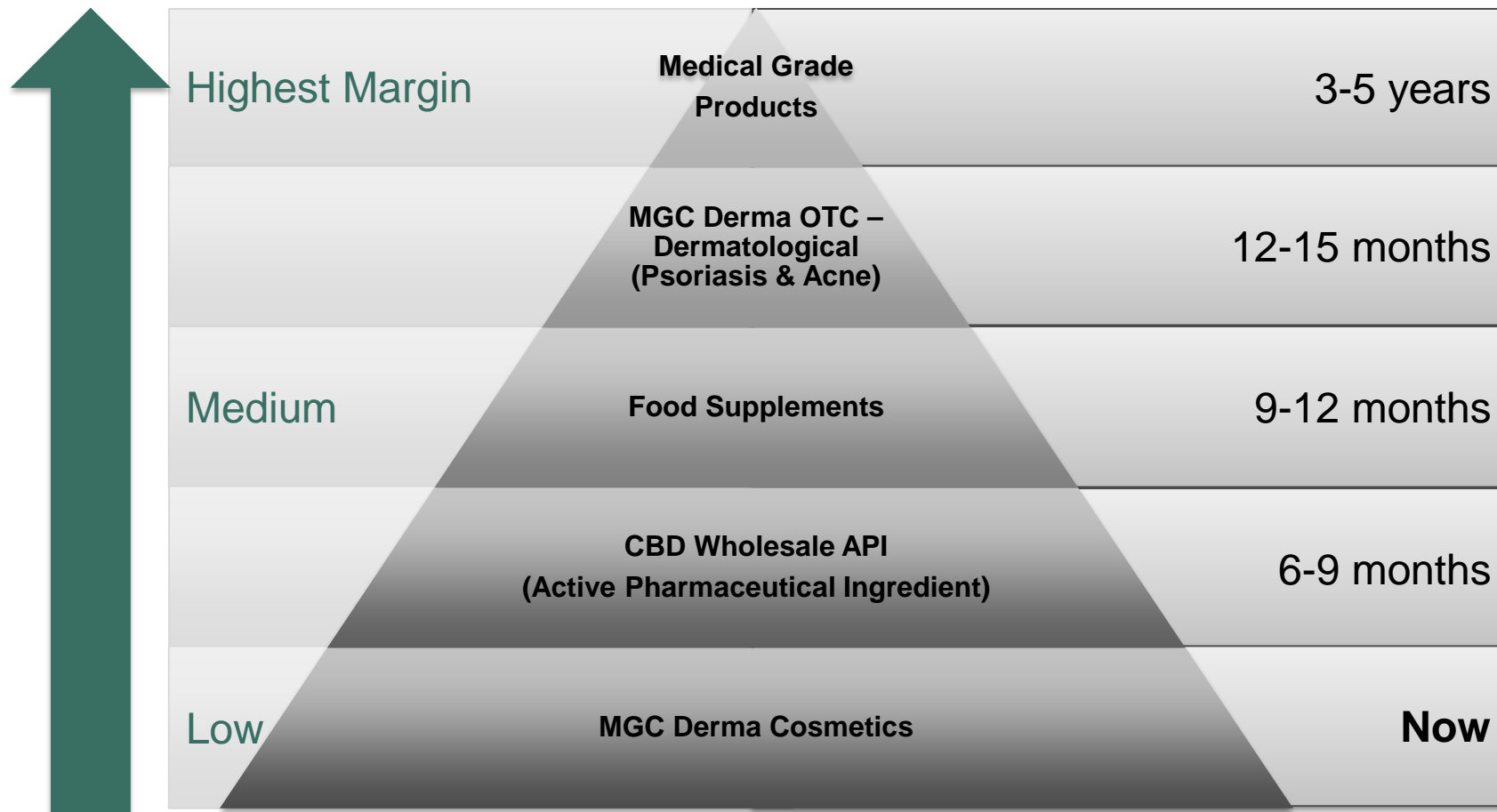
Opportunity to leverage growing and extraction expertise in the Australian Market.

KEY MILESTONES

-  Secured licenses to grow, extract and import/export CBD resin in the EU - **COMPLETED** 
-  First offtake agreement to supply CBD resin - **COMPLETED** 
-  Joint Venture Agreement for cosmetics and medical products R&D - **COMPLETED** 
-  Launch of first MGC Derma e-Shop, first retail of cosmetics products - **COMPLETED** 
-  First distribution agreement for cosmetics products, worth \$500,000 - **COMPLETED** 
-  Additional MGC Derma distribution agreements for Europe and USA underway

- **IMMEDIATE CASH FLOW:** First revenue streams projected: Cosmetics product line launched in February 2016 with first batch worth an estimated AUD 500,000, and a CBD extract off-take agreement in place over 4 years
- **SCALABLE:** Highly scalable business model with ability to materially increase future production volumes for only modest capex
- **POTENTIAL FOR MULTIPLE REVENUE STREAMS:** Potential wholesale CBD extract revenue, CBD cosmetics, pharmaceuticals and medical devices revenue sales, along with potential extraction service revenue
- **DIVERSIFIED OPERATIONS:** CBD genetics and production, wholesale CBD sales in Europe, online cosmetic product sales platform, CBD pharmaceuticals development and medical device initiative
- **CLEAR GROWTH STRATEGY:** potential operations in the northern and southern hemispheres
- **STRATEGIC AUSTRALIAN FOCUS:** Advanced five pillar Australian market strategy
- **HIGH CALIBRE TEAM:** Extensive technical and commercial experience gained within the world's most progressive and advanced medical cannabis industry in Israel
- **STRONG NEWSFLOW PIPELINE:** Leading with entry into the Australian medicinal cannabis market

STRATEGIC PRODUCT DEVELOPMENT PLAN



CBD GLOBAL MARKET – MAINSTREAM COSMETICS

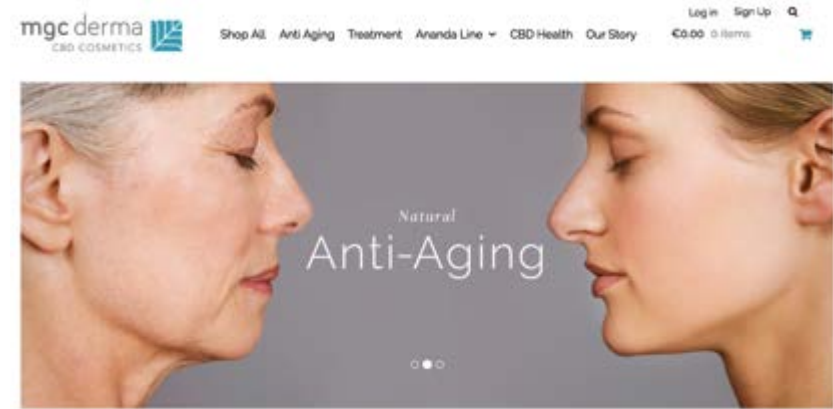
- CBD resins used increasingly as base product in the cosmetics industry
- CBD has very strong anti-inflammatory properties
- The skin care market is estimated to account for 37% of the cosmetics market, globally, c. US\$137 billion¹
- In Europe alone the cosmetics industry is estimated at US\$75 billion in 2014²
- The U.S retail market for hemp based products is estimated to be US\$600 million in 2014³



Sources: ¹Credit Suisse – Market Research, ²Cosmetics Europe Activity Report 2014, ³The HIA
Image: MGC Derma Ananda Line– Illustration only

EARLY REVENUE FROM COSMETIC PRODUCT LINE

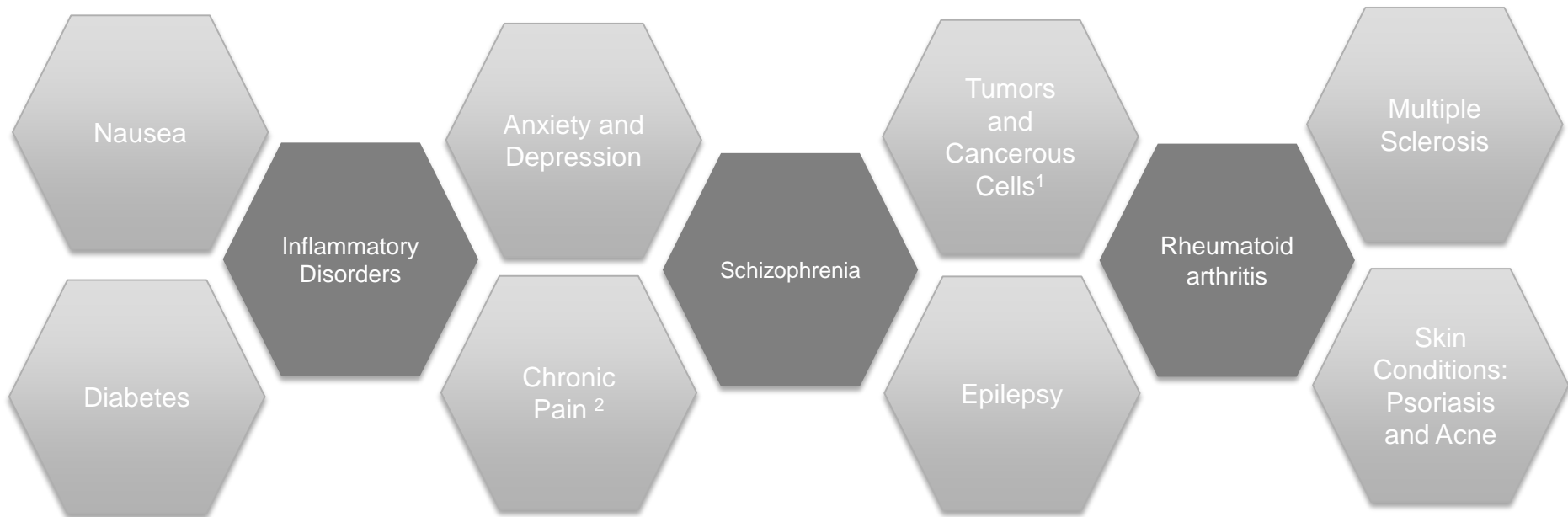
- MGC Derma's Ananda product line (Anti Aging Line)
- 15 CBD based cosmetic products already launched
- Developed through JV partner Dr. M. Burstein.
- First wholesale distribution agreement signed, value approx. A\$500,000
- First exclusive distribution agreement with Czech Medical Herbs, to sell the to retail outlets throughout the Czech Republic
- Online retail platform launched to commence direct consumer sales – www.mgcderma.com
- **Further products in development to reach over 50 cosmetic products**



- **Proprietary CBD skincare formula**
- **Skin care formula proven to be an effective relief for Psoriatic skin**
 - 93% of cases showed a visible improvement to the skin condition and over 70% sustained the improvement for up to 87 days.¹
 - Proven to relieve and protect the skin from redness; scales, flaking, irritations and can potentially reduce a number of skin ailments.
- **Phase 2 testing – commenced in Q2 2016**
- **First regulatory compliant over-the-counter dermatological product could be available as early as Q1 2018**
- **Further formulas in development**
 - Further formulas undergoing trials with human volunteers
 - Those formulas which demonstrate positive results will also progress to further second stage testing.

CANNABIDIOL (CBD) – GLOBAL MEDICINAL POTENTIAL

- Scientific and clinical studies indicate that CBD could be effective in easing symptoms of a wide range of difficult-to-control conditions, including:



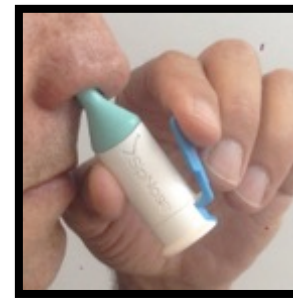
1. CBD has demonstrated neuro-protective effects, and its anti-cancer potential is currently being explored at several academic research centers in the U.S. and other countries.
2. Impacts pathways in the body, which control pain and support the immune system, thereby delivering significant medicinal benefits in the treatment of chronic pain

- The 2015 CMR Pharmaceutical R&D Factbook reveals a surge in global Pharma sales – forecasts continued growth with the expectation of sales reaching \$1.3 trillion by 2018.
- Cannabinoids are legal in 23 U.S states and the medical cannabis market is estimated to be worth over US\$20 billion in 2018¹
- Common diseases for which Cannabinoids have shown high levels of efficacy have combined sales of over US\$500 million to date²

Sources: ¹ArcView Group, ²Luxury and cosmetic The EY Financial Factbook 2013 edition, The HIA, Statista

Strategic Collaboration Agreement with Sipnose

- Marks MGC Pharmaceuticals entry into pharmaceutical medical research sector
- Combines SipNose's unique intra-nasal drug delivery device with MGC Pharma's cannabinoid compounds
- Collaboration to develop an approved medical cannabis treatment to prevent symptoms of epilepsy
- Epilepsy impacts an estimated 65 million people worldwide¹
- Extensive R&D program to commence at Israel's leading epilepsy research institute, the Hadassah Medical Center
- Sipnose IP is applicable to various indications and constitutes an exclusive positioning in the cannabis industry, globally.

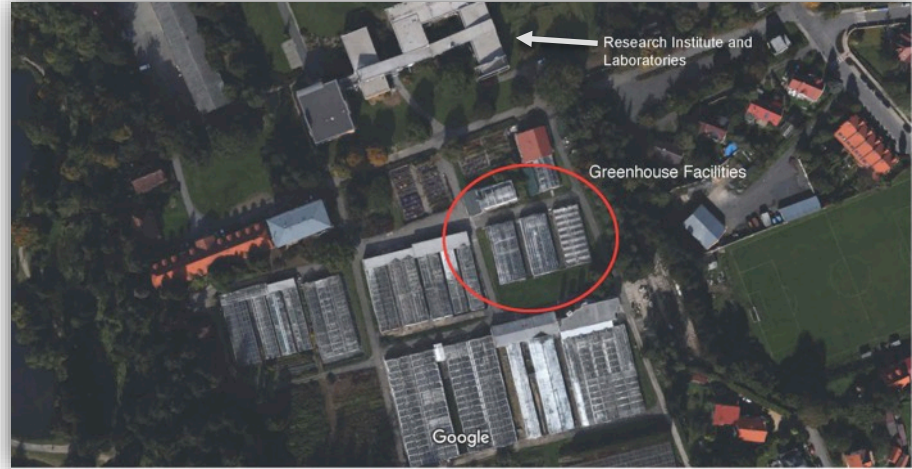


Sources: ¹ [Cure Epilepsy](#)



- First Slovenian CBD crop planted in May 2016
- First CBD production is scheduled for Q3/Q4 2016
- Full Slovenian CBD production to commence in 2017
- GLP for QA/QC laboratory scheduled by end 2016
- API production facility scheduled for Q4 2016 - GMP PHARMA Certified.

MXC ACQUISITION OF PANAX, CZECH REPUBLIC OPERATION



Creating value through R&D collaboration at a state of the art government facility in Czech Republic.

- Conditional on completion of due diligence MGC has the right to acquire 100% of Czech based medical cannabis company Panax, with 25% equity vested upfront
- Panax will conduct research on 1,000 sqm of growing space in the government run, state of the art Vukoz Research Institute
- Panax holds rights to the handling and disposal of cannabis waste product from the facility
- MGC and Panax will collaborate on genetic and tissue culture research and development
- Enhances MGC Pharma production capabilities, allowing continuous growing for clinical trials and for MGC products

CLEAR AND FOCUSED AUSTRALIAN STRATEGY

- **MGC Pharmaceuticals well positioned to enter Australian Medicinal Cannabis Market¹**
- White Paper published in collaboration with University of Sydney Business School
- Dr Ross Walker appointed as NED, and Chairman of MXC's Strategic Advisory Board



Five Pillar Australian Strategy



Sources: ¹[the White Paper](#)

- Active in a large and growing medical cannabis market
- Immediate cash flow with first product sales achieved
- Highly scalable business model
- Potential for multiple revenue streams
- Diversified business operations
- Defined strategy to become a potential leader of the Australian medicinal cannabis market
- Highly experienced Board and Executive Management team
- Significant value milestones on near term horizon



Thankyou