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ASX Code: MXC

Completion of Extraction Facility Construction, First CBD Production Trials

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- MGC Pharmaceuticals has successfully completed construction of its European CBD Extraction Facility on schedule, with Clean Room and installation of state of the art extraction equipment
- Cannabinoid extraction operations at the Facility remain firmly on track to commence in in the current quarter, once full Good Manufacturing Practice (GMP) certification is achieved
- Construction has been completed on time and under budget
- First commercial production remains on schedule for Q3 CY2017
- MXC's European Extraction Facility will produce high margin API Cannabinoid extract for use in medical cannabis products, including MXC's own clinical studies and trials in Europe and Australia
- Significant competitive advantage secured with the Facility to become one of only a few fully GMP compliant API extraction facilities in Europe
- New high CBD and THC cannabis strains and cuttings continuing on schedule at the Institute of Experimental Botany indoor facility in Prague

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to advise that it has completed the construction of its European Extraction Facility on schedule and under budget. Initial trial extraction operations will commence in the current quarter, with first commercial extraction operations to commence in the Company's new API Facility in Q3 CY2017, following grant of GMP certification.

European Extraction Facility Completed

The completion of the Company's European Extraction Facility represents another major milestone delivered, and significantly strengthens its production operations which offers significant value chain benefits for MGC Pharmaceuticals.

The Facility will allow MGC Pharmaceuticals to extract high margin API (Active Pharmaceutical Ingredient) grade Cannabinoids, which can be used as inputs into the Company's own medical cannabis products. API Cannabinoid resin can be used in the Company's cosmetic and dermatological products and for sale on the wholesale market. Additionally, the API material will be used for MXC's own clinical studies and potentially for the studies of third-parties.



Image: MGC Pharmaceuticals' European Extraction Facility clean room

Initial CBD extraction trial operations will commence during April 2017, and the Facility is expected to begin full commercial operations during Q3 CY2017, once the Company has achieved GMP certification.

Growing Operations at the Institute of Experimental Botany

The Company has materially advanced its growing operations during March at the Institute of Experimental Botany of the Academy of Sciences (IEB AS), Czech Republic. Seedlings of high CBD and THC medical cannabis have now been grown to juvenile plants at the Academy's facility, while the Company prepares for full planting up to 1,000m² of cannabis clones in the greenhouse facility. The crops are expected to be harvested for research purposes in September 2017.

MGC Pharmaceuticals is growing medical grade cannabis with different CBD and THC yields to conduct research across various strains of cannabis. This research may potentially give MXC access to new genetic strains of medical cannabis for use in its products or in future clinical trials. The Company is also examining which breeding protocols maximise the quantity of Cannabinoids per square metre.

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

"Completing our European Extraction Facility is a significant commercial milestone for our Company, giving us significant value chain benefits. We are now able to extract Cannabinoids from the cannabis grown at our own growing operations.

"These extracts will be used as inputs into our product lines and for use in clinical studies we plan to undertake. Having the capability to grow our own cannabis and extract material is a significant competitive advantage for MGC Pharmaceuticals."

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based specialist medical cannabis company with many years of clinical, 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 for 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 CBD cosmetics.