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ASX Code: MXC

## MXC Botanic Division Operational Update

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- MGC Pharmaceuticals' European Botanic division continues with its strong operational progress
- Over 450 medicinal cannabis plants have now entered the flowering phase at the Company's greenhouse facility in the Czech Republic, with harvesting of the plants set to commence shortly
- First phase of the genetic research program at the University of Ljubljana commenced, as the plants begin to flower
- Open field farm in Slovenia has delivered an encouraging harvest of over 4,000kg of cannabis

**MGC Pharmaceuticals Ltd (ASX: MXC or "the Company")** is pleased to provide an update on its Botanic division operations in the Czech Republic and Slovenia.

### ***Breeding and Cultivation Research Operations – Czech Republic***

In the Czech Republic, MGC Pharmaceuticals' Panax operation has progressed with over 450 medicinal cannabis plants entering the flowering phase after being transferred into the Company's larger 1,100m<sup>2</sup> glass house facility in June 2017. The growth and yield from the plants has been better than expected for a first time crop in a new facility. Harvesting of the plants will commence in the next 2 weeks. Working with the government's Institute of Experimental Botany, the parameters of this cultivation cycle will be analysed to further optimise the Company's growing protocols and maximise the yield of the medicinal cannabis strains.

Once harvested, biomass will be processed into CBD crystals for MGC Pharmaceuticals products including its MGC Derma cosmetics and for its clinical studies. The remaining biomass will be sold as Aquiol, a rich CBD >98% purity raw material.



**Photos:** Flowering plants at the Company's outdoor facility in the Czech Republic.

The Panax operation will also now commence preparations for the next round of cultivation which will include the implementation of good agricultural and collection practices (GACP) standards.

### ***Breeding and Cultivation Research Operations – Slovenia***

The Botanic division’s collaboration with the University of Ljubljana is also progressing on schedule in Slovenia. Following the planting of medicinal cannabis seeds for its genetic research program in June 2017, the plants have now progressed to the flowering phase. The program aims to create genetic strains with high levels of cannabidiol (CBD) and new strains with high tetrahydrocannabinol (THC) levels for the treatment of specific disease symptoms. The team will now commence the first phase of the research project which focuses on the implementation and optimisation of molecular markers for sex determination and distinction between strains, as well as developing protocols for both.



**Photos:** Harvested plants being prepared for the Company’s research project with the University of Ljubljana in Slovenia.

### ***Raw Material Production***

The Company’s raw material production at its open field farm in Slovenia has also delivered encouraging production volumes. As planned, the Company has completed harvesting of its cannabis crops, yielding 4,000 kg of biomass in early October 2017. This biomass is now being dried and prepared for processing at MGC Pharmaceuticals European clean room and CO<sub>2</sub> extraction facility where it will be turned into food grade cannabis. The CBD will be used for MGC Pharma’s nutrient and MGC Derma cosmetics products, with the remaining product being sold in the European market as Aquiol.



**Photo:** Harvested plants being dried at the Company’s open field farm in Slovenia.

The Company continues to analyse environmental data from this crop, such as water and soil metrics, pesticide and fertilisers, and sunlight levels as part of its research to improve outdoor CBD harvest yields.

Roby Zomer, Co-founder and CEO, MGC Pharmaceuticals commented:

“Our Botanic division is moving through its planting and harvesting calendar on schedule and with very good production results. We are pleased with the results that are starting to emerge from our facilities in Slovenia and the Czech Republic, and are excited to be starting the first phase of our genetics research program with the University of Ljubljana in Slovenia. This also gives the Company a great base to launch from for our next productions cycles in Europe, and for our pharma operations to produce end use products for sale.”

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## About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is a European based specialist medical cannabis 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 be a global leader in phytocannabinoid-based medicine within the biopharmaceutical medical markets in Europe, Australasia and North America.

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