

ASX RELEASE (20 JANUARY 2020)

## Product Supply Agreement Signed with MGC Pharma

Agreement delivers expanded Candeo product range for domestic and export markets

### Key Points:

- MGC Pharma (ASX:MXC) and THC Global to partner on supply of formulated medicinal cannabis products for Australian patients and the global export market
- THC Global's Candeo branded medicinal cannabis product range launching in Q1 2020
- Candeo product range to be supplemented with MGC Pharma products as Southport Facility production scales up to meet demand under white-labelling agreement
- Further expansion of THC Global and MGC Pharma relationship to include supply of extracts and APIs in addition to finished goods
- Import and Export Licences received for Southport Facility enabling international export opportunities

THC Global Group Limited (**THC Global** or the **Company**) (ASX:THC) is pleased to advise that the Company has signed a Supply Agreement with MGC Pharmaceuticals Ltd (**MGC Pharma**) (ASX:MXC) (the **Agreement**).

Under the Agreement, MGC Pharma will provide the Company with an immediate supplementary source of medicinal cannabis products, which will be packaged and made available to patients under the Candeo brand. The Company expects to launch these products in Australia and New Zealand through Q1 2020. The Agreement also provides for MGC Pharma and THC Global to collaborate on the future supply of Active Pharmaceutical Ingredients (API) extracts as well as other finished product, including from THC Global's Southport Facility.

Accessing an immediate supplementary source of medicinal cannabis products, enables the Company to scale up its supply to patients quicker, and offer patients a broader initial product range under the Candeo brand. The Agreement with MGC Pharma also provides the Company with access to Tetrahydrocannabinol (THC) containing formulations complementing the Company's current focus on producing Cannabidiol (CBD) extracts and increasing flexibility to offer new formulations of products.

As THC Global scales up production at its Southport Facility – the largest pharmaceutical bio-floral extraction facility in the Southern Hemisphere – the Company will transition its Candeo formulations to using its own Australian produced cannabis. The Southport Facility also presents opportunities for future further collaboration between MGC Pharma and THC Global which will be considered on a bi-annual basis.

The Company will supply the medicinal cannabis products to patients under the Company's Candeo brand. Initially, the Company will launch three oral liquid formulations in partnership with MGC Pharma (high CBD + low THC, balanced CBD + THC, and high THC low CBD). These products are expected to be available for patients in Australia and New Zealand in Q1 2020.

THC Global has also received import and export licences for its Southport Facility, which enable the Company to commence supply of its own medicinal cannabis products to the global export market in addition to supplying products to Australian patients.

Both THC Global and MGC Pharma are actively developing global export market opportunities, and together through this Agreement, expect to be in position to price competitive high quality pharmaceutical grade medicinal cannabis products to the North American, South American, European, Asian, and Oceanic markets.

THC Global Chief Executive Officer, Ken Charteris, commented:

“Our agreement with MGC Pharma provides THC Global with an immediate extension of our Canndeo branded medicinal cannabis product range, as well as a pathway for further collaboration with MGC Pharma taking advantage of THC Global’s Southport Facility – the largest pharmaceutical bio-floral extraction facility in the Southern Hemisphere – and MGC Pharma’s Maltese facility.

We look forward to taking advantage of our market development activities in Australia, New Zealand, Canada, and Asia as we launch this new product range over the course of the next two months.”

MGC Pharma Managing Director & CEO, Roby Zomer, commented:

“We are pleased to partner with THC Global to produce and supply white label Canndeo branded phytocannabinoid products. With the ever-growing use of phytocannabinoids for medicinal purposes, MGC Pharma is well placed to work with companies such as THC Global to manufacture quality and cost effective phytocannabinoid products. We expect that further discussions between MGC Pharma and THC Global on mutual exports of product to respective international markets will be beneficial to all going forward, particularly as we develop our ~15,000m2 GMP compliant pharma production and research facility in Malta.”

The Agreement has a minimum term of 18 months, including a bi-annual review towards the expansion of the Agreement to encompass further collaboration between MGC Pharma and THC Global on the production of medicinal cannabis. The first purchase order has been submitted by THC Global for ~€25,000, to be followed by subsequent orders of not less than €50,000 as and when required.

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**THC Global Group Limited (ASX: THC) [thc.global](http://thc.global)**

THC Global operates under a ‘Farm to Pharma’ pharmaceutical model, now holding all three key cannabis licences being a Cannabis Research Licence, a Medicinal Cannabis Licence (Cultivation), and two Manufacture Licences through its domestic medicinal cannabis subsidiaries THC Pharma and Canndeo. THC Global’s main facility, the Southport Manufacturing Facility is the largest pharmaceutical bio-floral extraction facility in the Southern Hemisphere. The Southport Facility is licenced and permitted, including holding Schedule 8 controlled substances and Schedule 4 pharmacy medicines licences.

THC Global is in prime position to commence medicinal cannabis production to service both domestic patients and the global export market. In addition to its core Australian medicinal cannabis assets, THC Global has a significant Canadian presence. THC Global’s hydroponics equipment division, Crystal Mountain, is a revenue generating manufacturer, wholesaler, and retailer of hydroponics equipment and supplies for cannabis cultivation. THC Global also owns Canndeo Canada, a holder of property in Nova Scotia, Canada being developed into a large scale cannabis production site.

**MGC Pharmaceuticals Ltd (ASX: MXC)** [mgcpharma.com.au](http://mgcpharma.com.au)

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) is a European based bio-pharma company developing and supplying affordable standardised phytocannabinoid derived medicines to patients globally. 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 phytocannabinoid derived medicines for the growing demand in the medical markets in Europe, North America and Australasia. MGC Pharma has a robust product offering targeting two widespread medical conditions – epilepsy and dementia – and has further products in the development pipeline.

Employing its 'Seed to Medicine' strategy, MGC Pharma has partnered with renowned institutions and academia to optimise cultivation and the development of targeted phytocannabinoid derived medicines products prior to production in the Company's EU-GMP Certified manufacturing facility. MGC Pharma has a number of research collaborations with world renowned academic institutions, and recent research conducted in collaboration with the National Institute of Biology and University Medical Centre Ljubljana, highlighted the positive impact of using specific phytocannabinoid formulations in the treatment of glioblastoma, the most aggressive and so far therapeutically resistant primary brain tumour.

MGC Pharma has a growing patient base in Australia, the UK, Brazil and Ireland and has a global distribution footprint via an extensive network of commercial partners meaning that it is poised to supply the global market. In order to meet the demands of becoming a key global supplier the company is constructing a 15,720m<sup>2</sup> GMP state of the art facility in Malta.