

17 April 2018

ASX Code: MXC

Successful \$5m Placement Completed

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- MXC has today completed the allotment of its oversubscribed \$5,000,000 Placement
- The placement was led by Bell Potter and cornerstoned by the Merchant Opportunities Fund, receiving strong demand from sophisticated and professional investors
- Funds raised will be used to establish the Company's medical cannabis production and cultivation facility in Malta as announced to the market on 11 April 2018, and as general working capital

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to advise it has completed the allotment of its Placement to strategic funds and sophisticated investors. The Placement successfully raised \$5 million before costs through the issue of 71,428,572 ordinary shares at \$0.07 each (**Placement**).

The oversubscribed Placement received strong support from new and existing s.708 exempt shareholders and cornerstone investment from the Merchant Opportunities Fund.

The Placement funds will contribute to the construction of MXC's fully licensed medical cannabis production and cultivation facility in Malta and as general working capital. Details of the approval granted to MXC by the Maltese Government are available per the Company's announcement dated 11 April 2018.

As lead manager, Bell Potter will receive a fee of 5%, payable on the funds raised under the Placement. 10 million of unlisted options with an exercise price of \$0.15 per option and expiring on 30 June 2021 will be issued to the Lead Manager & Corporate Advisors who assisted with the capital raising, aligning interests with the Company's future corporate strategy.

Information required under Listing rule 3.10.5A

The Company provides the following information as required under ASX Listing Rule 3.10.5A in respect of the shares issued under the Company's 10% Placement Capacity under Listing Rule 7.1A on 17 April 2018.

- a) The dilutive effect of the Placement on existing shareholders is as follows:

Number of shares on issue prior to the Placement: 1,131,305,159

	Shares	Dilution
Shares issued under LR 7.1	-	0.0%
Shares issued under LR 7.1A	71,428,572	5.9%
Total shares on issue post placement	1,202,733,731	-
Total dilution	-	5.9%

Details of the Company's issued capital following completion of the share issue under Listing Rule 7.1A held by pre-issue shareholders and new shareholders are as follows:

	Shares	Percentage
Pre-issue shareholders who did not participate in the new issue	1,092,790,778	90.9%
Pre-issue shareholders who participated in the new issue	42,510,095	3.5%
New shareholders who participated in the new issue	67,432,858	5.6%
Total	1,202,733,731	100.0%

- b) The 71,428,572 shares issued under Listing Rule 7.1A were issued to sophisticated and professional investors under a placement and not a pro-rata issue as it was considered to be the most efficient mechanism for raising capital for the Company at the time;
- c) There were no underwriting arrangements entered into in respect of the Placement, and
- d) The lead manager to the Placement was Bell Potter. The fee payable in respect to the Placement is 5% (plus GST) cash fee on total funds raised. 10 million unlisted options (\$0.15, expiring 30 June 2021) will be issued to the Lead Manager & Corporate Advisors (or their nominees) in respect of the Placement.

Notice pursuant to Section 708A(5)(e) of the Corporations Act 2001

The Corporations Act 2001 (Cth) (Corporations Act) restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A of the Corporations Act. By giving this notice, a sale of the Shares noted above will fall within the exemption in section 708A(5) of the Corporations Act.

Pursuant to section 708A(5)(e) of the Corporations Act, the Company gives notice that:

- (a) the Company issued the Shares without disclosure under Part 6D.2 of the Corporations Act; and
- (b) as at the date of this notice, the Company has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - b. section 674 of the Corporations Act; and
- (c) as at the date of this notice, there is no information to be disclosed which is excluded information (as defined in section 708A(7) of the Corporations Act) that is reasonable for investors and their professional advisors to expect to find in a disclosure document.

An Appendix 3B is attached for the issue of the shares & unlisted options.

-- Ends --

For further information, please contact:

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based specialist medical cannabis 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 develop and supply high quality Cannabinoids based pharmaceuticals products for the growing demand in the medical markets in Europe, North America and Australasia.

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MGC Pharmaceuticals Ltd

ABN

30 116 800 269

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | a) Fully paid ordinary shares
b) Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | a) 71,428,572
b) 10,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | a) Fully paid ordinary shares
b) Options with an exercise price of \$0.15 and expiring 30 June 2021 |
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state: <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | a) Yes – fully paid ordinary shares
b) No, shares issued on the exercise of options will rank equally with existing quoted fully paid ordinary shares |

5	Issue price or consideration	<p>a) Issued at \$0.07 per share for a total consideration of \$5,000,000</p> <p>b) Options issued in accordance with Placement announced to ASX on 11 April 2018.</p>
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<p>a) Issue pursuant to a Placement to sophisticated and professional investors as announced to ASX on 11 April 2018</p> <p>b) As consideration for services provided in respect of the Placement</p>
6a	Is the entity an ⁺ eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the ⁺ securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	22 November 2017
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	<p>a) Nil</p> <p>b) 10,000,000 unlisted options</p>
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	<p>a) 71,428,572 fully paid ordinary shares</p> <p>b) Nil</p>
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of ⁺ securities issued under an exception in rule 7.2	Nil
6g	If ⁺ securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺ issue date and both values. Include the source of the VWAP calculation.	<p>Yes</p> <p>Issue date 17 April 2018</p> <p>Issue price of \$0.07</p> <p>15 day VWAP as at 17 April 2018 = \$0.084</p> <p>75% of 15 day VWAP = \$0.063</p> <p>Capital raising announced 11 April 2018</p> <p>Source: ASX (via CommSys)</p>
6h	If ⁺ securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<p>159,695,773 under rule 7.1</p> <p>41,701,943 under rule 7.1A</p>

7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	17 April 2018												
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>1,189,733,731</td> <td>Ordinary shares</td> </tr> <tr> <td>13,000,000</td> <td>VHL shares</td> </tr> <tr> <td>91,382,770</td> <td>Listed Options exercisable at \$0.065 expiring 30/06/19</td> </tr> </tbody> </table>	Number	+Class	1,189,733,731	Ordinary shares	13,000,000	VHL shares	91,382,770	Listed Options exercisable at \$0.065 expiring 30/06/19				
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1,189,733,731	Ordinary shares													
13,000,000	VHL shares													
91,382,770	Listed Options exercisable at \$0.065 expiring 30/06/19													
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>100,000,000</td> <td>Performance shares</td> </tr> <tr> <td>10,000,000</td> <td>Performance rights – Board (vested unexercised)</td> </tr> <tr> <td>4,148,000</td> <td>Performance Rights – Employees</td> </tr> <tr> <td>20,500,000</td> <td>Unlisted Options (\$0.125, 31 March 2021) <ul style="list-style-type: none"> • Subject to vesting conditions </td> </tr> <tr> <td>10,000,000</td> <td>Unlisted Options (\$0.15, 30 June 2021)</td> </tr> </tbody> </table>	Number	+Class	100,000,000	Performance shares	10,000,000	Performance rights – Board (vested unexercised)	4,148,000	Performance Rights – Employees	20,500,000	Unlisted Options (\$0.125, 31 March 2021) <ul style="list-style-type: none"> • Subject to vesting conditions 	10,000,000	Unlisted Options (\$0.15, 30 June 2021)
Number	+Class													
100,000,000	Performance shares													
10,000,000	Performance rights – Board (vested unexercised)													
4,148,000	Performance Rights – Employees													
20,500,000	Unlisted Options (\$0.125, 31 March 2021) <ul style="list-style-type: none"> • Subject to vesting conditions 													
10,000,000	Unlisted Options (\$0.15, 30 June 2021)													
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The company does not have a dividend policy.												

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

32 How do security holders dispose of their entitlements (except by sale through a broker)? N/A

33 ⁺Issue date N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which ⁺quotation is sought

N/A

39 ⁺Class of ⁺securities for which quotation is sought

N/A

40 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?

If the additional ⁺securities do not rank equally, please state:

1. the date from which they do
2. the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
3. the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

N/A

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

N/A

	Number	⁺ Class
42 Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)		

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: [lodged electronically without signature] Date: 17 April 2018
.....
(Company Secretary)

Print name: Kate Sainty

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ ordinary securities on issue 12 months before the ⁺ issue date or date of agreement to issue	1,091,233,703 Ordinary Fully Paid Shares
Add the following: <ul style="list-style-type: none"> • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	30 June 2017 – 5,375,000 Ordinary Fully Paid Shares 15 December 2017 – 113,637 Ordinary Fully Paid Shares 30 January 2018 - 34,526,000 Ordinary Fully Paid Shares 16 February 2018 – 18,940 Ordinary Fully Paid Shares 23 March 2018 – 37,879 Ordinary Fully Paid Shares
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	1,131,305,159

Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	169,695,773
Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	17 April 2018 – 10,000,000 Unlisted Options
"C"	10,000,000
Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 <i>Note: number must be same as shown in Step 2</i>	169,695,773
Subtract "C" <i>Note: number must be same as shown in Step 3</i>	10,000,000
Total ["A" x 0.15] – "C"	159,695,773 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,131,305,159
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	113,130,515
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺ equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	17 April 2018 – 71,428,572 Ordinary Fully Paid Shares
“E”	71,428,571
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	113,130,515
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	71,428,572
Total [“A” x 0.10] – “E”	41,701,943 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>