

23 December 2019
ASX Code: MXC

Issue of Securities - Appendix 3B and Cleansing Notice

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MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company'), a European based 'Seed to Medicine' bio-pharma company specialising in the production and development of phytocannabinoid derived medicines, would like to confirm the issue of the following securities as approved by shareholders at the Company's Annual General Meeting held 29 November 2019:

- Issue of 4.5m Options to Merchant Corporate Advisory Pty Ltd (or its nominee);
- Issue of 4.5m Options to Chieftain Securities Pty Ltd (or its nominee);
- Issue of 14.5m Options to Canaccord Genuity (Australia) Limited (or its nominee);
- Issue of 10m Performance Rights to Roby Zomer;
- Issue of 10m Performance Rights to Brett Mitchell and
- Issue of 8m Performance Rights to Employees.

Please find attached the Appendix 3B for the security issues.

In addition to the above, the Company is also issuing 4,411,765 fully paid ordinary shares to Cannvalate Pty Ltd as part consideration for services including statistical data collection, this data collection will be required to be included for the Company's marketing authorisation registration of its products. The Appendix 3B attached also includes this share issue. Pursuant to section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Company gives notice that:

1. the Company issued the Shares without disclosure under Part 6D.2 of the Corporations Act; and
2. 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
3. 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 advisers to expect to find in a disclosure document.

'Excluded information' is information:

- (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the Shares.

--Ends--

Authorised for issue by the Board, for further information please contact:

UK IR/Media Advisors

Catherine Leftley/Megan Dennison
St Brides Partners Ltd
+44 (0) 207 236 1177
megan@stbridespartners.co.uk
catherine@stbridespartners.co.uk

MGC Pharmaceuticals Ltd

Brett Mitchell
Executive Chairman
+61 8 6382 3390
info@mgcpharma.com.au

About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) is a European based bio-pharma company supplying 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 three widespread medical conditions - epilepsy, dementia and IBS – 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 and the UK 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 15,720m² GMP state of the art facility in Malta.

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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

1. Unlisted Options
2. Unlisted Options
3. Unlisted Options
4. Performance Rights (Directors)
5. Performance Rights (Employees)
6. Ordinary Fully Paid Shares

² Number of +securities issued or to be issued (if known) or maximum number which may be issued

1. 3,000,000
2. 3,000,000
3. 17,500,000
4. 20,000,000
5. 8,000,000
6. 4,411,765

+ See chapter 19 for defined terms.

<p>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)</p>	<ol style="list-style-type: none"> 1. Unlisted Options exercisable at \$0.05 expiring 31/08/2023 2. Unlisted Options exercisable at \$0.06 expiring 31/08/2023 3. Unlisted Options exercisable at \$0.07 expiring 31/08/2023 4. The Performance Rights issued to Directors are being issued under the Incentive Performance Rights Plan, material terms of which are included in the Notice of Annual General Meeting released 29/10/2019. These Performance Rights are subject to vesting milestones also included in the Notice of Annual General Meeting released 29/10/2019 5. The Performance Rights issued to Employees are being issued under the Incentive Performance Rights Plan, material terms of which are included in the Notice of Annual General Meeting released 29/10/2019. These Performance Rights are subject to vesting milestones, vesting will only occur upon both of the following events: <ol style="list-style-type: none"> i. Continuous service of the holder in their capacity as an Eligible Participant, or in a role as otherwise agreed by the Board of the Company by 31 January 2020 ii. The Company to have achieved more than 2,000 prescribed products of its phytocannabinoid-derived medicines <p>The shares issued upon conversion will be restricted until 30 June 2020.</p> 6. Fully Paid Ordinary Shares
<p>4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <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 	<ol style="list-style-type: none"> 1. No – upon conversion of the Unlisted Options the new fully paid ordinary shares issued will rank equally in all respects with existing fully paid ordinary shares 2. No – upon conversion of the Unlisted Options the new fully paid ordinary shares issued will rank equally in all respects with existing fully paid ordinary shares 3. No – upon conversion of the Unlisted Options the new fully paid ordinary shares issued will rank equally in all respects with existing fully paid ordinary shares 4. No – upon conversion of the Performance Rights the new fully paid ordinary shares issued will rank equally in all respects with existing fully paid ordinary shares 5. No – upon conversion of the Performance Rights the new fully paid ordinary shares issued will rank equally in all respects with existing fully paid ordinary shares 6. Yes – fully paid ordinary shares
<p>5 Issue price or consideration</p>	<ol style="list-style-type: none"> 1. Nil – consideration for services as detailed below 2. Nil – consideration for services as detailed below 3. Nil – consideration for services as detailed below 4. Nil 5. Nil 6. Nil (deemed issue price of \$0.034 per share) consideration for services as detailed below

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	<ol style="list-style-type: none"> 1. In consideration for the engagement of the Merchant Corporate Advisory Pty Ltd and Chieftain Securities Pty Ltd's services the Company agreed to issue these unlisted options. 2. In consideration for the engagement of the Merchant Corporate Advisory Pty Ltd and Chieftain Securities Pty Ltd's services the Company agreed to issue these unlisted options. 3. In consideration for the engagement of the Merchant Corporate Advisory Pty Ltd, and Chieftain Securities Pty Ltd and Canaccord Genuity (Australia) Limited's services the Company agreed to issue these unlisted options. 4. The purpose of the issue as disclosed in the Notice of Annual General Meeting released 29/10/2019 is to provide a performance linked incentive component in the remuneration package for the Directors to motivate and reward the performance in their respective roles as Directors. 5. The Performance Rights are to attract, motivate and retain key employees of the Company as set out in the Notice of Annual General Meeting released 29/10/2019. 6. The Company agreed to issue these ordinary shares as part consideration for services provided by Cannvalate Pty Ltd
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	29 November 2019
6c	Number of +securities issued without security holder approval under rule 7.1	6. 4,411,765
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<ol style="list-style-type: none"> 1. 3,000,000 Unlisted Options 2. 3,000,000 Unlisted Options 3. 17,500,000 Unlisted Options 4. 20,000,000 Performance Rights 5. 8,000,000 Performance Rights <p>Approved at the Annual General Meeting held 29 November 2019</p>
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.	N/A

+ See chapter 19 for defined terms.

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
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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

	200,594,882 under rule 7.1 136,671,098 under rule 7.1A
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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.

	23 December 2019
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8 Number and ⁺class of all ⁺securities quoted on ASX (including the ⁺securities in section 2 if applicable)

	Number	+Class
	1,371,122,751	Fully Paid Ordinary Shares

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the ⁺securities in section 2 if applicable)

	Number	+Class
	19,900,000	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)
	16,000,000	Unlisted Options (\$0.065, 30 June 2021)
	17,500,000	Unlisted Options (\$0.05, 31 August 2023)
	17,500,000	Unlisted Options (\$0.06, 31 August 2023)
	17,500,000	Unlisted Options (\$0.07, 31 August 2023)
	20,000,000	Performance Rights (Directors) <ul style="list-style-type: none"> • Subject to vesting conditions
	8,000,000	Performance Rights (Employees) <ul style="list-style-type: none"> • Subject to vesting conditions

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

	The Company does not have a dividend policy
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Part 2 - Pro rata issue

11 Is security holder approval required?

	N/A
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12 Is the issue renounceable or non-renounceable?

	N/A
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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

⁺ See chapter 19 for defined terms.

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

⁺ See chapter 19 for defined terms.

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	<p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ol style="list-style-type: none"> 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	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)</p>	N/A					
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="718 1424 1021 1460">Number</th> <th data-bbox="1021 1424 1321 1460">⁺Class</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="718 1460 1321 1650">N/A</td> </tr> </tbody> </table>	Number	⁺ Class	N/A		
Number	⁺ Class						
N/A							

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: 23 December 2019
(Company Secretary)

Print name: Rachel Kerr

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+ See chapter 19 for defined terms.

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	1,212,830,412 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 <i>Note:</i> <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> 	21 February 2019 – 7 Ordinary Fully Paid Shares 21 June 2019 – 553,266 Ordinary Fully Paid Shares 5 July 2019 – 87,426 Ordinary Fully Paid Shares 29 August 2019 – 118,750,000 Ordinary Fully Paid Shares 9 September 2019 – 3,638,000 Ordinary Fully Paid Shares 9 September 2019 - 5,850,875 Ordinary Fully Paid Shares 16 September 2019 - 25,001,000 Ordinary Fully Paid Shares
Subtract the number of fully paid ⁺ ordinary securities cancelled during that 12 month period	Nil
“A”	1,366,710,986

Step 2: Calculate 15% of "A"	
"B"	0.15 <i>[Note: this value cannot be changed]</i>
Multiply "A" by 0.15	205,006,647
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> 	4,411,765 – Ordinary Fully Paid Shares
"C"	4,411,765
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>	205,006,647
Subtract "C" <i>Note: number must be same as shown in Step 3</i>	4,411,765
Total ["A" x 0.15] – "C"	200,594,882 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

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>	1,366,710,986
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	136,671,098
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> 	-
“E”	-
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>	136,671,098
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	136,671,098 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>