27 April 2021
ASX Code: MXC
LSE Code: MXC

ASX RELEASE

March 2021 Quarterly Activity Report

Key Highlights:

- MGC Pharma becomes the first medicinal cannabis company to list on the London Stock Exchange following a £6.5 million (~A$12m) Placement.
- The Placement was strongly supported by UK funds and provides MGC Pharma sufficient capital to expediate its clinical trials and position the Company for growth.
- Nicole Godresse appointed as Global Chief Sales Officer to drive growth in new and existing markets.
- Record quarterly sales of MGC Pharma's proprietary phytomedicine product line delivering ~$880,000 in revenue.
- Master supply and distribution agreement secured with leading European nutraceuticals producer and distributor, Swiss PharmaCan AG for a minimum of 40,000 units of ArtemiC™ Rescue per quarter of which the first batch has been delivered.
- Ethics Committee approval from the Rambam Health Care Campus, Haifa and Nazareth Hospital EMMS in Israel, for the Phase III clinical trial to evaluate the efficacy and safety of IMP, CimetrA™ .
- Expanded *in-vitro* study into the use of SNEDD nano technology for the treatment of aggressive glioblastoma brain cancer to commence.
- Research programs with RMIT and HUJI receive REDI grant from the European Union to fund three PhD students to focus on research programs developed on MGC Pharma's CannaHub platform.

MGC Pharmaceuticals Ltd (ASX, LSE: MXC, 'MGC Pharma' or 'the Company'), a European based bio-pharma company specialising in the production and development of phytocannabinoid-derived medicines, is pleased to announce its Quarterly Activity report for the three months ended 31st March 2021.

Roby Zomer, CEO of MGC Pharma, commented: "This has been a historic quarter for MGC Pharma, following our listing on LSE, along with record sales for our proprietary pharmaceutical products. MGC Pharma is well positioned for the future, with clinical trials for CannEpil® and CogniCann™ due to begin in the coming quarter, alongside phase III clinical trials for CimetrA™, which have the potential to treat the many people suffering as a result of Covid-19."

"MGC Pharma is now in an excellent position to realise its potential and build on the foundations that have been set in the past 12 months, as we remain on target to reach break even this financial year."

Financial and corporate

The first medicinal cannabis company to list on the London Stock Exchange

In a landmark achievement, MGC Pharmaceuticals successfully completed a £6.5 million (~A$12m) placement to become the first medicinal cannabis company to list on the London Stock exchange on the 9th of February 2021. MGC Pharma is now a dual listed company on both the ASX and the LSE.

The placement was led by UK institutions, and supported by family offices and high net worth investors. The Company issued 441 million new fully paid ordinary shares under the placement at an issue price of £0.01475 per New Share (approximately A$0.0266).

The completion of the placement and LSE listing puts the Company in a strong position to continue to pioneer clinical research into the use of medicinal cannabis, expand its range of proprietary products and bolster its manufacturing capacities to meet the rapidly increasing global demand.

Appointment of industry leading Global Chief Sales Officer

As part of its global sales strategy, MGC pharma appointed industry leading sales executive Nicole Godresse as its Global Chief Sales officer to implement a focused, global growth strategy, beginning with Australia and New Zealand.

Nicole brings over 20 years' experience in the pharmaceutical/healthcare industry, holding senior commercial roles with major multi-national companies including Eli Lilly, Johnson & Johnson, Schering-Plough, Merck Sharp & Dohme and most recently Tilray.

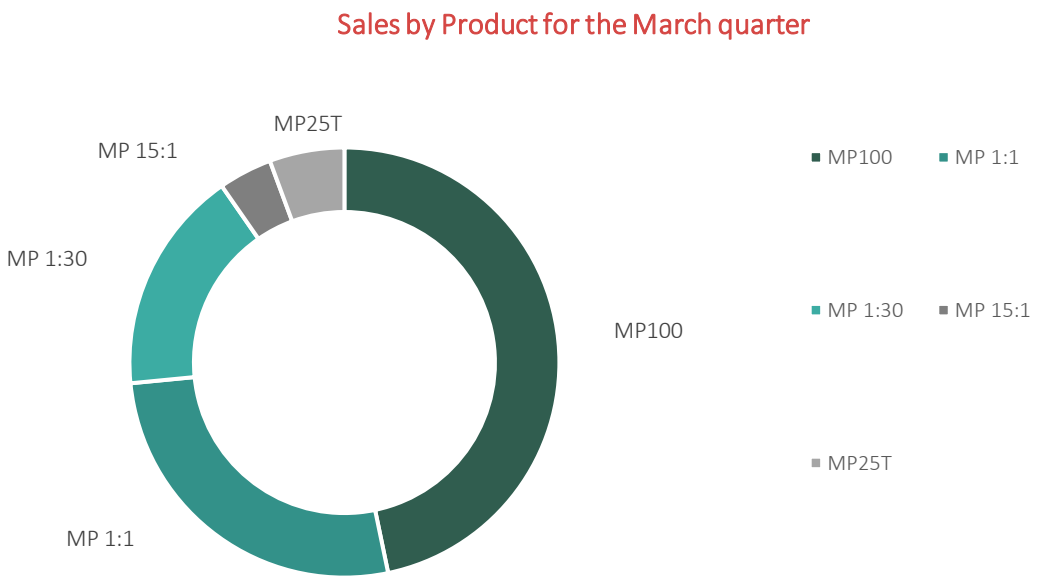
Appointment of Senior Independent Director

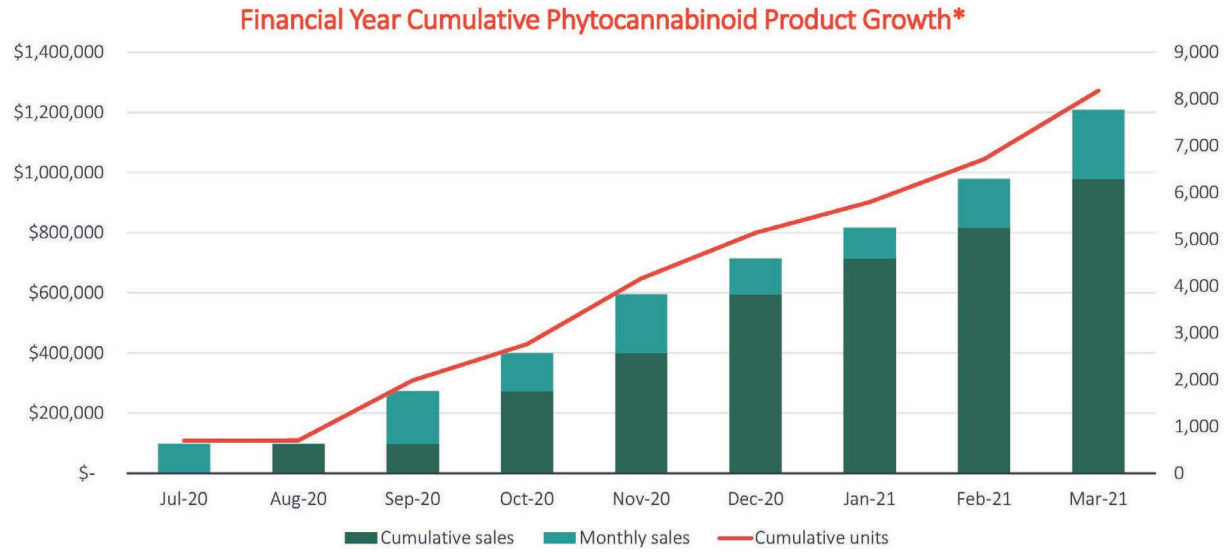
In addition, Dr. Stephen Parker has been appointed as Senior Independent Director in addition to his Chairmanship of the three Governance Committees. In this role, Dr. Parker will be the first point of contact for shareholders wishing to contact the company regarding governance issues and he can be reached by email at SID@mgcpharma.com.au.

Pharma operations

Record sales

The month of March delivered the best monthly sales revenue for the Company to date from its pharmaceutical grade phytomedicine products, with sales of the phytocannabinoid product line in Australia driving its best monthly unit sales to date with almost 1,500 units sold.





**Excludes sales of ArtemiC™*

Worldwide supply and distribution agreement for ArtemiC™ Rescue

MGC Pharma signed a three-year exclusive worldwide supply and distribution agreement with leading European nutraceuticals producer and distributor, Swiss PharmaCan AG (SPC), for the distribution of ArtemiC™ Rescue as a food supplement.

This Agreement represents the first sales of ArtemiC™ as a food grade product and Swiss PharmaCan AG has agreed to a minimum wholesale order quantity to MGC Pharma of 40,000 units per quarter of ArtemiC™ Rescue. Soon after signing this agreement, Swiss PharmaCan AG increased its initial purchase order by 85% from the original wholesale order received which equates to whole revenue in excess of $425,000 (+ €275,000) to the Company. This product revenue combined with its phytocannabinoid revenue has led to the highest quarterly sales on record, of ~$880,000, of which ~$505,000 was received in cash during the quarter (30 day terms on ArtemiC™).

The Company will be responsible for providing ArtemiC™ Rescue to SPC and has the ability to produce commercial scale batches of both products through its current manufacturing capacity and production facility in Slovenia.

Subsequent to the quarter end, MGC Pharma completed delivery of the first bulk order to Swiss PharmaCan AG.

Malta Facility

As announced to the market on 10 December 2020, the Company has received access to a cash grant to cover 80% of the construction costs of an EU-GMP manufacturing facility up to the value of 3.1m Euro ($4.8m). The primary use of the facility will be to produce CimetrA™ and other liquid dose medicines as required.

Construction of the facility is well underway, with almost half of the grant received at 31 March 2021. It is expected that the facility will be completed within budget, and operational later in the year.

Ventilation system at the Malta site

Construction progress on the Malta facility

Research and development

Ethics committee approval for phase III clinical trial

During the quarter, MGC Pharma received Ethics Committee approvals from Rambam Health Care Campus, Haifa and Nazareth Hospital EMMS in Israel, for the Phase III clinical trial to evaluate the efficacy and safety of CimetrA™ as a treatment for moderate hospitalised patients diagnosed with COVID-19, and to provide additional data for claims on the product as an Investigational Medicinal Product (IMP).

Under the move to a Phase III clinical trial, the classification of the product has changed from a food supplement to an IMP. As a result, the product name under the Trial has changed from ArtemiC™ to CimetrA™. CimetrA™ becoming an IMP will include changing the drug carrier to a new polymeric drug carrier GraftBio™ (SNEDD – Self Nano Drug Delivery), with a view to potentially being registered as a drug in the future.

The trial is expected to commence in April, with placement of the clinical trial insurance now complete, and is to be evaluated on a total target number of 252 patients infected with COVID-19, across clinical sites in Israel and Brazil. The interim Trial results are expected to be received and published by June 2021.

The trial will be conducted over a period of 28 days per patient and is expected to conclude in September 2021, with results released in October 2021.

In-vitro cannabinoid study on Glioblastoma treatment to commence

MGC Pharma's research program into the use of cannabinoids in the treatment of aggressive glioblastoma brain cancer has been expanded to explore the use of nano technology during treatment, in collaboration with the Slovenian National Institute of Biology and Neurosurgery Department at the University Medical Centre.

The Study is focused on testing cannabinoid formulations on fresh glioblastoma tumour tissues, obtained from patients after surgical removal of the tumour to determine the optimal cannabinoid preparation for the effective treatment of the remaining cancer. The objective of the pre-clinical *in-vitro* research is to develop novel formulations and define the clinical protocols for clinical trials for the treatment of high-grade brain tumours with cannabinoids.

The Study has now been expanded to include testing the effect of both cannabidiol ('CBD') and cannabigerol ('CBG') on tumour cells when delivered *via* a nanoparticle delivery system. Nanoparticles are believed to improve the bioavailability of the drug in overcoming brain barrier issues. This is being optimised using SNEDD (Self Nano-Emulsifying Drug Delivery).

The *in-vitro* preclinical study will be focused on defining the most efficient cannabinoid nano-emulsion preparations of CBD and CBG that are likely to benefit to each individual patient that differ in (a) glioblastoma sub-types and (b) most relevant cannabinoid receptors.

European Union REDI grant to advance research Programs

MGC Pharma, in collaboration with the Royal Melbourne Institute of Technology (RMIT) and The Hebrew University of Jerusalem (HUJI), has been awarded a REDI grant from the European Union, which funds three Doctoral candidates for three years, with a focus on research programs developed on MGC Pharma's CannaHub platform.

This presents a great opportunity for MGC Pharma to significantly expedite the progress of its ongoing research projects by working with leading academic institutions, and will raise the level of academic engagement for cannabinoids by providing further legitimacy for the industry.

MGC Pharma will also be involved in the scientific publication of projects as researchers publish their findings while retaining the right to fully commercialise any and all IP developed under the program.

Conversion of Options

During the quarter, the Company received $918,329 following the conversion of 16,162,864 unlisted and listed options at various prices.

Appendix 4C

The Company had ~$10.5m cash at bank at the end of the March 2021 quarter following the completion of the £6.5m LSE IPO capital raising and its operating activities for the quarter, with access to an additional $9.25m undrawn from its $15m financing facility with Mercer Street Opportunity Fund LLC, which as announced on 9 March 2021 the Company has no plans to draw down on following its successful LSE listing and capital raising. The Company also received $918k during the quarter via the conversion of both unlisted and listed options, and $1.2m from Malta Enterprises as a grant for the Malta facility.

In accordance with Section 6 of the attached Appendix 4C, the Company confirms during the quarter payment to related parties totalling $300k relates to four (4) months expenditure of Executive Director fees, Non-Executive Director fees and corporate costs. As detailed in the Appendix 4C, expenditure for the quarter has been spent on $1.5m for research and development, $1.05m for manufacturing and operating costs (including inventory), $100k for advertising and marketing, $570k staffing costs and $918k for administration and corporate costs (including Director fees).

--Ends--

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

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About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) 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 'Nature 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 including recent research highlighting the positive impact of using specific phytocannabinoid formulations developed by MGC Pharma 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.

Follow us through our social media channels

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

MGC PHARMACEUTICALS LTD

ABN	**Quarter ended ("current quarter")**
30 116 800 269	31 MARCH 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	505	1,369
1.2	Payments for		
	(a) research and development	(1,542)	(3,836)
	(b) product manufacturing and operating costs		
	i) cost of sales / inventory	(499)	(1,717)
	ii) operating costs	(544)	(1,110)
	(c) advertising and marketing	(103)	(322)
	(d) leased assets	-	-
	(e) staff costs	(570)	(1,383)
	(f) administration and corporate costs	(918)	(2,342)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	4
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1,209	2,698
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,463)**	**(6,643)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	(200)	(400)
	(c) property, plant and equipment	(157)	(2,020)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	312
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(357)**	**(2,118)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	11,722	11,723
3.2	Proceeds from issue of convertible debt securities	-	5,750
3.3	Proceeds from exercise of options	918	920
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(792)	(852)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (loan to third party)	(38)	(38)
3.10	**Net cash from / (used in) financing activities**	**11,810**	**17,503**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,571	1,887
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,463)	(6,643)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(357)	(2,118)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,810	17,503

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(87)	(155)
4.6	**Cash and cash equivalents at end of quarter**	**10,474**	**10,474**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	10,419	1,516
5.2	Call deposits	55	55
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**10,474**	**1,571**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	300
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
	Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments	

7.	Financing facilities available *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	15,000	-
7.4	**Total financing facilities**	**15,000**	**-**

7.5	**Unused financing facilities available at quarter end**	9,250

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

$15M Convertible note facility with Mercer Street Opportunity Fund LLC. Refer to ASX announcement on 10 September 2020 for further information.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,460)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	10,474
8.3	Unused finance facilities available at quarter end (Item 7.5)	9,250
8.4	Total available funding (Item 8.2 + Item 8.3)	19,724
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**8.02**

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

27 April 2021

Date: .....

[lodged electronically without signature]

Authorised by: .....

Roby Zomer – Managing Director

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.