

14 July 2023

ASX Code: MXC

LSE Code: MXC

£0.7 million Fundraise

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MGC Pharmaceuticals Ltd (“**MGC Pharma**” or the “**Company**”), a European based pharmaceutical company specialising in the production and development of plant derived medicines, has conditionally raised £0.65 million (A\$1.24 million) (before expenses) by way of a placing (“**Placing**”) and subscription (“**Subscription**”) of 541,666,667 new ordinary shares of no par value (“**Ordinary Shares**”) in the capital of the Company (“**Fundraising Shares**”) at a price of 0.12 pence (0.23 cents) per Fundraising Share (“**Issue Price**”).

In addition, the Company has raised £50,000 (A\$95,000) from Roby Zomer, CEO and Managing Director of the Company, pursuant to a convertible loan agreement (“**CLA**” and, together with the Placing and Subscription, the “**Fundraising**”). The CLA allows Mr Zomer to provide an investment without requiring advanced shareholder approval, which would otherwise be required for a direct subscription. Additionally, certain members of the Company’s management team are subscribing for Ordinary Shares directly with the Company pursuant to subscription letters.

The Fundraising is intended to bridge the Company’s current general working capital requirements and will provide a runway of working capital for its short-term financing obligations. The Company’s management are also exploring additional cost reduction measures that could increase the working capital runway provided by the Fundraising.

The Directors are assessing a number of potential funding options which would provide additional funds to the Company. The Directors consider that these funding discussions are progressing well and are reasonably confident that a funding solution will be forthcoming, however there is no certainty that the Company will be able to raise any additional funding.

The Company will apply for quotation of the Fundraising Shares to trading on the ASX. Quotation of the Fundraising Shares to trading on the ASX is expected to take place on 14 July 2023. A prospectus (“**Prospectus**”) is required to be approved by the UK Financial Conduct Authority (“**FCA**”) and published (“**Publication**”) prior to application being made to admit the Fundraising Shares (represented by Depositary Interests) to the Official List of the FCA and to trading on the Main Market of London Stock Exchange plc (“**London Admission**”) and the Directors intend to make an application for London Admission as soon as practicable after Publication. The Prospectus will, subject to approval by the FCA, be published on the Company’s website.

In addition, the Company has agreed to issue one free attaching option (exercisable at 0.12 pence (or 0.23 cents) for every Fundraising Share subscribed for and issued under the Placing and Subscription (“**Fundraise Options**”). Each Fundraise Option entitles the holder to subscribe for one Fully Paid Ordinary Share in the capital of the Company at the exercise price during the exercise period. The Fundraise Options will not be admitted to trading.

The Fundraising Shares will be issued at a price of 0.12 pence (0.23 cents) each. This price represents a 57% discount from the closing price of 0.28 pence per Ordinary Share on 12 July 2023 on the LSE, and a 62% discount to the closing price of 0.6 cents on the ASX, being the last practicable trading day prior to the release of this Announcement. Upon issue, the Fundraising Shares will represent approximately 13.9% per cent. of the Ordinary Shares then in issue (assuming that no other Ordinary Shares are issued in the interim).

Following the Fundraising, up to 541,666,667 new Ordinary Shares and 452,358,615 Fundraise Options shall be issued with shareholder approval under ASX Listing Rule 7.1 (obtained on 29 June 2023) or pursuant to existing placement capacity as follows:

- 541,666,667 Fundraising Shares with shareholder approval under ASX Listing Rule 7.1 obtained on 29 June 2023; and
- 452,358,615 Fundraise Options pursuant to existing placement capacity under ASX Listing Rule 7.1.

It is intended that a further 89,308,052 Fundraise Options will be issued subject to and conditional upon receiving shareholder approval, which the Directors will seek at a shareholder meeting details of which will be announced separately.

Oberon Investments Ltd is acting as broker for the Placing.

Indicative Timetable

The timetable for the Fundraising is detailed in the table below. All dates are indicative only and subject to change at the discretion of the Board. Any such change will be announced through a Regulatory News Service.

Event	Date
Issue of Fundraising Shares	14 July 2023
Settlement of Fundraising Shares (represented in the UK by Depositary Interests)	14 July 2023
Fundraising funds received by the Company	17 July 2023

Rationale for the Placing; Use of funds

The net proceeds raised by way of the Fundraising Shares are expected to be used for general working capital purposes.

Details of the Fundraising

The Fundraising of 541,666,667 Fundraising Shares at the Issue Price has raised £0.65 million before expenses for the Company, conditional *inter alia* on the quotation of the Fundraising Shares to trading on the ASX.

When issued, the Fundraising Shares will rank *pari passu* with the existing Ordinary Shares in the Company. As noted above, participants in the Fundraising will also receive one Fundraise Option for every Placing Share subscribed for and issued.

The Company and its UK broker Oberon Investments Ltd (“Oberon”) have entered into a placing agreement pursuant to which Oberon has, subject to certain conditions, procured subscribers for the Placing Shares at the Issue Price (the “Placing Agreement”). The Placing Agreement contains provisions entitling Oberon to terminate the Placing (and the arrangements associated with it) at any time prior to settlement of the Placing Shares (represented by Depositary Interests) in CREST in certain circumstances, including in the event of a breach of the warranties given in the Placing Agreement, the failure of the Company to comply in any material respect with its obligations under the Placing Agreement or the occurrence of a force majeure event or a material adverse change that Oberon decides is materially prejudicial to the outcome of the Placing. If this right is exercised, the Placing will not proceed and any monies that have been received in respect of the Placing will be returned to the applicants without interest. The Company has agreed to pay Oberon, as broker, a commission and all other costs and expenses of, or in connection with, the Placing.

Certain members of the Company’s management team are amongst those subscribing for Ordinary Shares directly with the Company pursuant to subscription letters.

The Fundraising is not being underwritten by Oberon or any other person.

Convertible Loan Agreement

A convertible loan note agreement has been entered into by the Company and Roby Zomer, pursuant to which Roby Zomer has loaned the Company £50,000, convertible into Ordinary Shares, subject to receipt of shareholder approval, for a period of two years at the Issue Price with no interest accruing. In the event that the loan is not converted into Ordinary Shares within two years of the date of the agreement, it will become repayable in cash. The Company has

provided certain warranties to Mr Zomer in relation to itself and its authority to enter into the agreement, and Mr Zomer has provided certain warranties and covenants to the Company in relation to himself and his loan.

Total voting rights

On issue of the Fundraising Shares, the Company will have 3,892,359,617 Ordinary Shares in issue, each with one voting right. Therefore, the Company's total number of Ordinary Shares in issue and voting rights will be 3,892,359,617 and this figure may be used by shareholders from issue of the Placing Shares as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

—Ends—

Authorised for release by the board of directors, for further information please contact:

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About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, ASX: MXC) is a European based pharmaceutical company, focused on developing and supplying accessible and ethically produced plant inspired medicines, combining in-house research with innovative technologies, with the goal of finding or producing treatments to for unmet medical conditions.

The Company's founders and executives are key figures in the global pharmaceuticals industry and the core business strategy is to develop and supply high quality plant inspired medicines for the growing demand in the medical markets in Europe, North America and Australasia.

MGC Pharma has a robust development pipeline targeting two widespread medical conditions and has further products under development.

MGC Pharma has partnered with renowned institutions and academia to optimise the development of targeted plant inspired medicines, to be produced in the Company's EU-GMP Certified manufacturing facilities.

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:

Twitter: @MGC_Pharma

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IMPORTANT NOTICES

Inside information

Forward Looking Statements

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this announcement and include statements regarding the Directors’ beliefs or current expectations. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

Notice to overseas persons

This announcement does not constitute, or form part of, a prospectus relating to the Company, nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

This announcement is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into Canada, Japan, Russia or the Republic of South Africa or any jurisdiction into which the publication or distribution would be unlawful. This announcement is for information purposes only and does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in Canada, Japan, Russia, New Zealand, the Republic of South Africa or any jurisdiction in which such offer or solicitation would be unlawful or require preparation of any prospectus or other offer documentation or would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. Persons into whose possession this announcement comes are required by the Company to inform themselves about, and to observe, such restrictions.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

General

Neither the content of the Company’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s website (or any other website) or any previous announcement made by the Company is incorporated into, or forms part of, this announcement.

References to £ and pence, and A\$ and cents, in this announcement are to the legal currency of the United Kingdom, and of Australia, respectively. A conversion rate of GBP/AUD 1.91 has been used.